

MEDGOLD RESOURCES CORP.

**ANNUAL GENERAL AND SPECIAL MEETING
TO BE HELD ON AUGUST 31, 2023**

MANAGEMENT INFORMATION CIRCULAR

IN RESPECT OF THE TRANSACTION INVOLVING MEDGOLD RESOURCES CORP. AND
BALKAN METALS CORP. AND
CERTAIN OTHER MATTERS

Information as at July 14, 2023, unless otherwise disclosed

All information contained in this management information circular with respect to Balkan Metals Corp. (“BMC”) was supplied by BMC for inclusion in this circular.

These materials require your immediate attention. If you are in doubt as to how to deal with these materials, or the matters referred to in this circular, please consult your investment dealer, stockbroker, bank manager or other professional advisor.

Neither the TSX Venture Exchange Inc. nor any securities regulatory authority has in any way passed upon the merits of the Reverse Takeover described in this information circular.

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Schedule "B"	- Audited annual financial statements of BMC for the financial years ended December 31, 2022 and December 31, 2021 and interim financial statements for the 3 month periods ended March 31, 2023 and March 31, 2022, and the audited annual financial statements of Golden Age for the financial year ended December 31, 2021
Schedule "C"	- Pro Forma Consolidated Financial Statements (Pro forma balance sheet) for Medgold, giving effect to the Amalgamation as at the 3 month period ended March 31, 2023
Schedule "D"	- Audit Committee Disclosure for Medgold
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GLOSSARY OF TERMS

The following is a glossary of certain definitions used in this Circular. Terms and abbreviations used in the appendices to this Circular are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated.

"1933 Act"	means the United States Securities Act of 1933 as amended from time to time;
"2015 Option Plan"	the Company's existing "rolling" stock option plan, dated effective October 6, 2015;
"Acquisition Proposal"	means any inquiry or the making of any proposal from any Person or group of Persons "acting jointly or in concert" (within the meaning of National Instrument 62-104 – Take Over Bids and Issuer Bids) which constitutes, or may reasonably be expected to lead to (in either case whether in one transaction or a series of transactions): (a) an acquisition or purchase of 20% or more of the voting securities of Medgold or BMC, as applicable; (b) any acquisition of a substantial amount of assets of Medgold or BMC, as applicable, taken as a whole; (c) an amalgamation, arrangement, merger, business combination, or consolidation involving Medgold or BMC, as applicable; (d) any take-over bid, issuer bid, exchange offer, recapitalization, liquidation, dissolution, reorganization or similar transaction involving Medgold or BMC, as applicable; or (e) any other transaction, the consummation of which would reasonably be expected to impede, interfere with, prevent or delay the transactions contemplated by the Amalgamation Agreement or the Amalgamation;
"Affiliate"	means a company that is affiliated with another company as described below: a company is an "Affiliate" of another company if: (a) one of them is the subsidiary of the other, or (b) each of them is controlled by the same Person; a company is "controlled" by a Person if: (a) voting securities of the company are held, other than by way of security only, by or for the benefit of that Person, and (b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the company; a Person beneficially owns securities that are beneficially owned by: (a) a company controlled by that Person, or (b) an Affiliate of that Person or an Affiliate of any company controlled by that Person;
"Amalco"	means the company resulting from the Amalgamation of MergeCo and BMC;
"Amalgamation"	means the three-cornered amalgamation of MergeCo and BMC to form Amalco and Medgold's issuance of Medgold Shares to BMC Shareholders in exchange for their BMC Shares, all subject to the terms and conditions of the Amalgamation Agreement;
"Amalgamation Agreement"	means the amalgamation agreement among Medgold, MergeCo and BMC dated January 27, 2023, as amended by letter agreement dated effective

April 30, 2023, under which MergeCo and BMC will complete the Amalgamation to form Amalco, resulting in one (1) Medgold Share being issued in exchange for every one (1) BMC Share held, and each BMC Warrant and Financing Warrant outstanding immediately before the Effective Time will be assumed by the Resulting Issuer and shall constitute warrants to acquire the same number of Resulting Issuer Shares on the same terms and conditions;

“Amended and Restated Option Plan” means the amended and restated stock option plan of the Company that has been previously approved by the Board of Directors, a copy of which is attached as Schedule “G” hereto;

“Arm’s Length Transaction” means a transaction which is not a Related Party Transaction;

“Associate” when used to indicate a relationship with a Person, means:

- (a) an Issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the Issuer,
- (b) any partner of the Person,
- (c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which a Person serves as trustee or in a similar capacity,
- (d) in the case of a Person, who is an individual:
 - (i) that Person’s spouse or child, or
 - (ii) any relative of the Person or of his spouse who has the same residence as that Person;

but where the TSXV determines that two Persons will, or will not, be deemed to be Associates with respect to a member firm of the TSXV, member corporation of the TSXV or holding company of a member corporation, then such determination will be determinative of their relationships in the application of Rule D of the TSX Venture Exchange Rule Book and Policies with respect to that member firm, member corporation or holding company;

“BCBCA” means the *Business Corporations Act* (British Columbia), as amended from time to time and including any regulations promulgated under the BCBCA;

“BMC” means Balkan Metals Corp., a company existing under the laws of the Province of British Columbia, Canada;

“BMC Assets” means all of the material assets of BMC, as more particularly defined in the Amalgamation Agreement;

“BMC Business” means the mineral exploration business previously and heretofore carried on by BMC and proposed to be carried on by the Resulting Issuer;

“BMC Debt Conversion” means the conversion of \$250,000 of debt of BMC into 1,666,667 BMC Shares at a deemed price of \$0.15 per BMC Share;

“BMC Financial Statements”	means, collectively, the audited annual financial statements for BMC for the financial years ended December 31, 2022 and December 31, 2021, the interim unaudited financial statements of BMC for the three-month periods ended March 31, 2023 and March 31, 2022 and the audited annual financial statements of Golden Age for the financial year ended December 31, 2021, a copy of which is attached as Schedule “B” hereto;
“BMC Meeting”	means the annual general and special meeting of BMC Shareholders held on March 31, 2023, at which the BMC Shareholders approved, among other things, the Amalgamation;
“BMC Properties”	means the Serbian mineral exploration permits and applications therefor held by Golden Age, including, but not limited to, the Timok East Project, as more particularly described in this Circular;
“BMC Resolution”	means a Special Resolution of the BMC Shareholders that was duly passed at the BMC Meeting to approve the Amalgamation;
“BMC Shareholder”	means a holder of BMC Shares;
“BMC Shares”	means common shares in the authorized share structure of BMC;
“BMC Subsidiaries”	means Golden Age and Balkan Metals d.o.o.;
“BMC Units”	the units of BMC to be issued in the Equity Financing upon exchange of the Subscription Receipts, immediately prior to completion of the Amalgamation, with each BMC Unit to be comprised of one BMC Share and one Financing Warrant;
“BMC Warrants”	means the aggregate of 3,370,627 common share purchase warrants of BMC outstanding comprised of the following: (i) 133,000 BMC common share purchase warrants entitling the holder thereof to purchase one BMC Share at a price of \$0.10 per BMC Share until August 5, 2023; (ii) 257,016 BMC common share purchase warrants entitling the holder thereof to purchase one BMC Share at a price of \$0.10 per BMC Share until September 14, 2023; (iii) 49,128 common share purchase warrants outstanding entitling the holder thereof to purchase one BMC Share at a price of \$0.15 per BMC Share until January 16, 2024; (iv) 1,035,158 PCF Warrants entitling the holder thereof to purchase one BMC Share at a price of \$0.25 per BMC Share until January 16, 2024 and then at a price of \$0.30 until January 16, 2025, subject to acceleration; (v) 11,666 common share purchase warrants outstanding entitling the holder thereof to purchase one BMC Share at a price of \$0.15 per BMC Share until January 18, 2024 (vi) 166,667 PCF Warrants entitling the holder thereof to purchase one BMC Share at a price of \$0.25 per BMC Share until January 18, 2024 and then at a price of \$0.30 until January 18, 2025, subject to acceleration; (vii) 833,333 PCF Warrants entitling the holder thereof to purchase one BMC Share at a price of \$0.25 per BMC Share until April 24, 2024 and then at a price of \$0.30 until April 24, 2025, subject to acceleration; (viii) 23,326 BMC common share purchase warrants entitling the holder thereof to purchase one BMC Share at a price of \$0.15 per BMC Share until April 24, 2024; (ix) 833,333 PCF Warrants entitling the holders thereof to purchase one BMC Share at a price of \$0.25 per BMC Share until July 12, 2024 and then at a price of \$0.30 until July 12, 2025, subject to acceleration; and (x) 28,000 BMC common share purchase warrants entitling the holder thereof to purchase one BMC Share at a price of \$0.15 per BMC Share until July 12, 2024.

“Board” or “Board of Directors”	means the Board of Directors of Medgold;
“CEO”	means Chief Executive Officer;
“CFO”	means Chief Financial Officer;
“Change of Control”	includes situations where after giving effect to the contemplated transaction and as a result of such transaction: (a) any one Person holds a sufficient number of the voting shares of an Issuer or resulting issuer to affect materially the control of the Issuer or resulting issuer; or (b) any combination of Persons, acting in concert by virtue of an agreement, arrangement, commitment or understanding hold in total a sufficient number of the voting shares of the Issuer or resulting issuer to affect materially the control of the Issuer or Resulting Issuer, where such Person or combination of Persons did not previously hold a sufficient number of voting shares to affect materially the control of the Issuer or resulting issuer. In the absence of evidence to the contrary, any Person or combination of Persons acting in concert by virtue of an agreement, arrangement, commitment or understanding, hold more than 20% of the voting shares of the Issuer or resulting issuer is deemed to materially affect the control of the Issuer or resulting issuer;
“Change of Control Payments”	means the amounts payable to Virv International Inc. pursuant to: (i) an incentive bonus agreement dated June 16, 2020 with an effective date of January 1, 2020 among Medgold, Virv International Inc. and Jeremy Crozier in the event of a “Sale Transaction” as defined therein, and (ii) the consulting agreement dated June 16, 2020 with an effective date of April 1, 2019 among Medgold, Virv International Inc. and Jeremy Crozier in the event of a “Change in Control” as defined therein;
“Circular”	means this management information circular of Medgold, together with the attached schedules;
“Closing”	means the completion of the Amalgamation, including the issuance of Resulting Issuer Shares, which is intended to take place on the Effective Date;
“Closing Date”	means the date the Amalgamation is effected;
“company”	unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual;
“Computershare”	means Computershare Investor Services Inc., the registrar and transfer agent and escrow agent for Medgold;
“Consolidation”	means the consolidation of issued and outstanding common shares of Medgold on the basis of the Consolidation Ratio;
“Consolidation Ratio”	is one post-Consolidation Medgold Share for every sixteen pre-Consolidation Medgold Shares;
“Consolidation Resolution”	means a Special Resolution of Shareholders approving the Consolidation;

“Control Person”	means any Person that holds or is one of a combination of Persons that holds a sufficient number of any of the securities of an Issuer so as to affect materially the control of that Issuer, or that holds more than 20% of the outstanding voting securities of an Issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the Issuer;
“Convertible Debenture”	means the unsecured convertible debenture issued by Medgold to BMC on January 27, 2023 for a principal amount of \$150,000, of which \$123,534 is currently outstanding;
“Director Appointments”	means the appointment of Dr. Elena Clarici, Michael Thomsen and Eric Rasmussen to the board of directors of the Resulting Issuer upon the resignation of Jeremy Crozier, David Hall, Michael Skead and Andrei Kroupnik;
“Director Election Resolution”	means an Ordinary Resolution of Shareholders to fix the number of directors of Medgold at five and to elect to the Board of Directors of Medgold;
“Effective Date”	means the date of Amalgamation as set forth in the Certificate of Amalgamation to be issued in respect of Amalco;
“Effective Time”	means the effective time of the Amalgamation set forth in the Certificate of Amalgamation to be issued in respect of Amalco;
“EL”	means exploration license;
“Equity Financing”	means the non-brokered private placement offering by BMC of 10,000,000 Subscription Receipts, or such lesser amount provided the Resulting Issuer will have sufficient working capital to meet the requirements of the conditional approval of the TSXV, at a price of \$0.20 per Subscription Receipt;
“Equity Plan”	means the proposed equity incentive compensation plan, a copy of which is attached as Schedule “H” hereto;
“Equity Plan Resolution”	means an Ordinary Resolution of the Shareholders approving the Equity Plan;
“Escrow Agreement”	means an escrow agreement with Computershare, the Resulting Issuer and the Escrowed Securityholders pursuant to which the Escrowed Securityholders will deposit an aggregate of 13,547,802 Resulting Issuer Shares and 68,750 Medgold Options (post-Consolidation) with Computershare;
“Escrowed Securityholders”	has the meaning ascribed thereto in the section titled “Information Regarding the Resulting Issuer – Escrowed Securities”;
“Final Exchange Bulletin”	means the bulletin which is issued by the TSXV following the Closing of the Amalgamation and the submission of all required documents which evidences the final acceptance by the TSXV of the RTO;
“Financing Warrant”	means the share purchase warrants of BMC forming part of the BMC Units, with each entitling the holder to acquire, subject to adjustment, one Financing Warrant Share for a period of 2 years, at a price of \$0.25 per Financing Warrant Share for the first 1 year period and a price of \$0.30 for the remaining 1 year period, subject to acceleration;
“Financing Warrant Share”	means the Resulting Issuer Shares issuable upon exercise of the Financing Warrants after the Effective Date;

“Finders’ Broker Warrants”	means the share purchase warrants of BMC that may be issued to finders in connection with the Equity Financing, with each Finders’ Broker Warrant entitling the holder to acquire, subject to adjustment, one Resulting Issuer Share at a price of \$0.20 per Resulting Issuer Share for one year upon the exercise of the Finders’ Broker Warrants;
“First Quantum”	Means First Quantum Exploration (SRB) d.o.o.;
“Fortuna”	means Fortuna Silver Mines Inc.;
“Fortuna Option Agreement”	means the option agreement dated December 15, 2020 pursuant to which Fortuna granted an exclusive option to Medgold to purchase Fortuna’s 51% interest in the Tlamino Project for cash consideration of US\$3.468 million;
“Fortuna Transaction”	means the transaction arising from: (i) the agreement dated July 4, 2022 among Medgold, Tlamino Mining Ltd., Medgold Istrazivanja d.o.o and Fortuna Silver Mines Inc. whereby Fortuna has relinquished its remaining 51% interest in the Tlamino Project, and (ii) the royalty agreement dated July 4, 2022 between Medgold Istrazivanja d.o.o and Fortuna whereby Fortuna was granted a 1% net smelter return royalty with respect to the Tlamino Project;
“Golden Age”	means Golden Age Resources d.o.o., the sole wholly-owned Serbian subsidiary of BMC that is material to BMC;
“Golden Age Agreement”	means the Share Purchase Agreement between BMC, Golden Age and each of the beneficial shareholders of Golden Age dated January 6, 2022, pursuant to which BMC acquired all of the issued and outstanding shares of Golden Age;
“IFRS”	means the International Financial Reporting Standard;
“Insider”	includes: (a) a director or senior officer of an Issuer; (b) a director or senior officer of a company that is an Insider or subsidiary of an Issuer; (c) a Person that beneficially owns or controls, directly or indirectly, securities carrying more than 10% of the voting rights attached to all outstanding securities of the Issuer; or (d) the Issuer itself if it holds any of its own securities;
“Issuer”	means a company and its subsidiaries which have any of its securities listed for trading on the TSXV and, as the context requires, any applicant company seeking a listing of its securities on the TSXV;
“Lece West Project”	means the exploration permits that comprise the Lece West Project in Southern Serbia, See “Information Regarding BMC – Narrative Description of the Business”;
“Letter of Intent”	means the letter of intent between Medgold and BMC dated November 23, 2022, as amended on December 15, 2022, which letter of intent was superseded by the Amalgamation Agreement;
“Luka Extension Opinion”	means the opinion prepared by Vladimir Stojic Law Firm in connection with the application to extend the Luka exploration license;

“Management”	means the senior officers of Medgold;
“MD&A”	means Management’s Discussion and Analysis;
“Medgold” or the “Company”	means Medgold Resources Corp., a company incorporated under the BCBCA, having its common shares listed on TSXV under the trading symbol “MED”;
“Medgold Assets”	means all of the material assets of Medgold, as more particularly defined in the Amalgamation Agreement;
“Medgold Business”	means the mining exploration and development business previously and heretofore carried on by Medgold;
“Medgold Debt Conversion”	means the conversion of an aggregate of \$330,000 of debt of Medgold into 1,650,000 Medgold Shares (on a post-Consolidation basis) at a deemed price of \$0.20 per share, 641,400 of which Medgold Shares will be issued to Virv International Inc., 258,600 of which Medgold Shares will be issued to Gold Group Management Inc. and 750,000 of which Medgold Shares will be issued to Gowling WLG (Canada) LLP;
“Medgold Financial Statements”	means the audited annual consolidated financial statements of Medgold for the years ended December 31, 2022, December 31, 2021 and December 31, 2020 and the interim unaudited financial statements of Medgold for the three-month periods ended March 31, 2023 and March 31, 2022, a copy of which is attached as Schedule “A” hereto;
“Medgold Options”	means the incentive stock options granted to the directors, officers, employees and consultants of Medgold pursuant to the 2015 Option Plan, each of which entitles the holder thereof to acquire one Medgold Share at prices ranging from \$0.10 to \$0.15 per Medgold Share (before giving effect to the Consolidation);
“Medgold Properties”	means the Surlica-Dukat and Donje Tlamino exploration licences that comprise the Tlamino Gold Project, located in Southern Serbia. See “Information Regarding Medgold – General Development of the Business”;
“Medgold Shares” or “Common Shares”	means common shares in the authorized share structure of Medgold;
“Medgold Subsidiaries”	means MGold International Ltd., Tlamino Mining Ltd., and Medgold Istrazivanja d.o.o., each of which is a wholly-owned subsidiary of Medgold;
“Medgold Warrants”	means the 40,870,000 Medgold share purchase warrants outstanding, each entitling the holder thereof to purchase one Medgold Share at a price of \$0.10 (before giving effect to the Consolidation) until July 14, 2023;
“Meeting”	means the annual general and special meeting of Shareholders to be held on August 31, 2023;
“MergeCo”	means 1397383 B.C. Ltd., a wholly-owned subsidiary of Medgold, formed for the purposes of completing the Amalgamation;
“Name Change”	means the change of name of Medgold to “Electrum Metals Group Corp.”;
“Name Change Resolution”	means a Special Resolution of Shareholders approving the Name Change;
“NEO”	means named executive officer;

“New Articles”	means the proposed new Articles of Medgold, a copy of which is attached as Schedule “I” hereto;
“New Articles Resolution”	means the Special Resolution of the Shareholders approving the adoption of the New Articles;
“NI 43-101”	means National Instrument 43-101 – Standards of Disclosure for Mineral Projects;
“NI 51-102”	means National Instrument 51-102 – Continuous Disclosure Obligations;
“Option Plan Resolution”	means an Ordinary Resolution of Shareholders approving the Amended and Restated Option Plan;
“Ordinary Resolution”	means a resolution passed at a general meeting of shareholders by a simple majority of the votes cast by shareholders voting shares that carry the right to vote at general meetings;
“Original Option”	means the original option agreement entered into between Medgold and Fortuna in June, 2016 prior to the date of the Fortuna Option Agreement;
“Person”	means a company or an individual;
“PCF Unit”	means the units of BMC that have been issued in the Pre-Closing Financing, with each PCF Unit comprised of one BMC Share and one PCF Warrant;
“PCF Warrant”	means the share purchase warrants of BMC forming part of the PCF Units, with each entitling the holder to acquire, subject to adjustment, one BMC Share for a period of 2 years, at a price of \$0.25 per BMC Share for the first 1 year period and a price of \$0.30 for the remaining 1 year period, subject to acceleration;
“Pre-Closing Financing”	means the non-brokered private placement offering completed by BMC pursuant to which 2,868,491 PCF Units, each at a price of \$0.15 per PCF Unit were issued, for aggregate gross proceeds of \$430,273.65;
“Promoter”	has the definition prescribed by applicable Securities Laws;
“Proposed Transaction”	means the proposed indirect acquisition by Medgold of all of the issued and outstanding BMC Shares by way of the Amalgamation which will constitute a reverse takeover pursuant to the policies of the TSXV, upon the terms and subject to the conditions set forth in the Amalgamation Agreement and as described herein, including completion of the Amalgamation, the Consolidation, the Name Change, the Pre-Closing Financing and the Equity Financing;
“Related Party Transaction”	has the meaning ascribed to that term in TSXV Policy 5.9, and includes a related party transaction that is determined by the TSXV, to be a Related Party Transaction. The TSXV may deem a transaction to be a Related Party Transaction where the transaction involves Non Arms-Length Parties, or other circumstances exist which may compromise the independence of the Issuer with respect to the transaction;
“Resulting Issuer”	means Medgold following the Closing of the Proposed Transaction;
“Resulting Issuer Options”	means the incentive stock options to be granted to the directors, officers, employees and consultants of the Resulting Issuer pursuant to Amended and Restated Option Plan following the completion of the Proposed Transaction;

“Resulting Issuer Shares”	means common shares in the authorized share structure of the Resulting Issuer post-Consolidation;
“RTO”	means the reverse takeover of Medgold by way of a three-cornered amalgamation of a wholly-owned subsidiary of Medgold and BMC to form Amalco, pursuant to the terms and conditions of the Amalgamation Agreement;
“RTO Policy”	means Policy 5.2, Changes of Business and Reverse Takeovers, of the TSXV;
“RTO Resolution”	means an Ordinary Resolution of Shareholders approving the RTO;
“Securities Laws”	means securities legislation, securities regulation and securities rules, as amended, and the policies, notices, instruments and blanket orders in force from time to time that are applicable to a Person;
“Shareholder”	means a holder of Medgold Shares, from time to time, and “Shareholders” means all such holders;
“Special Resolution”	means a resolution passed at a general meeting of shareholders by a 2/3 majority of the votes cast by shareholders voting shares that carry the right to vote at general meetings;
“Subscription Receipt”	means a subscription receipt of BMC to be issued under the Equity Financing, with each Subscription Receipt being automatically exchangeable, without any further action on the part of the holder and without payment of additional consideration, immediately prior to the completion of the Closing, for one BMC Unit, upon satisfaction of certain Subscription Receipt Escrow Release Conditions;
“Subscription Receipt Escrow Release Conditions”	means the list of conditions set forth in terms of the Subscription Receipts to be determined by BMC, the satisfaction of which will allow automatic conversion of each Subscription Receipt into one BMC Unit, without payment of any additional consideration and without any further action by the holder;
“Timok East Project”	means the exploration permits that comprise the Timok East Project in East Serbia as more particularly described in the Timok East Technical Report;
“Timok East Report Author”	means Dr. Chris Wilson, author of the Timok East Technical Report;
“Timok East Technical Report”	means the independent technical report prepared in respect of the Timok East Project entitled “Independent NI 43-101 Technical Report – Timok East Project, Republic of Serbia” and dated effective March 23, 2023;
“Tlmino Project Technical Report”	means the independent technical report prepared in respect of the Tlmino Project entitled “Preliminary Economic Assessment and NI 43-101 Technical report for the Medgold Tlmino Project Licences, Serbia”;
“Tlmino Project”	means the exploration licences that comprise the Tlmino Project in Serbia as more particularly described in the Tlmino Project Technical Report;
“TSXV”	means the TSX Venture Exchange;
“Title Opinions”	means the title opinions in respect of the Timok East Project produced by Vladimir Stojić Law Firm;
“Zlogosh Letter Agreement”	means the letter agreement dated April 18, 2020 between Medgold, Gecon E.O.O.D. and Mr. Evgeny Evgenievich Plyushchev outlining the principal terms

upon which Medgold or an Affiliate of Medgold would be granted an exclusive option to acquire up to 100% interest in Gecon E.O.O.D., the principal asset of which is the Zlogosh Property; and

“Zlogosh Property”

means the Zlogosh Exploration License application located in the Republic of Bulgaria as more particularly described in Schedule “A” to the Zlogosh Letter Agreement.

Currency and Exchange Rate: All references to “dollar” or the use of the symbol “\$” are to Canadian dollars, use of the symbol “DIN” refers to Serbian dinar and use of the symbol “USD” refers to United States dollars, unless otherwise indicated. As of July 12, 2023 the exchange rate for Serbian dinar to Canadian dollars is 1 Canadian dollar is equal to 79.84 Serbian dinar and the exchange rate for United States dollars to Canadian dollars is 1 Canadian dollar is equal to 0.7584 United States dollar.

SUMMARY

The following is a summary of information related to the Proposed Transaction, Medgold, BMC and the Resulting Issuer (assuming completion of the Proposed Transaction) and should be read together with the more detailed information and financial data and statements contained elsewhere in this Circular, including the Schedules, which are incorporated into and form part of this Circular. Certain capitalized words and terms used in this Summary are defined in the Glossary of Terms.

General

This Circular is prepared in accordance with applicable corporate and securities law, the RTO Policy of the TSXV and Form 3D1- *Information Required in an Information Circular for a Reverse Takeover* prescribed under the RTO Policy in connection with the Meeting being held to approve, among other things, the RTO. The information contained in this Circular is at July 14, 2023, unless otherwise indicated.

The Meeting

The Meeting will be held on August 31, 2023 at 10:00 a.m. (Vancouver time) for the purposes set forth in the Notice of Meeting for Shareholders to consider and, if deemed advisable, to approve the items of business identified in the Notice of Meeting.

Principal Terms of the Proposed RTO

At the Meeting, Shareholders will be asked to consider and, if thought fit, pass with or without variation, the RTO Resolution authorizing, confirming and approving the RTO of Medgold by way of the Amalgamation between MergeCo and BMC to form Amalco, pursuant to the terms and conditions of the Amalgamation Agreement.

The Resulting Issuer will be Medgold (which, following the Name Change, will be called “Electrum Metals Group Corp.”) and the business of the Resulting Issuer will be the BMC Business.

BMC is a private company incorporated under the laws of British Columbia. On January 27, 2023 Medgold and MergeCo entered into the Amalgamation Agreement with BMC, as amended on April 30, 2023. The Amalgamation Agreement provides that, among other things, MergeCo and BMC will amalgamate to form Amalco, resulting in one (1) Resulting Issuer Share being issued in exchange for every one (1) BMC Share held, and each BMC Warrant and Financing Warrant outstanding immediately before the Effective Time will be assumed by the Resulting Issuer and shall constitute warrants to acquire the same number of Resulting Issuer Shares on the same terms and conditions.

Completion of the Amalgamation is conditional upon, among other things, receipt of final TSXV approval and Shareholder approval of the Consolidation Resolution, the RTO Resolution and the Name Change Resolution, and the completion of the Equity Financing.

The Shareholders (including Shareholders to be issued Medgold Shares pursuant to the Medgold Debt Conversion) are expected to own approximately 20% of the outstanding shares of the Resulting Issuer, and BMC Shareholders (including the BMC Shareholders issued BMC Shares pursuant to the Equity Financing, the Pre-Closing Financing and the BMC Debt Conversion) will own the remaining 80% of the Resulting Issuer.

At the Meeting, Shareholders will be asked to, among other items:

- (a) consider and, if thought fit, pass with or without variation, the RTO Resolution, authorizing, confirming and approving the RTO;
- (b) consider and, if thought fit, pass with or without variation, the Consolidation Resolution, Name Change Resolution, Director Election Resolution, Option Plan Resolution, Equity Plan Resolution and New Articles Resolution; and
- (c) to transact such other business as may properly be brought before the Meeting or any adjournment thereof.

Under TSXV policies, completion of the transactions under the Amalgamation Agreement will constitute an RTO of Medgold as the former BMC Shareholders will own approximately 80% of the Resulting Issuer Shares on a non-diluted basis on the Closing Date. Under TSXV policies, the RTO Resolution requires approval by an Ordinary Resolution.

Interests of Insiders, Promoters or Control Persons of the Resulting Issuer

Except as disclosed in this Circular, no Insider, Promoter or Control Person of Medgold and no Associate or Affiliate of the same, has any interest in the proposed Amalgamation other than that which arises from their holding of Medgold Shares.

The following chart sets out Insiders, Promoters and Control Persons of the Resulting Issuer and their respective shareholdings (on a non-diluted basis):

Insider, Promoter or Control Person of Resulting Issuer	Medgold Shares Owned Before the RTO (post-Consolidation)		Resulting Issuer Shares Owned or Controlled After Giving Effect to the RTO ⁽¹⁾	
	Number	Percentage	Number	Percentage on completion of the Equity Financing ⁽²⁾
Elena Clarici	Nil	Nil%	4,880,965 ⁽³⁾	9.79%
Michael Thomsen	Nil	Nil%	1,100,000	2.01%
Eric Rasmussen	Nil	Nil%	Nil	Nil%
Ralph Rushton	13,833	0.16%	13,833	0.03%
Kevin Bales	3,438	0.04%	3,438	0.01%
Brett Kagetsu	Nil	Nil%	Nil	Nil%

Notes:

- (1) Assuming that no Insider, Promoter or Control Person subscribes for BMC Shares under the Equity Financing.
- (2) See “Information Regarding the Resulting Issuer – Pro Forma Consolidated Capitalization – Fully Diluted Share Capital”, “Information Regarding the Resulting Issuer – Principal Securityholders” and “Information Regarding the Resulting Issuer – Directors, Officers and Promoters”.
- (3) 3,028,290 Resulting Issuer Shares will be owned indirectly through Commodity Energy Capital Limited and 1,050,000 Resulting Issuer Shares will be held by Pan Pacific Resource Investments Ltd., which is a company under Dr. Clarici’s control and direction.

Arm’s Length Transaction

The RTO is an Arm’s Length Transaction.

Available Funds and Principal Purposes

Available Funds

As at May 31, 2023, the pro forma consolidated working capital deficit of Medgold and BMC was \$(305,324), assuming net proceeds of the Equity Financing of \$1,930,000. It is anticipated that the available funds will be sufficient to meet the Resulting Issuer’s exploration activities and administrative costs for the following 12 months and to achieve the Resulting Issuer’s principal purposes as described in this Circular.

	Medgold	BMC	Combined⁽¹⁾
Working Capital (deficiency)	\$(156,171)	\$(149,153)	\$(305,324)
Estimated net proceeds of the final tranche of the Pre-Closing Financing ⁽²⁾	N/A	\$125,000	\$125,000
Estimated net proceeds of Equity Financing	N/A	\$1,930,000 ⁽³⁾	\$1,930,000
Total			\$1,749,676

Notes:

(1) Canadian Dollars.

(2) The final tranche of the Pre-Closing Financing closed on July 12, 2023.

(3) Assumes the closing of \$2,000,000 Equity Financing with net proceeds of \$1,930,000. If the amount raised in such financings is less than this amount, the unallocated working capital will be reduced accordingly.

Principal Purposes of Funds

The following table summarizes the expenditures anticipated by the Resulting Issuer required to achieve its business objectives during the 12 months following completion of the Proposed Transaction:

Use of Working Capital	Amount (\$)⁽¹⁾
Expenditures on the Timok East Project Phase 1	\$536,600
Remaining Cost of the Proposed Transaction ⁽²⁾	\$291,331
Expenditures on other Serbian properties	\$112,500
General and Administrative Expenses ⁽³⁾	\$579,834
Unallocated Working Capital ⁽⁴⁾	\$229,411
Total	\$1,749,676

Notes:

(1) Canadian Dollars.

(2) Includes estimated remaining legal, accounting and TSXV fees to be incurred in connection with the Amalgamation and Equity Financing.

(3) Includes salaries of the CEO, CFO, director fees, accounting, audit and legal fees for 2023.

(4) Assumes the closing of \$2,000,000 Equity Financing with net proceeds of \$1,930,000. If the amount raised in such financings is less than this amount, the unallocated working capital will be reduced accordingly.

There may be circumstances where, for sound business reasons, the reallocation of funds may be necessary in order for the Resulting Issuer to achieve its stated business objectives. See “Information Regarding the Resulting Issuer – Available Funds and Principal Purposes”.

Selected Pro Forma Financial Information

The following table sets out certain financial information for each of Medgold as at March 31, 2023, and BMC as at March 31, 2023, as well as pro forma consolidated financial information for the Resulting Issuer, after giving effect to the Amalgamation as at March 31, 2023. The following information should be read in conjunction with the pro forma balance sheet of the Resulting Issuer. See Schedule “C” Pro Forma Financial Statements of the Resulting Issuer.

	Medgold (\$)	BMC (\$)	Adjustments (\$)	Pro Forma Consolidated (\$)
Cash	64,182	83,879	192,301 1,930,627 (340,935)	1,929,427
Total assets	342,810	1,663,045	704,520	2,710,375
Total liabilities	639,737	824,951	(661,208)	803,480
Shareholders' equity (deficiency)	(296,927)	838,094	1,365,728	1,906,895

Exchange Listing

Medgold's Shares are listed on TSXV under the symbol "MED". The Medgold Shares are currently halted from trading in accordance with TSXV policies related to an RTO. It is expected that on completion of the RTO, the Resulting Issuer will be listed on the TSXV as a Tier 2 mining issuer and under the symbol "GARX".

The BMC Shares are not listed on any stock exchange and there is currently no public market for the BMC Shares, nor is one expected to develop.

Market Price of Medgold's Shares

The closing price of the Medgold Shares on November 24, 2022, the last trading day before the announcement of the RTO, was \$0.005. See "Information Regarding Medgold— Stock Exchange Price". As of the date of this Circular, the Medgold Shares are currently halted.

Sponsorship and Agent Relationships

Medgold intends to rely on a waiver from the sponsorship requirements of Exchange Policy 2.2.

Conflicts of Interest

Conflicts of interest may arise as a result of the proposed directors, officers and Promoters of the Resulting Issuer also holding positions as directors or officers of other companies. Some of these individuals have been and will continue to be engaged in the identification and evaluation of assets, businesses and companies on their own behalf and on behalf of other companies, and situations may arise where the directors and officers of the Resulting Issuer will be in direct competition with the Resulting Issuer. See "Information Regarding the Resulting Issuer – Directors, Officers and Promoters – Conflicts of Interest".

Interest of Experts

Except as disclosed in this Circular, no Person or company whose profession or business gives authority to a statement made by the Person and who is named as having prepared or certified a part of this Circular or as having prepared or certified a report or valuation described or included in this Circular holds any beneficial interest, direct or indirect, in any securities or property of Medgold or BMC or of an Associate or Affiliate of Medgold or BMC and no such person is expected to be elected, appointed or employed as a director, senior officer or employee of Medgold or BMC or of an Associate or Affiliate of Medgold or BMC and no such Person is a Promoter of Medgold or BMC or an Associate or Affiliate of Medgold or BMC.

Summary of Risk Factors

Following completion of the RTO, the business of the Resulting Issuer will be to conduct exploration on the Timok East Project in Serbia. The Resulting Issuer Shares are a risky and speculative investment. The Resulting Issuer is subject to certain risks including, but not limited to, the following:

- commodity price fluctuations;
- risks related to security market fluctuations;
- risks related to cyber security threats;
- risks related to global financial conditions;
- risks and uncertainties associated with mineral exploration and development;
- inherent hazards and risks associated with mining operations, including accidents;
- various political, economic and other risks associated with conducting operations in Serbia;
- risks related to continuing impact of COVID-19 pandemic;
- fluctuations in the price and availability of infrastructure and energy and other commodities;
- uninsurable risks;
- risks of obtaining and maintaining necessary licenses, permits and approvals from governmental authorities;
- risks related to compliance with environmental regulations and environmental hazards;
- risks related to compliance with stringent laws and regulations and changes in law and regulatory environment;
- defective title to mineral claims or property or contests over mineral rights;
- ability to obtain additional financing;
- loss of key employees and our inability to attract and retain qualified personnel;
- risk related to fluctuating mineral prices and currency exchange rates;
- risks associated with conflicts of interest among directors and officers;
- competition with other mining companies;
- risks associated with litigation;
- no history of earnings or dividends;
- negative cash flow from operations;
- dilution; and
- other risks, uncertainties and other factors, including, without limitation, those referred to herein under the heading "Risk Factors".

Exchange Listing

The TSXV has conditionally accepted the Proposed Transaction subject to Medgold fulfilling all of the requirements of the TSXV.

Accompanying Documents

This Circular is accompanied by several Schedules which are incorporated by reference into, form an integral part of, and should be read in conjunction with this Circular. It is recommended that Shareholders read this Circular and the attached Schedules in their entirety.

GENERAL PROXY INFORMATION

Management Solicitation of Proxies

This Circular is furnished to you in connection with the solicitation of proxies by Management of Medgold Resources Corp. (“we”, “us” or the “Company”) for use at the annual general and special meeting (the “Meeting”) of shareholders of the Company to be held on August 31, 2023 and at any adjournment of the Meeting. We will conduct the solicitation by mail and our officers, directors and employees may, without receiving special compensation, contact shareholders by telephone, electronic means or other personal contact. We will not specifically engage employees or soliciting agents to solicit proxies. We do not reimburse shareholders, nominees or agents (including brokers holding shares on behalf of clients) for their costs of obtaining authorization from their principals to sign forms of proxy. We will pay the expenses of this solicitation.

Notice-and-Access

The Company has elected to use the “notice-and-access” provisions (“**Notice-and-Access**”) under National Instrument 54-101 – *Communications with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”) and National Instrument 51-102 – *Continuous Disclosure Obligations* (“**NI 51-102**”) of the Canadian Securities Administrators, for distribution of this Circular and other meeting materials, including the form of proxy (the “**Form of Proxy**”), voting instruction form (“**VIF**”) and the Notice of Meeting (collectively, the “**Meeting Materials**”), to registered shareholders of the Company and shareholders holding shares of the Company beneficially through an intermediary (“**Non-Registered Holders**”), other than those Non-Registered Holders with existing instructions on their accounts to receive printed materials or those shareholders that request printed Meeting Materials.

Notice-and-Access allows issuers to post electronic versions of meeting materials online, via SEDAR and one other website, rather than mailing paper copies of such meeting materials to shareholders. The Company has adopted this alternative means of delivery in order to further its commitment to environmental sustainability and to reduce its printing and mailing costs.

The Company will post the Meeting Materials and it has posted its audited financial statements and MD&A for the years ended December 31, 2021 and 2022, under its profile at www.sedar.com and also at <https://www.medgoldresources.com/agm-documents>.

Although the Meeting Materials will be posted electronically online, registered shareholders and Non-Registered Holders (subject to the provisions set out below under the heading “Advice to Beneficial Shareholders”) will receive a “notice package” (the “**Notice-and-Access Notification**”) by prepaid mail, which includes the information prescribed by NI 54-101, and a Form of Proxy, in the case of registered Shareholders, or VIF, in the case of Non-Registered Holders, enabling them to vote at the Meeting. Shareholders should follow the instructions for completion and delivery contained in the Form of Proxy or VIF, as the case may be, and are reminded to review the Circular before voting.

Shareholders will not receive a paper copy of the Meeting Materials unless they contact the Company at the toll free number as set out in the Notice of Meeting. Provided the request is made prior to the Meeting, the Company will cause the requested materials to be mailed within three business days. **Requests for paper copies of the Meeting Materials should be made by August 17, 2023 in order to receive the Meeting Materials in time to vote before the Meeting.**

Shareholders with questions about Notice and Access may obtain further information by calling the Company toll free at 1-888-627-9378.

Appointment of Proxy Holder

The persons named as proxy holders in the enclosed form of proxy are our directors or officers. **As a shareholder, you have the right to appoint a person (who need not be a shareholder) in place of the persons named in the form of proxy to attend and act on your behalf at the Meeting. To exercise this right, you must either insert the name of your representative in the blank space provided in the form of proxy and strike out the other names or complete and deliver another appropriate form of proxy.**

A proxy will not be valid unless it is dated and signed by you or your attorney duly authorized in writing or, if you are a company, by an authorized director, officer, or attorney of the company.

Voting By Proxy

The persons named in the accompanying form of proxy will vote or withhold from voting the Medgold Shares represented by the proxy in accordance with your instructions, provided your instructions are clear. If you have specified a choice on any matter to be acted on at the Meeting, your Medgold Shares will be voted or withheld from voting accordingly. If you do not specify a choice or where you specify both choices for any matter to be acted on, your Medgold Shares will be voted in favour of all matters.

The enclosed form of proxy gives the persons named as proxyholders discretionary authority regarding amendments or variations to matters identified in the respective Notice of Meeting and any other matter that may properly come before the Meeting. As of the date of this Circular, Medgold's Management is not aware of any such amendment, variation or other matters proposed or likely to come before the Meeting. However, if any amendment, variation or other matter properly comes before the Meeting, the persons named in the form of proxy intend to vote on such other business in accordance with their judgement.

You may indicate the manner in which the persons named in the enclosed proxy are to vote on any matter by marking an "X" in the appropriate space. If you wish to give the persons named in the proxy a discretionary authority on any matter described in the proxy, then you should leave the space blank. **In that case, the Management nominated proxy holders will vote the Medgold Shares represented by your proxy in accordance with their judgment.**

Return of Proxy

Shareholders are invited to complete the attached form of proxy and to send it to Computershare, 8th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1 or to Medgold's head office at the address listed on the Notice of Meeting, not less than 48 hours, excluding Saturdays, Sundays and holidays, preceding the Meeting or any adjournment of the Meeting.

Advice to Non-Registered Shareholders

Only Shareholders whose names appear on the records of our registrar and transfer agent, Computershare, or validly appointed proxy holders are permitted to vote at the Meeting. Most of our Shareholders are "non-registered" Shareholders because their Medgold Shares are registered in the name of a nominee, such as a brokerage firm, bank, trust company, trustee or administrator of a self-administered RRSP, RRIF, RESP or similar plan or a clearing agency such as CDS Clearing and Depository Services Inc. (a "**Nominee**"). If you purchased your Medgold Shares through a broker, you are likely a non-registered Shareholder.

Non-registered Shareholders who have not objected to their Nominee disclosing certain ownership information about themselves to us are referred to as "NOBOs". Those non-registered Shareholders who have objected to their Nominee disclosing ownership information about themselves to us are referred to as "**OBOs**".

In accordance with the securities regulatory requirements and the Notice and Access Procedures, we will have distributed copies of the Notice and Access Notification, to the Nominees for onward distribution to NOBOs and OBOs.

Nominees are required to forward the Notice and Access Notification to each NOBO and OBO unless the OBO has waived the right to receive them. Medgold Shares held by Nominees can only be voted in accordance with the instructions of the non-registered Shareholder. Notice and Access Notifications sent to non-registered Shareholders who have not waived the right to receive Meeting Materials are accompanied by a request for voting instructions (a "**VIF**"). This form is instead of a proxy. By returning the VIF in accordance with the instructions noted on it, a non-registered Shareholder is able to instruct the registered Shareholder (or Nominee) how to vote on behalf of the non-registered Shareholder. VIF's, whether provided by Medgold or by a Nominee, should be completed and returned in accordance with the specific instructions noted on the VIF.

In either case, the purpose of this procedure is to permit non-registered Shareholders to direct the voting of the Medgold Shares which they beneficially own. Should a non-registered Shareholder who receives a VIF wish to attend the Meeting or have someone else attend on his/her behalf, the non-registered Shareholder may request a legal proxy as set forth in the VIF, which will grant the non-registered Shareholder or his/her nominee the right to attend and vote at the Meeting. Non-registered Shareholders should carefully follow the instructions set out in the VIF including those regarding when and where the VIF is to be delivered.

The Company does not intend to pay for intermediaries to deliver the proxy-related materials and Form 54-101F7 to OBOs, as defined under NI 54-101. As a result, OBOs will not receive the Meeting materials unless the OBOs intermediary assumes the costs of delivery.

The Company is sending the Meeting Materials to registered shareholders and beneficial shareholders using the Notice-and-Access procedure described in NI 54-101 and NI 51-102.

Revocation of Proxy

If you are a registered Shareholder who has returned a proxy, you may revoke your proxy at any time before it is exercised. In addition to revocation in any other manner permitted by law, a registered Shareholder who has given a proxy may revoke it by either:

- (a) signing a proxy bearing a later date; or
- (b) signing a written notice of revocation in the same manner as the form of proxy is required to be signed as set out in the notes to the proxy.

The later proxy or the notice of revocation must be delivered to Medgold's head office at any time up to and including the last business day before the scheduled time of the Meeting or any adjournment, or to the Chairman of the Meeting on the day of the Meeting or any adjournment.

If you are a non-registered Shareholder who wishes to revoke a VIF or to revoke a waiver of your right to receive Meeting Materials and to give voting instructions, you must give written instructions to your Nominee at least seven days before the Meeting.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

None of Medgold's directors or executive officers, nor any person who has held such a position since January 1, 2022, nor any Associate or Affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the Amended and Restated Option Plan and the Equity Plan, approval of which will be sought at the Meeting. Directors and executive officers of Medgold may participate in the Amended and Restated Option Plan and the Equity Plan, and accordingly have an interest in their approval. See "Particulars of Matters to be Acted On".

VOTING SHARES AND PRINCIPAL SHAREHOLDERS

Medgold is authorized to issue an unlimited number of Common Shares without par value, of which 134,789,032 Common Shares were issued and outstanding (pre-Consolidation) as of July 13, 2023.

Persons who are registered shareholders as of the close of business on July 13, 2023 will be entitled to receive notice of, attend, and vote at the Meeting. On a show of hands, every shareholder and proxy holder will have one vote and, on a poll, every shareholder present in person or represented by proxy will have one vote for each share. In order to approve a motion proposed at the Meeting, a majority of more than 50% of the votes cast will be required to pass an Ordinary Resolution, and a majority of at least 66.7% (2/3) of the votes cast will be required to pass a Special Resolution.

To the knowledge of Medgold's directors and executive officers, no Person beneficially owns, or controls or directs, directly or indirectly, Common Shares carrying more than 10% of the voting rights attached to the outstanding Common Shares other than as follows:

Name	Number of Common Shares Beneficially Owned (pre-Consolidation)	Percentage of Issued Share Capital
Fortuna Silver Mines Inc. ⁽¹⁾	21,079,700	15.64%

Note:

(1) Publicly traded company.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

An “informed person” means:

- (a) a director or executive officer of Medgold;
- (b) a director or executive officer of a Person or company that is itself an informed person or subsidiary of Medgold;
- (c) any Person or company who beneficially owns, directly or indirectly, voting securities of Medgold or who exercises control or direction over voting securities of Medgold carrying more than 10% of the voting rights attached to all outstanding voting securities of Medgold other than voting securities held by the Person or company as underwriter in the course of a distribution; and
- (d) Medgold if it has purchased, redeemed or otherwise acquired any of its securities, so long as it holds any of its securities.

In December 2020, Medgold and Fortuna entered into the Fortuna Option Agreement pursuant to which Medgold was granted an exclusive option to purchase Fortuna’s 51% interest in the Tlamino Project (the “**Fortuna Option**”) for 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 Medgold of a 100% interest in the Tlamino Project to a third party, or (iii) the date of completion of a merger between Medgold and a third party.

At the time of signing of the Fortuna Option Agreement, Medgold and Fortuna had one common director. Since January 2021, Medgold and Fortuna have no common directors.

In July 2022, Medgold and Fortuna entered into two agreements whereby the Fortuna Option Agreement was terminated, Medgold acquired Fortuna’s 51% beneficial interest in the Tlamino Project, and Fortuna was granted a 1% net smelter return royalty from any future production from the Tlamino Project. The royalty may be purchased by Medgold at any time for cash consideration of \$3 million. These agreements were approved by the TSXV on March 2, 2023.

Other than as disclosed herein, no informed person of Medgold, no proposed nominee for election as a director of Medgold, and no Associate or Affiliate of any of these persons, has any material interest, direct or indirect, in any transaction since the commencement of the last financial year or in any proposed transaction, which in either case has materially affected or will materially affect Medgold.

PARTICULARS OF MATTERS TO BE ACTED ON

TO THE KNOWLEDGE OF MEDGOLD’S DIRECTORS, THE ONLY MATTERS TO BE PLACED BEFORE THE MEETING ARE THOSE REFERRED TO IN THE NOTICE OF MEETING ACCOMPANYING THIS INFORMATION CIRCULAR. HOWEVER, SHOULD ANY OTHER MATTERS PROPERLY COME BEFORE THE MEETING, THE SHARES REPRESENTED BY THE PROXY SOLICITED HEREBY WILL BE VOTED ON SUCH MATTERS IN ACCORDANCE WITH THE BEST JUDGMENT OF THE PERSONS VOTING THE SHARES REPRESENTED BY THE PROXY.

Additional details regarding each of the matters to be acted upon at the Meeting is set forth below.

Approval of the RTO

At the Meeting, in accordance with the requirements of the RTO Policy of the TSXV, Shareholders will be asked to consider, and if thought fit, to pass with or without variation, as an Ordinary Resolution, the RTO Resolution, authorizing, confirming and approving the RTO.

Background to the RTO

On November 23, 2022 Medgold entered into the Letter of Intent (as amended on December 15, 2022) with BMC, a private company incorporated under the BCBCA, pursuant to which Medgold would acquire all of the issued and outstanding BMC Shares. BMC is a private mineral exploration company which holds three exploration projects, Timok East Project, Lece West Project and Besna Kobilja Project, in Serbia, portions of which are contiguous to Medgold's existing Serbian exploration licences.

Upon completion of the RTO, the Resulting Issuer will hold mineral rights covering close to 1,000 square kilometres, becoming the largest holder of highly prospective exploration ground in Serbia.

Terms of the RTO

On January 27, 2023, Medgold and MergeCo entered into the Amalgamation Agreement with BMC to supersede the Letter of Intent and such Amalgamation Agreement as further amended by letter agreement dated effective April 30, 2023, provides that, among other things, one (1) Resulting Issuer Share will be issued in exchange for each one (1) BMC Share issued and outstanding and the BMC Warrants and the Financing Warrants will be assumed by the Resulting Issuer and shall constitute warrants to acquire the same number of Resulting Issuer Shares on the same terms and conditions. No fractional Resulting Issuer Shares will be issued under the RTO. Where the aggregate number of Resulting Shares to be issued to any BMC Shareholder under the RTO would result in a fraction of a Resulting Issuer Share being issuable, the number of Resulting Issuer Shares to be issued to such BMC Shareholder shall be rounded down to the next whole number, and no cash or other consideration shall be paid or payable in lieu of such fraction of a Resulting Issuer Share.

After giving effect to the Equity Financing and Pre-Closing Financing, Shareholders (including Shareholders to be issued Medgold Shares pursuant to the Medgold Debt Conversion) are expected to own approximately 20% of the outstanding shares of the Resulting Issuer, and BMC Shareholders (including the BMC Shareholders issued BMC Shares pursuant to the Equity Financing, the Pre-Closing Financing and the BMC Debt Conversion) will own the remaining 80% of the Resulting Issuer.

The Resulting Issuer Shares issued to the BMC Shareholders will be issued in reliance on exemptions from the prospectus requirement of applicable securities laws.

Representations and Warranties

The Amalgamation Agreement contains a number of customary representations and warranties of Medgold, MergeCo and BMC relating to, among other things, corporate status, capitalization, the corporate authorization and enforceability of, and director approval of, the Amalgamation Agreement and the RTO.

Covenants

Covenants of Medgold

Medgold has agreed, in favour of BMC, to a number of usual and customary covenants under the Amalgamation Agreement, including, among other things, to: (i) provide proof to BMC that the \$30,000 non-refundable payment made to it by BMC was used for annual mining property fees in Serbia with respect to the Medgold Properties; (ii) terminate the Zlogosh agreement in a manner satisfactory to BMC; (iii) seek TSXV approval and close the Fortuna Transaction (which transaction has received TSXV approval and closed as of the date of this Circular); (iv) use its reasonable commercial efforts to preserve intact as a going concern its business organization and goodwill, to keep available the services of its officers and employees as a group, to maintain its business relationships and the Medgold Assets and conduct its business in the ordinary course of business substantially in

the same manner as conducted before; (v) in consultation with BMC and its counsel use commercially reasonable efforts to obtain TSXV approval in connection with the Proposed Transaction and assist in making all submissions, preparing all press releases and circulars and making all notifications required with respect to the Proposed Transaction; (vi) use its best efforts to maintain its status as a reporting issuer in Alberta and British Columbia; and (vii) use all reasonable commercial efforts to satisfy the conditions precedent to its obligations under the Amalgamation Agreement.

Medgold's Covenant Regarding Non-Solicitation

Medgold has agreed not to, directly or indirectly, through any officer, director, employee, representative or agent, solicit, initiate, invite or knowingly encourage (including by way of furnishing confidential information or entering into any form of agreement, arrangement or understanding) the initiation of or participate in, any inquiries or proposals regarding an Acquisition Proposal.

Medgold is to continue to refrain from participating in any discussions or negotiations with any parties (other than the parties to the Amalgamation Agreement) with respect to any potential Acquisition Proposal.

Medgold shall immediately notify BMC (both orally and in writing) of any future Acquisition Proposal of which Medgold's directors or senior officers become aware of or any amendments to the foregoing or any request for non-public information relating to Medgold in connection with an Acquisition Proposal or for access to the properties, books or records or for a list of the shareholders by any person or entity that informs Medgold that it is considering making an Acquisition Proposal. Such notice is to include a copy of all non-privileged written communications and a description of the material terms and conditions of any proposal and provide such details of the proposal, inquiry or contact as BMC may reasonably request, including without limitation, the identity of the Person and controlling Person, if any, making such proposal, inquiry or contact.

Covenants of BMC

BMC has agreed, in favour of Medgold, to a number of usual and customary covenants under the Amalgamation Agreement, including, among other things, to: (i) pay to Medgold a \$30,000 non-refundable payment to be used by Medgold to pay for annual mining property fees in Serbia with respect to the Medgold Properties (such deposit having been paid by BMC prior to the date of this Circular); (ii) deliver a copy of financial statements of BMC as more particularly described in the Amalgamation Agreement and Technical Report to Medgold once they have been approved by the board of directors of BMC; (iii) duly call, give notice of, convene and hold the BMC Meeting (which has occurred as of the date of this Circular); (iv) use its reasonable commercial efforts to preserve intact as a going concern its business organization and goodwill, to keep available the services of its officers and employees as a group, to maintain its business relationships and the BMC Assets and to ensure that the BMC Business shall be conducted only in the usual and ordinary course of business consistent with past practice; (v) use all reasonable commercial efforts to satisfy the conditions precedent to its obligations under the Amalgamation Agreement; and (vi) upon request from Medgold, pay to Medgold up to \$20,000 in each of the months of May, June and July of 2023 for an aggregate maximum of \$60,000.

BMC's Covenant Regarding Non-Solicitation

BMC has agreed not to, directly or indirectly, through any officer, director, employee, representative or agent, solicit, initiate, invite or knowingly encourage (including by way of furnishing confidential information or entering into any form of agreement, arrangement or understanding) the initiation of or participate in, any inquiries or proposals regarding an Acquisition Proposal.

BMC is to continue to refrain from participating in any discussions or negotiations with any parties (other than the parties hereto) with respect to any potential Acquisition Proposal.

BMC is to immediately notify Medgold (both orally and in writing) of any future Acquisition Proposal of which BMC's directors or senior officers become aware of or any amendments to the foregoing or any request for non-public information relating to BMC in connection with an Acquisition Proposal or for access to the properties, books or records or for a list of the shareholders by any person or entity that informs BMC that it is considering making an Acquisition Proposal. Such notice shall include a copy of all non-privileged written communications and a

description of the material terms and conditions of any proposal and provide such details of the proposal, inquiry or contact as Medgold may reasonably request, including without limitation, the identity of the Person and controlling Person, if any, making such proposal, inquiry or contact.

Conditions to Closing

The Amalgamation Agreement contains certain customary mutual conditions to Closing, including, but not limited to the satisfaction of the following:

- (a) approval of the Proposed Transaction by the Shareholders;
- (b) approval of the Amalgamation by the BMC Shareholders (which approval was obtained on March 31, 2023 at the BMC Meeting);
- (c) no more than 5% of the BMC Shareholders dissenting to the Amalgamation (which was confirmed following the BMC Meeting);
- (d) the Resulting Issuer Shares shall have been accepted for listing by the TSXV, subject to Medgold fulfilling the TSXV's usual and ordinary listing requirements;
- (e) the Name Change, Director Appointments and Consolidation shall have been completed;
- (f) the BMC Debt Conversion and Medgold Debt Conversion shall have been completed;
- (g) the TSXV shall have approved the Fortuna Transaction and the Fortuna Transaction shall have closed (the Fortuna Transaction was approved on March 2, 2023 by the TSXV and has closed);
- (h) the Change of Control Payments shall have been waived and the associated agreements terminated (which agreement for waiver and termination was executed on June 22, 2023);
- (i) the Equity Financing shall have been completed to raise gross proceeds of a minimum of \$2,000,000 (or such lesser amount provided the Resulting Issuer will have sufficient working capital to meet requirements of conditional approval of the TSXV);
- (j) there shall not be in force any order or decree restraining or enjoining the consummation of the transactions contemplated by the Amalgamation Agreement, including, without limitation, the Amalgamation;
- (k) the TSXV shall have granted conditional approval in respect of the Proposed Transaction and adoption of the New Articles and related matters, including the issuance of the Resulting Issuer Shares to be issued to BMC Shareholders pursuant to the Amalgamation (which conditional approval has been received from the TSXV as of July 6, 2023);
- (l) all other consents, orders and approvals, including, without limitation, regulatory approvals, required or desirable for the completion of the transactions contemplated by the Amalgamation Agreement shall have been obtained or received from the Person, authorities or bodies having jurisdiction in the circumstances, and exemptions from the registration requirements of the 1933 Act and the applicable state securities laws shall be available for the transactions contemplated hereby, all on terms satisfactory to each of the parties hereto, acting reasonably;
- (m) the Escrow Agreement shall have been entered into as applicable pursuant to TSXV policies;
- (n) upon Closing, all regulatory requirements shall have been or are capable of being satisfied, including satisfaction of the "Initial Listing Requirements" (as defined in the policies of the TSXV) of the TSXV and the requirements relating to completion of the Proposed Transaction; and

- (o) no material action or proceeding shall be pending or threatened by any person, governmental authority, regulatory body or agency and there shall be no action taken under any existing applicable law or regulation, nor any statute, rule, regulation or order which is enacted, enforced, promulgated or issued by any court, department, commission, board, regulatory body, government or governmental authority or similar agency, domestic or foreign, that: makes illegal or otherwise directly or indirectly restrains, enjoins or prohibits the Amalgamation or any other transactions contemplated by the Amalgamation Agreement; or results in a judgment or assessment of material damages directly or indirectly relating to the transactions contemplated by the Amalgamation Agreement.

The obligations of BMC to complete the transactions contemplated by the Amalgamation Agreement shall be subject to the satisfaction of, or compliance with, at or before the Effective Date, each of the following conditions precedent:

- (a) BMC shall on or before the Effective Date have received from Medgold all documents and instruments as BMC may reasonably request for the purpose of effecting the Amalgamation in accordance with the terms of the Amalgamation Agreement;
- (b) all of the representations, warranties and covenants of Medgold made in or pursuant to the Amalgamation Agreement shall be true and correct in all material respects as at the Effective Date and with the same effect as if made at and as of the Effective Date (except as such representations and warranties may be affected by the occurrence of events or transactions expressly contemplated and permitted hereby and except as such representations and warranties may be affected by the occurrence of events or transactions that are not materially adverse and arise in the ordinary course of business) and BMC shall have received a certificate dated as at the Effective Date in form satisfactory to BMC and their solicitors, acting reasonably, signed by a senior officer or director of Medgold on behalf of Medgold, certifying the truth and correctness in all material respects of the representations, warranties and covenants of Medgold set out in the Amalgamation Agreement;
- (c) Medgold shall have performed and complied with all terms, covenants and conditions required by the Amalgamation Agreement to be performed or complied with by it prior to or on the Effective Date;
- (d) at the Effective Date, there shall have been no material adverse effect on the condition of the Medgold Business (financial or otherwise), properties, assets, liabilities, earnings, or business operations or prospects of Medgold from that shown on or reflected in the financial statements of Medgold as more particularly described in the Amalgamation Agreement;
- (e) all consents, approvals, orders and authorizations of any persons or governmental authorities in Canada or elsewhere, including but not limited to the TSXV (or registrations, declarations, filings or records with any such authorities), including, without limitation, all such registrations, recordings and filings with such securities regulatory and other public authorities as may be required to be obtained by Medgold in connection with the execution of the Amalgamation Agreement, the Closing or the performance of any of the terms and conditions hereof, shall have been obtained on or before the Effective Date;
- (f) Medgold shall be a reporting issuer in good standing in the provinces of Alberta and British Columbia and neither Medgold nor its shares shall be the subject of any cease trade order or regulatory enquiry or investigation in any jurisdiction;
- (g) Medgold shall deliver, or cause to be delivered to BMC on or before the Closing Date such other certificates, agreements or other documents as may reasonably be required by BMC or its solicitors, acting reasonably, to give full effect to the Amalgamation Agreement including, but not limited to, releases executed by each director and officer of Medgold not continuing after the Effective Date;

- (h) at or prior to Closing, Medgold, the Medgold Subsidiaries and MergeCo shall have filed when due with each relevant governmental authority all tax returns required under applicable tax laws to be filed by them prior to the date hereof in all applicable jurisdictions and shall have paid, collected and remitted all taxes, customs duties, tax instalments, levies, assessments, reassessments, penalties, interest and fines due and payable, collectible or remittable by them at such time. All such tax returns shall properly reflect, and shall not in any respect understate the income, taxable income or the liability for taxes of Medgold and MergeCo in the relevant period and the liability of Medgold and MergeCo for the collection, payment and remittance of tax under applicable tax laws;
- (i) Medgold shall have dissolved Medgold Resource Ltd. in accordance with applicable law in the United Kingdom and provided evidence of such dissolution to BMC (such dissolution having occurred on March 7, 2023);
- (j) Medgold shall have delivered to BMC a termination agreement with respect to the Zlogosh Letter Agreement indicating that neither Medgold nor any Affiliate of Medgold has any interest in the Zlogosh Property nor any further obligations or liabilities with respect to the Zlogosh Property, the Zlogosh Letter Agreement or any other documents or agreements in connection therewith (which termination agreement was executed as of April 7, 2023);
- (k) the TSXV shall have approved the Convertible Debenture;
- (l) Medgold shall have furnished BMC with: (i) certified copies of the resolutions duly passed by the Board of Directors of Medgold approving the Amalgamation Agreement and the consummation of the transactions contemplated by the Amalgamation Agreement; (ii) the resolutions duly passed by Medgold, as the sole shareholder of MergeCo, approving the Amalgamation; (iii) certified copies of the resolution duly passed by the Board of Directors of Medgold approving the Circular and the consummation of the transactions contemplated thereby; (iv) the resolutions duly passed by the Medgold Shareholders, approving the Proposed Transaction; and (v) such other certificates, agreements, or other documents as may reasonably be required by BMC or its solicitors, acting reasonably, to give full effect to this Agreement, including legal opinions from counsel to Medgold and counsel to MergeCo as to their respective corporate existence and as to the proper issuance of their respective securities; and
- (m) Medgold shall have delivered, or cause to be delivered, voluntary escrow agreements with respect to certain of the Medgold Shares issued in connection with the Medgold Debt Conversion on the same or substantially similar terms as will be entered into by the principals of the Resulting Issuer as prescribed by the policies of the TSXV.

The obligation of Medgold and MergeCo to complete the transactions contemplated hereunder shall be subject to the satisfaction of or compliance with, at or before the Effective Date, each of the following conditions precedent:

- (a) Medgold shall on or before the Effective Date have received from BMC all other documents and instruments as Medgold may reasonably request for the purpose of effecting the Amalgamation in accordance with the terms of the Amalgamation Agreement;
- (b) all of the representations, warranties and covenants of BMC made in or pursuant to the Amalgamation Agreement shall be true and correct in all material respects as at the Effective Date and with the same effect as if made at and as of the Effective Date (except as such representations and warranties may be affected by the occurrence of events or transactions expressly contemplated and permitted hereby and except as such representations and warranties may be affected by the occurrence of events or transactions that are not materially adverse and arise in the ordinary course of business) and Medgold shall have received a certificate of BMC dated as at the Effective Date in form satisfactory to Medgold's solicitors, acting reasonably, signed by a senior officer or director of BMC on behalf of BMC, certifying the truth and correctness in all material respects of the representations, warranties and covenants of BMC set out in the Amalgamation Agreement;

- (c) BMC shall have received consents from each of the Vendors (defined below) party to the Golden Age Agreement to receive 800,000 Resulting Issuer Shares in lieu of the 800,000 BMC Shares that BMC is obliged to issue once the 3 remaining permit applications are converted into exploration permits;
- (d) BMC shall have furnished Medgold with:
 - (i) certified copies of the resolutions duly passed by the board of directors of BMC approving the Amalgamation Agreement and the consummation of the transactions contemplated by the Amalgamation Agreement;
 - (ii) the BMC Resolution duly passed by the shareholders of BMC approving the Amalgamation; and
 - (iii) such other certificates, agreements, or other documents as may reasonably be required by Medgold or its solicitors, acting reasonably, to give full effect to the Amalgamation Agreement, including legal opinions from counsel to BMC as to its corporate existence and as to the proper issuance of its securities;
- (e) BMC shall have performed and complied with all terms, covenants and conditions required by the Amalgamation Agreement to be performed and complied with by it prior to or on the Effective Date;
- (f) at the Effective Date, there shall have been no material adverse effect on the condition of the BMC Business (financial or otherwise), the BMC Assets, the BMC Properties or its liabilities, earnings, or other business operations or prospects of BMC from that shown on or reflected in the financial statements of BMC as more particularly described in the Amalgamation Agreement;
- (g) all consents, approvals, orders and authorizations of any persons or governmental authorities in Canada or elsewhere, including but not limited to the TSXV (or registrations, declarations, filings or records with any such authorities), including, without limitation, all such registrations, recordings and filings with such securities regulatory and other public authorities as may be required to be obtained by BMC in connection with the execution of this Agreement, the Closing or the performance of any of the terms and conditions hereof, shall have been obtained on or before the Closing Date;
- (h) the board of directors of BMC shall not have withdrawn, modified or changed any of its recommendations, approvals, resolutions or determinations in a manner materially adverse to Medgold or the completion of the Amalgamation;
- (i) there shall not have occurred any event which has a material adverse effect on BMC;
- (j) at or prior to Closing, BMC and the BMC Subsidiaries shall have filed when due with each relevant governmental authority all tax returns required under applicable tax laws to be filed by them prior to the date hereof in all applicable jurisdictions and shall have paid, collected and remitted all taxes, customs duties, tax instalments, levies, assessments, reassessments, penalties, interest and fines due and payable, collectible or remittable by them at such time. All such tax returns shall properly reflect, and shall not in any respect understate the income, taxable income or the liability for taxes of BMC or the BMC Subsidiaries in the relevant period and the liability of BMC or the BMC Subsidiaries for the collection, payment and remittance of tax under applicable tax laws; and
- (k) upon Closing, BMC shall have withheld and remitted all amounts required to be withheld and remitted by it in respect of any taxes, governmental charges or assessments in respect of any taxable year or portion thereof.

Consequences if the RTO does not Complete

If the conditions to the RTO are not satisfied, Medgold will not complete the RTO with BMC and Medgold will continue to be a company listed on TSXV with its current assets and liabilities as more particularly set out in its continuous disclosure documents filed on SEDAR at www.sedar.com.

If the Amalgamation Agreement is terminated, Medgold shall within 10 business days of the termination date pay an amount equal to BMC's reasonably documented expenses for legal fees incurred with respect to the Convertible Debenture, and in any event not more than \$15,000, such amount to be paid, at the sole discretion of Medgold, in cash or the equivalent value in Medgold Shares to be issued at the lowest price per Medgold Share permitted by the TSXV. In addition, pursuant to the terms of the Convertible Debenture, if prior to January 27, 2025, the RTO does not complete due to the termination of the Amalgamation Agreement and the Convertible Debenture is not fully repaid, the principal amount and any accrued interest thereon shall be deemed to convert into Medgold Shares in the manner contemplated in the Convertible Debenture.

The Resulting Issuer

The Amalgamation will constitute an RTO for Medgold and it is anticipated that Medgold will change its name to "Electrum Metals Group Corp." on Closing and Amalco's name will be "Electrum Metals Holdings Corp.".

BMC Shareholders (including the BMC Shareholders issued BMC Shares pursuant to the Equity Financing, Pre-Closing Financing and the BMC Debt Conversion) will hold approximately 80% of the Resulting Issuer Shares. The complete text of the RTO Resolution which Medgold intends to place before the Meeting for approval, with or without modification, is as follows:

"IT IS RESOLVED, AS AN ORDINARY RESOLUTION THAT:

1. The reverse takeover (the "**RTO**") of Medgold Resources Corp. (the "**Company**") by way of a three-cornered amalgamation of a wholly-owned subsidiary of the Company and Balkan Metals Corp. ("**BMC**") (the "**RTO**") to be effected pursuant to the terms of an amalgamation agreement dated January 27, 2023, as amended, among the Company, BMC and 1397383 B.C. Ltd. (the "**Amalgamation Agreement**"), as more particularly described in the Company's information circular dated July 14, 2023, be approved and effected and all matters relating to the RTO, all as contemplated in the Amalgamation Agreement, be authorized and approved, and the Board of Directors of the Company is authorized to amend or revise the terms and conditions of the RTO in its discretion to the extent permitted by the Amalgamation Agreement without further notice to or approval of the shareholders of the Company;
2. The Amalgamation Agreement, and the execution and delivery of the Amalgamation Agreement is ratified, confirmed and approved and the Board of Directors of the Company are authorized and empowered to amend or revise the Amalgamation Agreement in its discretion to the extent permitted therein without further notice or approval of the shareholders of the Company;
3. Notwithstanding that the RTO has received the approval of the shareholders of the Company, the Board of Directors of the Company may, subject to the terms of the Amalgamation Agreement, decide not to proceed with the RTO or revoke this resolution at any time before the Closing Date (as defined in the Amalgamation Agreement) without further notice to or approval of the shareholders of the Company; and
4. Any one director or officer of the Company is authorized and empowered, acting for, in the name of and on behalf of the Company, to do all such acts and things and execute, deliver and file, as the case may be, or cause to be delivered and filed all other documents and instruments necessary or desirable to carry out and give effect to the provisions of this resolution."

Recommendation of Directors

Medgold's Board of Directors believes that the RTO is in Medgold's best interests and unanimously recommends that Shareholders vote in favour of the RTO Resolution.

In order to pass the above RTO Resolution, a simple majority of the votes cast by Shareholders, present in person or by proxy at the Meeting, is required.

Unless the Shareholder has specified in the enclosed form of proxy that Medgold Shares represented by such proxy are to be voted against the RTO Resolution, the persons named in the enclosed form of proxy will vote FOR the RTO Resolution.

Approval of Consolidation of the Common Shares

General

At the Meeting, Shareholders will be asked to consider and, if thought appropriate, to pass, with or without variation, the Consolidation Resolution set forth below approving the consolidation of Medgold's issued and outstanding Common Shares as presently constituted on a 16-1 basis. If the Consolidation Resolution is approved, the Board will have the authority, in its sole discretion, to implement the Consolidation on the basis of the Consolidation Ratio. Completion of the Consolidation is required pursuant to the terms of the Amalgamation Agreement.

Approval of the Consolidation Resolution by Shareholders would give the Board authority to implement the Consolidation. In addition, notwithstanding approval of the proposed Consolidation by Shareholders, the Board, in its sole discretion, may revoke the Consolidation Resolution, and abandon the Consolidation without further approval or action by or prior notice to Shareholders.

Effect of the Consolidation

If approved and implemented, the Consolidation will occur simultaneously for all of Medgold's issued and outstanding Common Shares and the Consolidation Ratio will be the same for all such Common Shares. The principal effect of the Consolidation will be that the number of Medgold's issued and outstanding Common Shares will be reduced by a factor of 16 to 1. The Consolidation will affect all holders of Common Shares uniformly and will not affect any Shareholder's percentage ownership interest in Medgold, except to the extent that the Consolidation would otherwise result in a Shareholder owning a fractional Common Share. No fractional post-Consolidation Common Shares will be issued and no cash will be paid in lieu of fractional post-Consolidation Common Shares. Any fractional interest in Common Shares resulting from the Consolidation that is less than one-half of a Common Share will be canceled and any fractional interest in Common Shares that is at least one-half will be rounded up to the nearest whole Common Share.

Medgold currently has an unlimited number of Common Shares available for issuance and the Consolidation will not have any effect on the number of Common Shares that remain available for future issuance. The exercise or conversion price and the number of Common Shares issuable under any convertible securities of Medgold, including incentive stock options will be proportionately adjusted if the Consolidation is approved by Shareholders at the Meeting and put into effect.

In general, the Consolidation will not be considered to result in a disposition of Common Shares by Shareholders.

The aggregate adjusted cost base to a Shareholder will not change as a result of the Consolidation; however, the Shareholder's adjusted cost base per Common Share will increase.

Implementation of the Consolidation

The Consolidation is subject to receipt of all required regulatory approvals, including approval from the TSXV, and to the approval of the Consolidation by the Shareholders at the Meeting. If these approvals are received, the Consolidation will be effected at a time determined by the Board of Directors and announced by a press release

of Medgold. Notwithstanding if the approvals are received, Medgold may determine not to proceed with the Consolidation at the discretion of the Board of Directors.

If the Consolidation does proceed, registered holders of pre-Consolidation Common Shares will receive a letter of transmittal providing instructions with respect to exchanging their certificates representing pre-Consolidation Common Shares for post-Consolidation Common Shares.

Medgold will issue a news release after the Meeting to advise of the expected timing for the commencement of trading of the post-Consolidation Common Shares on the TSXV.

Shareholder Approval Being Sought

The Shareholders of Medgold will be asked at the Meeting to consider and, if deemed advisable, to approve, with or without amendment the following Special Resolution:

“IT IS RESOLVED, AS A SPECIAL RESOLUTION, THAT:

1. Medgold Resources Corp. (the “**Company**”) be and is hereby authorized to consolidate all of its issued Common Shares without par value on the basis of every sixteen (16) of such shares without par value being consolidated into one (1) Common Share without par value;
2. if as a result of the consolidation, a holder of Common Shares would otherwise be entitled to a fraction of a Common Share, any fraction, if it is less than one-half of a share, shall be cancelled, and if it is at least one-half of a share, shall be rounded up to one whole share;
3. any director or officer of the Company be and is hereby authorized and directed on behalf of the Company to sign and deliver all documents and to do all things necessary and advisable in connection with the foregoing and to determine the timing thereof;
4. notwithstanding the approval of the proposal to consolidate the issued share capital of the Company, the directors of the Company be and they are hereby authorized without further approval of the Shareholders to revoke the resolution consolidating the issued share capital of the Company before it is acted upon if the directors deem it would be in the best interests of the Company; and
5. notwithstanding the approval of the proposal to consolidate the issued share capital of the Company, the directors of the Company be and they are hereby authorized without further approval of the Shareholders to modify, vary or amend such terms and conditions in respect of the consolidation as may be required by the regulatory authorities having jurisdiction or as the board of directors may in its sole discretion deem in the best interests of the Company, and the directors are further authorized to abandon such transactions and matters, in whole or in part.”

Recommendation of Directors

Medgold’s Board of Directors believes that the Consolidation is in Medgold’s best interests and unanimously recommends that Shareholders vote in favour of the Consolidation Resolution.

In order to pass the above Consolidation Resolution, a special majority consisting of at least two-thirds (2/3) of the votes cast by Shareholders, present in person or by proxy at the Meeting, is required.

Unless the Shareholder has specified in the enclosed form of proxy that Medgold Shares represented by such proxy are to be voted against the Consolidation Resolution, the persons named in the enclosed form of proxy will vote FOR the Consolidation Resolution.

Approval of Name Change

General

In the event that the RTO Resolution is adopted, Shareholders will be asked to consider, and, if deemed advisable, to approve, with or without amendment, the Name Change Resolution authorizing an amendment to the notice of articles of Medgold in order to authorize the Name Change of Medgold to "Electrum Metals Group Corp.". If the Name Change Resolution is approved at the Meeting, Medgold intends to file notice of alteration to change its name at a date to be determined by the Board of Directors. The proposed trading symbol for the Resulting Issuer, to be effective upon the Name Change is "GARX", subject to TSXV approval. Completion of the Name Change is required pursuant to the terms of the Amalgamation Agreement.

Approval of the Name Change Resolution by Shareholders would give the Board authority to implement the Name Change. In addition, notwithstanding approval of the proposed Name Change by Shareholders, the Board, in its sole discretion, may revoke the Name Change Resolution, and abandon the Name Change without further approval or action by or prior notice to Shareholders.

"IT IS RESOLVED, AS A SPECIAL RESOLUTION THAT:

1. the name of Medgold Resources Corp. (the "**Company**") be changed to "Electrum Metals Group Corp." or such other name as the board of directors of the Company determines appropriate and which all applicable regulatory authorities may accept (the "**Name Change**");
2. the Notice of Articles of the Company be amended with respect to the Name Change;
3. notwithstanding the approval of the proposal to change the name of the Company, the directors of the Company be and they are hereby authorized without further approval of the Shareholders to revoke the Name Change before it is acted upon if the directors deem it would be in the best interests of the Company; and
4. any director or officer of the Company be and is hereby authorized and directed on behalf of the Company to sign and deliver all documents and to do all things necessary and advisable in connection with the foregoing and to determine the timing thereof."

Recommendation of Directors

Medgold's Board of Directors believes that the Name Change is in Medgold's best interests and unanimously recommends that Shareholders vote in favour of the Name Change Resolution.

In order to pass the above Name Change Resolution, a special majority consisting of at least two-thirds (2/3) of the votes cast by Shareholders, present in person or by proxy at the Meeting, is required.

Unless the Shareholder has specified in the enclosed form of proxy that Medgold Shares represented by such proxy are to be voted against the Name Change Resolution, the persons named in the enclosed form of proxy will vote FOR the Name Change Resolution.

Setting the Number of Directors and Election of Directors

At the Meeting, Shareholders will be asked to pass the Director Election Resolution, being an Ordinary Resolution setting the number of directors at five (5), and to elect five (5) directors.

Assuming the Proposed Transaction completes following the Meeting, Jeremy Crozier, David Hall, Michael Skead and Andrei Kroupnik will resign as directors of Medgold and the directors of the Resulting Issuer will be as set out under the heading "Information Regarding the Resulting Issuer – Directors, Officers and Promoters".

The following persons will be presented for election at the Meeting as Management's nominees. Certain information concerning the proposed nominee has been furnished by each of them. Management of Medgold does

not contemplate that any of the nominees will be unable to serve as a director. Each director elected will hold office until the next annual general meeting of Medgold or until his successor is elected or appointed, unless his office is earlier vacated in accordance with the constating documents of Medgold, or with the provisions of the BCBCA.

Name, Province or State of Residency, Present Office Held	Principal Occupation and if not at present an elected director, occupation during the past five (5) years	Director Since	Medgold Shares Owned or Controlled Before the RTO (pre-Consolidation)
Jeremy Crozier ⁽¹⁾ British Columbia, Canada President, CEO & Director	President and CEO of Medgold	March 28, 2019	816,000
Ralph Rushton ^{(1) (2)} British Columbia, Canada Director	President & CEO of Aftermath Silver Ltd. (mineral exploration)	March 30, 2009	221,334
David Hall ⁽¹⁾ Mayo, Ireland Director	CEO of European Green Metals Ltd. (mineral exploration)	December 10, 2012	1,541,667
Michael Skead Nova Scotia, Canada Director	Director of Skead Geoscience Consulting Services	February 24, 2014	Nil
Andrei Kroupnik London, England Director	Mining Engineer and Mine Finance Professional; Partner of Reach Capital Partners (strategic corporate and technical services)	February 25, 2021	Nil

Notes:

(1) Members of the Audit Committee.

(2) Following the completion of the RTO and the Consolidation Mr. Rushton will own and control 13,833 Resulting Issuer Shares. See "Information Regarding the Resulting Issuer".

Cease Trade Orders and Bankruptcy

To the knowledge of Medgold's Management, no proposed director of Medgold:

- (a) is, as at the date of the Circular, or has been within 10 years before the date of the Circular, a director, CEO or CFO of any Corporation (including Medgold) that:
 - (i) was subject to a cease trade or similar order or an order that denied such other issuer access to any exemption under securities legislation for more than thirty consecutive days, that was issued while the proposed director was acting in the capacity as director, CEO or CFO; or
 - (ii) was subject to a cease trade or similar order or an order that denied such other issuer access to any exemption under securities legislation for more than thirty consecutive days, that was issued after the proposed director ceased to be a director, CEO or CFO and which resulted from an event that occurred while that person was acting in the capacity as director, CEO or CFO; or
- (b) is, as at the date of this Circular, or has been within 10 years before the date of the Circular, a director or executive officer of any Corporation (including Medgold) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was

subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

- (c) has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director; or
- (d) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (e) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

The complete text of the Director Election Resolution which Medgold intends to place before the Meeting for approval, with or without modification, is as follows:

“IT IS RESOLVED, AS AN ORDINARY RESOLUTION THAT:

1. The number of directors of the Medgold Resources Corp. (the “**Company**”) be fixed at five (5); and
2. The five (5) management nominees for directors, being Jeremy Crozier, Ralph Rushton, David Hall, Michael Skead and Andrei Kroupnik be elected as directors of the Company to hold office until the earlier of the election of directors at the next annual general meeting or until their successors are elected or appointed.”

Recommendation of Directors

Medgold’s Board of Directors unanimously recommends that Shareholders vote in favour of the Director Election Resolution.

Unless the Shareholder has specified in the enclosed form of proxy that the Medgold Shares represented by such proxy are to be withheld from voting on the Director Election Resolution, the persons named in the enclosed form of proxy will vote FOR the Director Election Resolution.

Approval of the Amended and Restated Option Plan

Shareholders at the annual meeting held on December 8, 2021 approved the re-implementation of the 2015 Option Plan, which provides that the maximum number of common shares that may be reserved for issuance pursuant to such option plan will not exceed 10% of the issued shares of the Company at the time of the stock option grant. For a description of the 2015 Option Plan, see “Information Regarding Medgold – Stock Option Plan”. In accordance with the policies of the TSXV, a rolling plan requires the approval of the shareholders of the Company on an annual basis.

The Board has approved the Amended and Restated Option Plan, subject to receipt of shareholder and TSXV approval, which contains minor or technical amendments to the 2015 Option Plan. The Amended and Restated Option Plan will be submitted to Shareholders at the Meeting for approval. A copy of the Amended and Restated Option Plan is attached as Schedule “G” to this Circular. The Amended and Restated Option Plan was conditionally approved by the TSXV on October 14, 2022, subject to receipt from the Company of, among other things, evidence of approval from Shareholders.

The Amended and Restated Option Plan will remain in place following completion of the Proposed Transaction.

The purpose of the Amended and Restated Option Plan is to provide an incentive to the optionees and thereby advance Medgold's interests by providing them an opportunity to acquire an equity interest in Medgold through the exercise of stock options granted to them under the Amended and Restated Option Plan.

Under the Amended and Restated Option Plan, the Board of Directors of the Medgold may grant stock options to optionees in consideration of them providing their services to the Medgold or a subsidiary. The number of Medgold Shares subject to each option is determined by the Board within the guidelines established by the Amended and Restated Option Plan. The options enable such persons to purchase Medgold Shares at a price fixed under such guidelines. The options are exercisable by the optionee giving Medgold notice and payment of the exercise price for the number of Medgold Shares to be acquired.

The following is a summary of the material terms of the Amended and Restated Option Plan:

Summary of the Amended and Restated Option Plan

The Amended and Restated Option Plan has the following features:

1. Persons eligible to be granted a stock option under the Amended and Restated Option Plan are Directors, Officers, Employees, Management Company Employees, and Consultants, and an entity all the voting securities of which are owned by such persons;
2. the Amended and Restated Option Plan reserves for issue pursuant to stock options and any other share compensation arrangement of the Company, a maximum number of Common Shares equal to 10% of the outstanding Common Shares of the Company from time to time;
3. unless Disinterested Shareholder Approval is obtained:
 - (a) the aggregate number of Common Shares reserved for issue to Insiders under the Amended and Restated Option Plan and any other share compensation arrangement of the Company may not exceed 10% of the outstanding Common Shares at any point in time;
 - (b) the aggregate number of Common Shares reserved for issue to Insiders under the Amended and Restated Option Plan and any other share compensation arrangement of the Company in any 12-month period may not exceed 10% of the outstanding Common Shares as at the time of grant;
 - (c) the number of Common Shares reserved for issue to any one person in any 12-month period under the Amended and Restated Option Plan may not exceed 5% of the outstanding Common Shares at the time of grant; and
 - (d) the number of Common Shares issued to any person within a 12-month period pursuant to the exercise of stock options granted under the Amended and Restated Option Plan and any other share compensation arrangement of the Company shall not exceed 5% of the outstanding Common Shares at the time of the exercise;
4. the number of Common Shares reserved for issue to any Consultant in any 12-month period under the Amended and Restated Option Plan may not exceed 2% of the outstanding Common Shares at the time of grant;
5. the aggregate number of Common Shares reserved for issue, pursuant to all stock options, to any person providing Investor Relations Activities in any 12-month period may not exceed 2% of the outstanding Common Shares at the time of grant;
6. the Board may determine the manner in which a stock option may vest and become exercisable (apart from stock options granted to persons performing Investor Relations Activities which shall vest as prescribed by the TSXV's policies);

7. the exercise price per Common Share for a stock option may not be less than the Market Price of the Common Shares at the time of the grant;
8. stock options may have a term not exceeding ten years;
9. stock options are non-assignable and non-transferable;
10. the Amended and Restated Option Plan contains provisions for adjustment in the number of Common Shares issuable on exercise of a stock option in the event of a share consolidation, split, reclassification or other capital reorganization, or a stock dividend, amalgamation, merger or other relevant corporate transaction, or any other relevant change in or event affecting the Common Shares;
11. unless Disinterested Shareholder Approval is obtained, the Board may not reduce the exercise price of a stock option or extend the term of a stock option if such option is held by an Insider at the time of the proposed amendment;
12. the Board may, subject to the approval of any regulatory authority whose approval is required, amend, suspend or terminate the Amended and Restated Option Plan or any portion thereof; provided, however, that, except as otherwise provided in the Amended and Restated Option Plan, the Board may not, without limitation, amend the following provisions of the Amended and Restated Option Plan without obtaining, within 12 months either before or after the Board's adoption of a resolution authorizing such action, approval of the shareholders of the Company:
 - (a) persons eligible to be granted or issued stock options;
 - (b) the maximum number of Common Shares that may be issuable under the Amended and Restated Option Plan;
 - (c) the limits on the number of stock options that may be granted or issued to any one person or any category of persons;
 - (d) the method for determining the exercise price of stock options;
 - (e) the maximum term of a stock option;
 - (f) the expiry and termination provisions applicable to a stock option; and
 - (g) the addition of any net exercise provisions; and
13. notwithstanding (12) above, the Board may amend the terms of the Amended and Restated Option Plan to: (i) fix typographical errors; (ii) comply with the requirements of any applicable regulatory authority, or as a result in the changes in the policies of the TSXV relating to incentive stock options, or (iii) clarify existing provisions of the Amended and Restated Option Plan that do not have the effect of altering the scope, nature and intent of such provisions, without obtaining the approval of the Company's shareholders.
14. "Director", "Disinterested Shareholder Approval", "Employee", "Management Company Employee" "Consultant", "Insiders", "Investor Relations Activities", and "Market Price" have the same definition as in the policies of the TSXV.

The existing options which are outstanding under the 2015 Option Plan will be incorporated into the Amended and Restated Option Plan and will be governed by the Amended and Restated Option Plan.

A copy of the 2015 Option Plan is available for viewing up to the date of the Meeting at the Company's offices at Suite 650, 200 Burrard Street, Vancouver, British Columbia, V6C 3L6 during normal business hours and at the Meeting. In addition, a copy of the 2015 Option Plan will be mailed, free of charge, to any holder of Common Shares who requests a copy, in writing, from the Secretary of the Company. Any such requests should be mailed to the Company, at its head office, to the attention of the Secretary.

The Option Plan Resolution

The TSXV has conditionally approved the Amended and Restated Option Plan, subject to receipt from the Company of, among other things, evidence of approval from Shareholders. At the Meeting, Shareholders will be asked to consider and, if thought appropriate, to approve, with or without variation, the Option Plan Resolution ratifying and approving the Amended and Restated Option Plan. Should the Option Plan Resolution not receive the required Shareholder approval at the Meeting, the Amended and Restated Option Plan will not be adopted, and the 2015 Option Plan will remain in place. However, in such an event, Medgold would not be able to grant options under the 2015 Option Plan because the 2015 Option Plan does not comply with the current TSXV policies on security based compensation.

The text of the Option Plan Resolution is set out below:

“IT IS RESOLVED, AS AN ORDINARY RESOLUTION, THAT:

1. the Stock Option Plan, being a “rolling” stock option plan, of Medgold Resources Corp. (the “**Company**”), as amended and restated by the board of directors and substantially in the form described in the information circular dated July 14, 2023 and attached thereto as Schedule “G” and presented to the shareholders (the “**Amended and Restated Option Plan**”), be and is hereby ratified, confirmed and approved, subject to acceptance by the TSX Venture Exchange, and shall thereafter continue and remain in effect until ratification is required pursuant to the rules of the TSX Venture Exchange or other applicable regulatory requirements;
2. the number of Common Shares reserved for issuance under the Amended and Restated Option Plan, shall be no more than 10% of the Company’s issued and outstanding share capital at the time of any stock option grant;
3. the board of directors be authorized on behalf of the Company to make any further amendments to the Amended and Restated Option Plan as may be required by regulatory authorities, without further approval of the shareholders of the Company, in order to ensure adoption of the Amended and Restated Option Plan; and
4. the approval of the Amended and Restated Option Plan by the board of directors of the Company is hereby ratified and confirmed any one director or officer of the Company is hereby authorized and directed for and in the name of and on behalf of the Company to execute or cause to be executed, whether under corporate seal of the Company or otherwise, and to deliver or cause to be delivered all such documents, and to do or cause to be done all such acts and things as in the opinion of such director or officer may be necessary or desirable in connection with the foregoing.”

Recommendation of Directors

Medgold’s Board of Directors believe that approval of the Amended and Restated Option Plan is in best interests of Medgold and unanimously recommends that Shareholders vote in favour of the Option Plan Resolution.

In order to pass the above Option Plan Resolution, a simple majority of the votes cast by Shareholders, present in person or by proxy at the Meeting, is required.

Unless the Shareholder has specified in the enclosed form of proxy that the Medgold Shares represented by such proxy are to be voted against the Option Plan Resolution, the persons named in the enclosed form of proxy will vote FOR the Option Plan Resolution.

Approval of the Equity Incentive Compensation Plan

Shareholders are being asked to approve an equity incentive compensation plan of the Company (the “**Equity Plan**”) pursuant to which security based compensation awards may be granted to Eligible Participants (as defined in the Equity Plan).

The Board adopted the Equity Plan, subject to receipt of TSXV approval and the approval of Shareholders at the Meeting. The Board determined that it is desirable to have a wide range of incentive plans including the Equity Plan in place to attract, retain and motivate employees, directors and consultants of the Company. The Equity Plan is a rolling plan which reserves for issuance a maximum of 10% of the Common Shares, provided that the aggregate number of Common Shares issuable under the Equity Plan, together with all of the Company’s other previously established or proposed share compensation arrangements, may not exceed 10% of the Company’s total issued and outstanding shares. In accordance with the policies of the TSXV, a rolling plan requires the approval of the shareholders of the Company on an annual basis.

The Equity Plan will remain in place following completion of the Proposed Transaction.

The purpose of the Equity Plan is to (i) provide the Company with a mechanism to attract, retain and motivate highly qualified directors, officers, employees and consultants; (ii) align the interests of Participants (as defined in the Equity Plan) with that of other shareholders of the Company generally; and (iii) enable and encourage Participants to participate in the long-term growth of the Company through the acquisition of Common Shares as long-term investments.

A copy of the Equity Plan is attached as Schedule “H” to this Circular;

Summary of the Equity Incentive Compensation Plan

The following information is intended as a brief description of the Equity Plan and is qualified in its entirety by the full text of the Equity Plan. Capitalized terms are as defined in the Equity Plan.

Purpose

The purpose of the Equity Plan is to assist the Company and its Affiliates in attracting and retaining individuals to serve as employees, officers, directors or consultants who are expected to contribute to the Company’s success and help achieve long-term objectives that will benefit the Company and its shareholders.

Types of Awards

The Equity Plan provides for the grant of restricted share units (“**RSUs**”), deferred share units (“**DSUs**”), performance share units (“**PSUs**”) and share appreciation rights (“**SARs**”) (each an “**Award**” and, collectively, the “**Awards**”). All Awards will be granted by an agreement, certificate or other instrument or document evidencing the Award granted under the Equity Plan (a “**Grant Agreement**”).

An RSU is an Award granted for services rendered in a particular year entitling the participant to receive payment based on the market value of the Common Shares, which value may be paid in Common Shares, cash or a combination thereof as determined by the Board in its sole discretion upon the satisfaction of vesting restrictions as the Board may establish. Unless otherwise set out in the applicable Grant Agreement, RSUs will vest as to 1/3 on each of the first, second and third anniversary of the date of grant.

A DSU is essentially a RSU with deferred delivery, being an Award that is valued by reference to the market value of the Common Shares, which value may be paid to the Participant in cash, Common Shares or a combination thereof as determined by the Board in its sole discretion upon the satisfaction of vesting restrictions as the Company’s Compensation Committee may establish. A Participant who ceases to be a director or ceases to be employed by or provide services to the Company or its Affiliates, as applicable, may request settlement of all (but not less than all) of their DSUs.

A PSU Award is an Award granted for services rendered in a particular year and is essentially a RSU payable to the Participant upon the achievement of certain performance goals as the Board may establish, as set out in the applicable Grant Agreement. Unless otherwise set out in the applicable Grant Agreement and subject to satisfaction of the performance goals established by the Board, PSUs will vest as to 1/3 on each of the first, second and third anniversary of the date of grant and may be paid in cash, Common Shares or a combination thereof as determined by the Board in its sole discretion.

A SAR is an Award entitling the recipient to receive payment having a value equal to the excess of the market value of the Common Shares on the date of exercise over the exercise price of the SAR, which exercise price shall not be less than 100% of the market value of the Common Shares on the date of grant multiplied by the number of Common Shares with respect to which the SAR is exercised. The Board shall determine, at the time of granting the particular SAR, the period during which the SAR is exercisable (not to exceed five years from the date of grant) and the vesting schedule thereof, all of which will be detailed in the respective Grant Agreement. SARs may be paid in cash, Common Shares or a combination thereof as determined by the Board in its sole discretion. Unless otherwise determined by the Board, each unexercised SAR shall be cancelled at the expiry thereof.

Plan Administration

The Equity Plan will be administered by the Board or a subcommittee thereof formed by the Board.

Shares Available for Awards

Subject to adjustments as provided for under the Equity Plan, the maximum number of Common Shares issuable upon the exercise or redemption and settlement of all Awards under the Equity Plan, and all other security based compensation plans, will not exceed 10% of the Common Shares.

Limitation on Grants

The Equity Plan provides for the follow limitations on grants:

1. The maximum number of Common Shares issuable upon the exercise or redemption and settlement of all Awards granted under the Equity Plan and all other security based compensation plans, shall not 10% of the Common Shares.
2. The Company cannot grant Awards:
 - (a) to any one person where the aggregate number of Common Shares reserved for issuance pursuant to Awards, and any other security based compensation including Options, in any 12-month period will exceed 5% of the issued Common Shares of the Company (determined at the date of grant), unless the Company has obtained “disinterested” shareholder approval;
 - (b) to any one consultant where the aggregate number of Common Shares reserved for issuance pursuant to Awards, and any other security based compensation including Options, in any 12-month period will exceed 2% of the issued Common Shares of the Company (determined at the date of grant);
 - (c) to Insiders (as a group) where the aggregate number of Common Shares reserved for issuance pursuant to Awards, and any other security based compensation including Options, in any 12-month period will exceed 10% of the issued Common Shares of the Company (determined at the date of grant), unless the Company has obtained “disinterested” shareholder approval;
 - (d) to Insiders (as a group) where the aggregate number of Common Shares reserved for issuance pursuant to Awards, and any other security based compensation including Options, will, at any point in time, exceed 10% of the issued Common Shares of the Company (determined at the date of grant), unless the Company has obtained “disinterested” shareholder approval; and
 - (e) to persons performing investor relations activities.

Eligible Participants

Any employee, officer, director, or consultant of the Company or any of its affiliates is eligible to be selected to receive an Award under the Equity Plan. Eligibility for the grant of Awards and actual participation in the Equity Plan will be determined by the Board in its discretion.

Effect of Termination

Other than DSUs granted to eligible directors, unless otherwise provided for in a Grant Agreement or determined by the Board on an individual basis, in the event of a Participant's:

1. Termination for Cause: All unexercised vested or unvested Awards granted to such Participant shall terminate as of the date the Participant ceases to be an "Eligible Participant" under the Equity Plan (the "**Termination Date**").
2. Resignation: All unexercised vested or unvested Awards granted to such Participant shall terminate on the Termination Date caused by of such resignation.
3. Termination or Cessation (other than for cause, resignation, death, disability or retirement): The number of Awards that may vest (net of previously vested Awards) is subject to pro ration over the applicable vesting period ending on the Termination Date and shall expire on the earlier of ninety (90) days after the Termination Date, or the expiry date of the Awards.
4. Death, Disability or Retirement: The number of Awards that may vest (net of previously vested Awards) is subject to pro ration over the applicable vesting period ending on the Termination Date and shall expire on the earlier of 180 days after the Termination Date, or the expiry date of the Awards. Notwithstanding the foregoing, if the Participant is determined to have breached any post-employment restrictive covenants in favour of the Company, then any Awards held by the Participant, whether vested or unvested, will immediately expire and the Participant shall pay to the Company any "in-the-money" amounts realized upon exercise of Awards following the Termination Date.

Change of Control

In the event of a Change of Control (as defined in the Equity Plan), unless otherwise provided in any Grant Agreement between the Company and the Participant and subject to the approval of the TSXV, or if the Common Shares are no longer listed for trading on the TSXV, the stock exchange on which the Common Shares are principally listed from time to time, if required, the Board has the right, in its discretion, to deal with any or all Awards (or any portion thereof) issued under the Equity Plan in the manner it deems fair and reasonable in the circumstances of the Change of Control including, without any action or consent required on the part of any Participant, the right to:

- (a) determine that the Awards, in whole or in part and whether vested or unvested, shall remain in full force and effect in accordance with their terms after the Change of Control;
- (b) provide for the conversion or exchange of any or all Awards (or any portion thereof, whether vested or unvested) into or for options, rights, units or other securities in any entity participating in or resulting from a Change of Control;
- (c) cancel any unvested Awards (or any portions thereof) without payment of any kind to any Participant;
- (d) accelerate the vesting of outstanding Awards;
- (e) provide for outstanding Awards to be purchased;
- (f) accelerate the date by which any or all Awards or any portion thereof, whether vested or unvested, must be exercised either in whole or in part;

- (g) deem any or all Awards or any portion thereof, whether vested or unvested (including those accelerated pursuant to the Equity Plan) to have been exercised in whole or in part, tender, on behalf of the Participant, the underlying Common Shares that would have been issued pursuant to the exercise of such Awards to any third party purchaser in connection with the Change of Control, and pay to the Participant on behalf of such third party purchaser an amount per underlying Common Share equal to the positive difference between the Change of Control price of the Common Shares and the applicable exercise price; or
- (h) take such other actions including any combinations of the foregoing actions as permitted under the Equity Plan, as it deems fair and reasonable under the circumstances.

Assignment

Other than by will or under the law of succession, or as expressly permitted by the Board, or as otherwise set forth in the Equity Plan, Awards will not be assignable or transferable. Awards may be exercised only by:

- (a) the Participant to whom the Awards were granted;
- (b) with the Company's prior written approval and subject to such conditions as the Company may stipulate, such Participant's family tax-free savings account or retirement savings trust or any registered retirement savings plans or registered retirement income funds of which the Participant is and remains the annuitant or holder, as applicable;
- (c) upon the Participant's death, by the legal representative of the Participant's estate; or
- (d) upon the Participant's incapacity, the legal representative having authority to deal with the property of the Participant,

provided that any such legal representative shall first deliver evidence satisfactory to the Company of its entitlement to exercise any Award. A person exercising an Award may subscribe for Common Shares only in the person's own name or in the person's capacity as a legal representative.

Amendment and Discontinuance of the Equity Plan

The Board is authorized to amend the Equity Plan or any Award at any time, without the consent of the Participants provided that such amendment shall not adversely alter or impair any Award previously granted except as permitted by the provisions of the Equity Plan:

- (a) be in compliance with applicable law and the rules and policies of the TSXV and subject to any regulatory approvals including, where required, the approval of the TSXV; and
- (b) be subject to shareholder approval including "disinterested" shareholder approval, if applicable, where required by law, the requirements of the TSXV or the provisions of the Equity Plan, provided that shareholder approval shall not be required and the Board may, from time to time, in its absolute discretion, if in accordance with the rules and policies of the TSXV, make the following amendments to the Equity Plan:
 - (i) any amendment to the vesting provisions of any Awards granted under the Equity Plan;
 - (ii) any amendment to the expiration date of an Award (other than an Award held by an Insider of the Company) that does not extend the term of the Award past the original date of expiration for such Award;
 - (iii) any amendment regarding the effect of termination of a Participant's employment or engagement;

- (iv) any amendment which accelerates the date on which any Award may be exercised under the Equity Plan;
- (v) any amendment necessary to comply with any changes required by applicable regulatory authorities having jurisdiction over securities of the Company from time to time including, but not limited to, the TSXV or other mandatory provisions of applicable law;
- (vi) any amendments which are advisable to accommodate changes in tax laws;
- (vii) any amendments to the terms of Awards in order to maintain Award value in connection with an adjustment in the Common Shares of the Company;
- (viii) any amendments of a “housekeeping” nature, including those required to fix typographical errors or clarify existing provisions of the Equity Plan that do not have the effect of altering the scope, nature and intent of such provisions;
- (ix) any amendment regarding the administration of the Equity Plan;
- (x) any amendment to add or amend provisions allowing for the granting of cash-settled Awards, financial assistance or clawback; and
- (xi) any other amendment that does not require the approval of the holders of Common Shares pursuant to the amendment provisions of the Equity Plan and the rules and policies of the TSXV.

Notwithstanding the foregoing, the Board will be required to obtain shareholder approval or “disinterested” shareholder approval, if required by the TSXV, to make the following amendments:

- (a) any amendment to increase the maximum number of Common Shares issuable from treasury under the Equity Plan, except increases resulting from the adjustment provisions of the Equity Plan;
- (b) any amendment to increase the limits on the aggregate number of Common Shares that may be reserved for issuance under the Equity Plan to any one person or group or category of persons;
- (c) subject to the black-out period provisions of the Equity Plan, any amendment to the expiry or termination provisions applicable to Awards granted under the Equity Plan;
- (d) any amendment which extends the expiry date of any Award held by an Insider, except in case of an extension due to a black-out period;
- (e) any amendment to the non-assignability provision contained in the Equity Plan, except as otherwise permitted by the TSXV or for estate planning or estate settlement purposes;
- (f) any amendment to expand the class of Participants to whom Awards may be granted under the Equity Plan; and
- (g) any amendment to the amendment provisions of the Equity Plan.

The Board may, subject to regulatory approval, suspend or discontinue the Equity Plan at any time without the consent of the Participants provided that such suspension or discontinuance shall not materially and adversely affect any Awards previously granted to a Participant under the Equity Plan.

The full text of the Equity Plan is attached as Schedule “H” to this Circular.

Awards Issued under Equity Plan

As of the date of this Circular, there have been no Awards issued under the Equity Plan.

In order to pass, the Equity Plan Resolution must be approved by a majority of the votes cast at the Meeting by all shareholders, present and in person or represented by proxy.

The Equity Plan Resolution

The TSXV has conditionally approved the Equity Plan, subject to receipt from the Company of evidence of approval from Shareholders. At the Meeting, Shareholders will be asked to consider and, if thought appropriate, to approve, with or without variation, the Equity Plan Resolution to approve the Equity Plan. Should the Equity Plan not receive the required Shareholder approval at the Meeting, the Equity Plan will not be adopted.

The text of the Equity Plan Resolution is set out below:

“IT IS RESOLVED, AS AN ORDINARY RESOLUTION, THAT:

1. the equity incentive compensation plan of Medgold Resources Corp. (the “**Company**”), subject to regulatory approval, as described in the management information circular of the Company dated July 14, 2023 and attached thereto as Schedule “H” (the “**Equity Plan**”), is hereby ratified, confirmed and approved;
2. the issuance of up to 10% of the common shares of the Company, to directors, officers, employees, and consultants of the Company in accordance with the Equity Plan, is hereby authorized, ratified, approved and confirmed;
3. the board of directors be authorized on behalf of the Company to make any further amendments to the Equity Plan as may be required by regulatory authorities, without further approval of the shareholders of the Company, in order to ensure adoption of the Equity Plan; and
4. the approval of the Equity Plan by the board of directors of the Company is hereby ratified and confirmed any one director or officer of the Company is hereby authorized and directed for and in the name of and on behalf of the Company to execute or cause to be executed, whether under corporate seal of the Company or otherwise, and to deliver or cause to be delivered all such documents, and to do or cause to be done all such acts and things as in the opinion of such director or officer may be necessary or desirable in connection with the foregoing.”

Recommendation of Directors

Medgold’s Board of Directors believe that approval of the Equity Plan is in best interests of Medgold and unanimously recommends that Shareholders vote in favour of the Equity Plan Resolution.

In order to pass the above Equity Plan Resolution, a simple majority of the votes cast by Shareholders, present in person or by proxy at the Meeting, is required.

Unless the Shareholder has specified in the enclosed form of proxy that the Medgold Shares represented by such proxy are to be voted against the Equity Plan Resolution, the persons named in the enclosed form of proxy will vote FOR the Equity Plan Resolution.

Approval of the Adoption of the New Articles

In the event that the RTO Resolution is adopted, the Shareholders will be asked to approve the adoption the New Articles which include provisions which are more modern and up to date with the current legislation and standard practices with respect to the management and administration of a reporting issuer.

The existing Articles of the Company (the “**Existing Articles**”) were adopted on August 11, 2006. No changes have been made to the Existing Articles since they were adopted. In the event that the RTO Resolution is adopted, the Company is proposing to delete the Existing Articles in their entirety and replace them with the New Articles.

Management believes the major changes from the Existing Articles are:

1. to include Advance Notice Provisions in connection with the election of directors, as more particularly described below; and
2. to allow alterations to the share structure of the Company and the name of the Company by directors resolution rather than by Special Resolution of the Shareholders, and to allow alterations to the Articles, where the BCBCA and the Articles do not specify another type of resolution, by Ordinary Resolution of Shareholders rather than by Special Resolution of Shareholders, as more particularly described below.

Other changes in the New Articles are minor in nature and will not materially affect shareholders or the day-to-day administration of the Company. The following contains a summary of the main material differences between the Existing Articles and the New Articles but does not include changes made solely to comply with the BCBCA:

Securities Transfer Act: The Existing Articles were adopted prior to the coming into force of the *Securities Transfer Act* (British Columbia) (the “**STA**”), which establishes rules for the transfer of investment securities that reflect international practices and which facilitates the use of an electronic book-based shareholder registry system. The New Articles incorporate a number of non-substantive changes, including the use of the new terminology adopted under the STA, which changes are not discussed in detail here. For full particulars, please refer to the proposed New Articles.

Reasonable Time Limit Added to Replacement of Share Certificates: The Existing Articles do not address an applicable time limit for the replacement of lost, stolen or destroyed certificates. The New Articles provide that when a share certificate is lost, destroyed or wrongfully taken, a new share certificate will not be issued if that person fails to notify the Company of that fact within a reasonable time after that person has notice of it and the Company registers a transfer of the shares represented by the certificate before receiving a notice of the loss, destruction or wrongful taking of the share certificate.

Recovery of Replacement Share Certificate: The Existing Articles do not address what would happen if an original share certificate is recovered after a replacement share certificate has been issued by the Company. The New Articles provide that in such a circumstance, the Company would be entitled to recover the replacement share certificate.

Alteration of Authorized Share Structure: The Existing Articles allow for alterations to the authorized share structure of the Company by a Special Resolution of shareholders. The New Articles require an Ordinary Resolution of shareholders to approve most alterations to the authorized share structure of the Company except for the approval of the subdivision or consolidation of unissued or fully paid and issues shares, which may be approved by a resolution of the Board.

Special Rights and Restrictions: The New Articles allow for the Company, by Ordinary Resolution, to change any of its shares with par value into shares without par value or to change any share without par value into shares with par value.

Name Changes: The Existing Articles allow for alterations to the name of the Company by a Special Resolution of shareholders. The New Articles require an Ordinary Resolution or a resolution of the directors to approve name changes.

Other Alterations to Articles: The Existing Articles allow for the Company to alter the Articles of the Company by a Special Resolution of the shareholders if the Articles or the Business Corporations Act does not specify the type of resolution needed to make the alteration. The New Articles require that such an alternation may be done by Ordinary Resolution of the shareholders.

Locations of Meetings: The Existing Articles do not provide for the meeting of shareholders to be held outside of British Columbia. The New Articles allow for a meeting of shareholders to be held in or outside of British Columbia as determined by a resolution of the Board.

Chair of Meetings: The Existing Articles do not allow for a vice-president to preside as chair at a meeting of the shareholders. The New Articles allow for a vice-president to preside as chair at a meeting of the shareholders.

Validity of Proxies: The Existing Articles do not allow for the chair at a meeting of the shareholders to accept a shareholder proxy in the event that the form of proxy does not strictly adhere to the proxy form requirements as set out in the Existing Articles. The New Articles allow for a chair of a meeting of the shareholders to accept a proxy deposited at a meeting of the shareholders despite the proxy not strictly adhering to the proxy form requirements set out in the New Articles.

Quorum of Shareholders: The Existing Articles set the quorum necessary for the transaction of business at a meeting of the shareholders at two persons who are, or represent by proxy, shareholders who in the aggregate hold at least 5% of the issued shares entitles to be voted at the meeting. The New Articles set the quorum necessary for the transaction of business at a meeting of the shareholders at two persons who are, or represent by proxy, shareholders who in the aggregate hold at least 10% of the issued shares entitles to be voted at the meeting.

Removal of Directors: The Existing Articles provide that a director may be removed by a Special Resolution of 2/3 of votes cast. The BCBCA describes a Special Resolution as at least 2/3 and not more than 3/4 of the votes cast on the resolution. The New Articles specify that a director may be removed from his or her term of office by a resolution of not less than 3/4 of the votes cast on such resolution.

Undelivered Notices: Under the New Articles, if a notice, statement, report or other record is sent to a shareholder and returned because the shareholder cannot be located on two consecutive occasions, the Company will not be required to send any further records to the shareholder until the shareholder confirms their new address with the company.

Directors Terms: The Existing Articles provide that Directors cease to be directors immediately before their election or appointment. The New Articles provide that each director may be elected for a term of office of one or more years of office as may be specified by Ordinary Resolution at the time he is elected. In the absence of any such Ordinary Resolution, a director's term of office shall be one year of office. No director shall be elected for a term of office exceeding five years of office. The shareholders may, by resolution of not less than 3/4 of the votes cast on the resolution vary the term of office of any director. There are various other changes made to elections of directors in the New Articles.

Additional Directors: The Existing Articles provide that directors may appoint additional directors between annual general meetings or without unanimous resolutions. The New Articles have removed these provisions. However, directors may still fill casual vacancies of the Board.

Quorum of Directors: The Existing Articles provide that the directors may set the quorum necessary for the transaction of business of the directors, and if not so set, then the quorum is set at two directors. The New Articles sets the quorum necessary for the transaction of business of the directors at a majority of directors, and if not so set, then the quorum is deemed to be set at one director.

Addition of Advance Notice Provisions: The New Articles include provisions requiring advance notice of director nominees from shareholders (the "**Advance Notice Provisions**"). The purpose of the Advance Notice Provisions is to ensure that an orderly nomination process is observed, that shareholders are well-informed about the identity, intentions and credentials of director nominees and that shareholders vote in an informed manner after having been afforded reasonable time for appropriate deliberation. Among other things, the Advance Notice Provisions fix a deadline by which shareholders must provide notice to the Company of nominations for election to the Board. The notice must include all information that would be required to be disclosed, under applicable corporate and Securities Laws, in a dissident proxy circular in connection with the solicitations of proxies for the election of directors relating to the shareholder making

the nominations (as if that shareholder were a dissident soliciting proxies) and each person that the shareholder proposes to nominate for election as a director. In addition, the notice must provide information as to the shareholdings of the shareholder making the nominations, confirmation that the proposed nominees meet the qualifications of directors and residency requirements imposed by corporate law, and confirmation as to whether each proposed nominee is independent for the purposes of National Instrument 52-110 *Audit Committees*. The deadline by which the notice must be delivered to the Company is set out in the table below. The addition of Advance Notice Provisions necessitates the deletion of the alternative director provisions in the Existing Articles.

Meeting Type	Nomination Deadline
Annual meeting of shareholders	Not less than 40 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date (the “ Notice Date ”) on which the first public announcement of the date of the annual meeting was made, notice by the nominating shareholder may be made not later than the close of business on the 10 th day following the Notice Date.
Special meeting of shareholders (which is not also an annual meeting) called for the purpose of electing directors (whether or not called for other purposes)	Not later than the close of business on the 15 th day following the date on which the first public announcement of the date of the special meeting of shareholders was made.

The Advance Notice Provisions do not affect nominations made pursuant to shareholder proposals or the requisition of a meeting of shareholders, in each case made in accordance with the provisions of the BCBCA.

Remuneration of Auditor: The Existing Articles are silent as to whether the directors can set the remuneration of the auditor of the Company. The New Articles allow for the directors to set the remuneration of the auditor of the Company.

Deemed Receipt of Mailing: The Existing Articles are silent with respect to the time of receipt of notices sent to persons by fax or email. The New Articles provide that a notice sent by fax or an email is deemed to be received on the day that the fax or email is sent.

Sealing Copies: The Existing Articles provide that only a director or officer of the Company may attest by signature to the seal of the Company. The New Articles provide that any director, officer, or person as determined by the directors, may attest by signature to the seal of the Company.

When Notice Not Required: The Existing Articles are silent as to whether notice of a meeting of the directors of the Company needs to be given to a director who is not in British Columbia. The New Articles provide that the Company does not need to provide notice of a meeting of the directors of the Company to a director not in British Columbia.

The foregoing is merely a summary of the New Articles, is not comprehensive and is qualified by the full text of the New Articles attached hereto as Schedule “I”. Copies of the Existing Articles and the New Articles are available for viewing up to the date of the Meeting at the Company’s offices at Suite 650, 200 Burrard Street, Vancouver, British Columbia, V6C 3L6 (Phone: (604) 801-5432) during normal business hours and at the Meeting. In addition, a copy of the Existing Articles or the New Articles will be mailed, free of charge, to any holder of Common Shares who requests a copy, in writing, from the Secretary of the Company. Any such requests should be mailed to the Company, at its head office, to the attention of the Secretary.

At the Meeting, Shareholders will be asked to pass the following special resolutions to adopt the New Articles for the Company in replacement of the Existing Articles:

“BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. The existing Articles of the Company (the **“Existing Articles”**) be terminated;
2. The Company adopt the new articles (the **“New Articles”**), attached as Schedule “I” to the management information circular of the Company dated July 14, 2023, in substitution for the Existing Articles.
3. Any one director or officer of the Company be and is hereby authorized and directed to do all such acts and things and to execute and deliver for and on behalf of the Company, under the corporate seal of the Company or otherwise, all such certificates, instruments, agreements, notices and other documents as in such person’s opinion may be necessary or desirable for the purpose of giving effect to the foregoing resolutions.
4. The board of directors of the Company is hereby authorized to revoke these special resolutions without further approval of the shareholders of the Company at any time prior to when these special resolutions are acted upon.”

Recommendation of Directors

Medgold’s Board of Directors believes that the implementation of the New Articles is in the best interests of Medgold and unanimously recommends that Shareholders vote in favour of the New Articles Resolution.

In order to pass the above New Articles Resolution, a special majority consisting of at least two-thirds (2/3) of the votes cast by Shareholders, present in person or by proxy at the Meeting, is required.

Unless the Shareholder has specified in the enclosed form of proxy that Medgold Shares represented by such proxy are to be voted against the New Articles Resolution, the persons named in the enclosed form of proxy will vote FOR the New Articles Resolution.

Financial Statements

The audited financial statements of Medgold for the years ended December 31, 2021 and 2022 will be presented to Shareholders at the Meeting. The financial statements and the MD&A thereon, are available on SEDAR at www.sedar.com.

Appointment and Remuneration of Auditor

Management recommends the re-appointment of Smythe LLP, Chartered Professional Accountants, of Vancouver, British Columbia, as auditors for Medgold, to hold office until the next Annual General Meeting of the Shareholders or their successor is appointed, and the remuneration to be fixed by the Board of Directors. Smythe LLP were first appointed auditors of Medgold on February 25, 2014.

In the absence of instructions to the contrary the Medgold Shares represented by proxy will be voted in favour of a resolution to appoint Smythe LLP, Chartered Professional Accountants, as auditors of the Company for the ensuing year, at a remuneration to be fixed by the Board of Directors.

RISK FACTORS

Following completion of the RTO, the Resulting Issuer’s primary business will be focused on the exploration of the Timok East Project. Due to the nature of the business, legal and economic climate in which the Resulting Issuer operates and the present state of development of its business, the Resulting Issuer may be subject to significant risks that could have a material adverse effect on the Resulting Issuer’s business, operating results or financial condition. The Resulting Issuer’s actual operating results may be very different from those expected as at the date of this Circular. Investors should carefully consider all such risks. The following summarizes some of the risk factors which the Resulting Issuer faces:

Completion of the Proposed Transaction, Shareholders and Exchange approval

The completion of the Proposed Transaction is subject to several conditions precedent. There can be no assurance that the Proposed Transaction will be completed on the terms set out in the Amalgamation Agreement, as negotiated, or at all. In the event that any of the conditions precedent are not satisfied or waived, the Proposed Transaction may not be completed. In addition, there is no guarantee that the Resulting Issuer will be able to satisfy the requirements of the TSXV such that it will issue the Final Exchange Bulletin. See "Particulars of Matters to be Acted Upon – Approval of the RTO - Conditions to Closing". There is no certainty that these conditions will be satisfied on a timely basis or at all.

Termination of the Amalgamation Agreement in certain circumstances

Each of BMC and Medgold has the right to terminate the Amalgamation Agreement in certain circumstances. Accordingly, there is no certainty, nor can the parties provide any assurances that the Amalgamation Agreement will not be terminated by either BMC or Medgold before the completion of the Proposed Transaction.

Tax Consequences

The Proposed Transaction may have tax consequences in Canada, or elsewhere, depending on each particular existing or prospective shareholder's specific circumstances. Such tax consequences are not described herein and this Circular is not intended to be, nor should it be construed to be, legal or tax advice to any particular shareholder. Existing and prospective shareholders should consult their own tax advisors with respect to any such tax considerations.

Fluctuation of Commodity Prices

Even if commercial quantities of mineral deposits are discovered by the Resulting Issuer, there is no guarantee that a profitable market will exist for the sale of the minerals once produced. The Resulting Issuer's long-term viability and profitability depend, in large part, upon the market price of minerals which have experienced significant movement over short periods of time, and are affected by numerous factors beyond the control of the Resulting Issuer, including international economic and political trends, changes in rates of inflation, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities, and increased production due to improved mining and production methods. The recent price fluctuations in the price of all commodities for which the Resulting Issuer is presently exploring is an example of a situation over which the Resulting Issuer has no control and may materially adversely affect the Resulting Issuer in a manner that it may not be able to compensate for. The supply of and demand for minerals are affected by various factors, including political events, economic conditions, and production costs in major producing regions. There can be no assurance that the price of any minerals produced from Resulting Issuer's properties will be such that any such deposits can be mined at a profit.

The market price of Resulting Issuer Shares may be volatile, which could result in substantial losses for holders of Resulting Issuer Shares

The market price of Resulting Issuer Shares could be subject to significant fluctuations following completion of the Proposed Transaction. In addition, securities markets worldwide have experienced, and are likely to continue to experience, significant price and volume fluctuations. This market volatility, as well as general economic, market or political conditions and the other risk factors described in this Circular could subject the market price of Resulting Issuer Shares to wide price fluctuations regardless of the Resulting Issuer's operating performance.

The Resulting Issuer's operations will depend on information systems that may be vulnerable to cyber security threats

The Resulting Issuer's information technology and internal infrastructure is susceptible to damage from computer viruses, unauthorized access, natural disasters, terrorism, war and telecommunication and electrical failures. Significant disruption to the availability of information technology and internal infrastructure could cause delays in research and development work. The Resulting Issuer would incur liability and development of product candidates

would be delayed if any disruption or security breach were to result in a loss of, or damage to, the Resulting Issuer's data.

Global financial conditions may destabilize

Global financial conditions could suddenly and rapidly destabilize in response to future events, as government authorities may have limited resources to respond to future crises. Future crises may be precipitated by any number of causes, including natural disasters, geopolitical instability, changes to energy prices or sovereign defaults. Any sudden or rapid destabilization of global economic conditions could negatively impact the Resulting Issuer's ability, to obtain equity or debt financing or make other suitable arrangements to finance their projects. In the event of increased levels of volatility or a rapid destabilization of global economic conditions, the Resulting Issuer's profitability, results of operations and financial condition and the trading price of its securities could be adversely affected.

Exploration and Development Risks

The Timok East Project is in the exploration stage only and is without an economic mineral deposit. Development of the Timok East Project will only follow upon obtaining satisfactory exploration results, receipt of a positive feasibility study and access to adequate funding. The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and infrastructure at any site chosen for mining. There is no assurance that these mineral exploration and development activities will result in any discoveries of commercial mineral deposits.

Operational Risk

Mineral exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Resulting Issuer has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of minerals, any of which could result in work stoppages, damage to property, and possible environmental damage. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, cave ins, landslides, weather conditions and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in extraction operations and the conduct of exploration programs. The Resulting Issuer's exploration activities will be subject to the availability of third party contractors and equipment. There are also physical risks to the exploration personnel. If any of the Resulting Issuer's properties is found to have commercial quantities of ore, the Resulting Issuer would be subject to additional risks respecting any development and production activities.

Political, economic and social risks and uncertainties

The Resulting Issuer's operations through the Timok East Project will be located in Serbia.

The Resulting Issuer's mineral properties are located in an economically stressed, but politically stable European country 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 Resulting Issuer'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.

The COVID-19 pandemic likely to continue to impact the Resulting Issuer

The COVID-19 pandemic significantly impacted the global economy and commodity and equity markets in general, and variants of the virus may continue to affect most parts of the world. The pandemic poses risk to the business and operations of the Resulting Issuer, and may adversely impact its operations, business, and financial condition if the Resulting Issuer's employees, regulators, suppliers or other business partners are unable to conduct routine

operations for certain periods of time. The Resulting Issuer will continue to monitor these conditions, including government restrictions on movement and operations, and the availability and distribution of the COVID-19 vaccines; however, it is impossible to predict the extent of said impact or the success of the responses to said impacts, including supply chain impacts, as circumstances continue to evolve in unforeseeable ways. It is uncertain if some or all of the impacts can be addressed in a timely manner. The Resulting Issuer intends to be fully engaged with its stakeholders in its efforts to protect their health and safety. To the extent the COVID-19 pandemic may adversely affect the business and financial results of the Resulting Issuer, it may also have the effect of heightening many of the other risks described throughout this “Risk Factors” section, such as timely and economically available labor and supplies, and those relating to the Resulting Issuer’s ability to access additional capital, which could negatively affect the business of the Resulting Issuer. It is not currently possible to estimate the continuing or future impact of the pandemic on the business of the Resulting Issuer. These effects could have a material impact on the operations of the Resulting Issuer.

Fluctuating prices and availability of infrastructure and energy and other commodities

Exploration costs and future profitability are affected by the market prices and availability of commodities that the Resulting Issuer uses or consumes for its exploration program, operations and development projects. Prices for commodities like diesel fuel, electricity, steel, concrete, and chemicals (including cyanide) can be volatile, and changes can be material, occur over short periods of time and be affected by factors beyond the Resulting Issuer’s control.

Higher worldwide demand for critical resources like input commodities, drilling equipment, tires and skilled labour could affect the Resulting Issuer’s ability to acquire them and lead to delays in its exploration program and unanticipated cost increases, which could have an effect on its operating costs, capital expenditures and exploration schedules.

Further, the Resulting Issuer will rely on certain key third-party suppliers and contractors for equipment, raw materials and services used in, and the provision of services necessary for, the exploration and continuing development of its assets. As a result, its operations are subject to a number of risks, some of which are outside of its control, including negotiating agreements with suppliers and contractors on acceptable terms, the inability to replace a supplier or contractor and its equipment, raw materials or services in the event that either party terminates the agreement, interruption of operations or increased costs in the event that a supplier or contractor ceases its business due to insolvency or other unforeseen events and failure of a supplier or contractor to perform under its agreement with the Resulting Issuer.

The occurrence of one or more of these risks could have a material adverse effect on the Resulting Issuer’s business, results of operations and financial condition.

Uninsurable Risks

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. It is not always possible to fully insure against such risks and the Resulting Issuer may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of securities of the Resulting Issuer.

Permits and Licenses

The Resulting Issuer’s operations in Serbia are subject to receiving and maintaining licenses, permits and approvals from appropriate governmental authorities. Although the Resulting Issuer’s operations currently have all required licenses, permits and approvals that are deemed necessary for operations as currently conducted, additional permits may be required. There is no assurance that delays will not occur in connection with obtaining necessary renewals of authorizations for the existing exploration and operations for the BMC Properties and future operations, or additional licenses, permits and approvals associated with new legislation. The Resulting Issuer may not be able to receive or continue to hold all authorizations necessary to explore, develop or continue

operating at any particular property. An inability to obtain or conduct its operations pursuant to applicable authorizations would materially reduce its business and operations.

Environmental and Safety Regulations and Risks

Environmental laws and regulations may affect the operations of the Resulting Issuer. These laws and regulations set various standards regulating certain aspects of health and environmental quality. They provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are or were conducted. The permission to operate can be withdrawn temporarily where there is evidence of serious breaches of health and safety standards, or even permanently in the case of extreme breaches. Significant liabilities could be imposed on the Resulting Issuer for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of acquired properties or non-compliance with environmental laws or regulations. In all major developments, the Resulting Issuer generally relies on recognized designers and development contractors from which the Resulting Issuer will, in the first instance, seek indemnities. The Resulting Issuer intends to minimize risks by taking steps to ensure compliance with environmental, health and safety laws and regulations and operating to applicable environmental standards. There is a risk that environmental laws and regulations may become more onerous, making the Resulting Issuer's operations more expensive.

Other Stringent Laws and Regulations

In addition to environmental laws and permitting requirements, the Resulting Issuer's activities may be subject to stringent laws and regulations governing, among other things: prospecting, development and production, imports and exports, taxes, labour standards, occupational health and mine safety, mineral tenure, land title and land use, water and air quality regulations, protection of endangered and protected species, social legislation and other matters.

Compliance with these laws may require significant expenditures. If the Resulting Issuer is unable to comply fully, it may be subject to enforcement actions or other liabilities, or its image may be harmed, all of which could materially affect its operating costs, delay or curtail its operations or cause it to be unable to obtain or maintain required permits. There can be no assurance that the Resulting Issuer will be at all times in compliance with all applicable laws regulations, that compliance will not be challenged or that the costs of complying with current and future laws and regulations will not materially or adversely affect its business, operations or results.

New laws and regulations, amendments to existing laws and regulations or administrative interpretation, or more stringent enforcement of existing laws and regulations, whether in response to changes in the political or social environment the Resulting Issuer operates in or otherwise, could have a material and adverse effect on the Resulting Issuer's future cash flow, results of operations and financial condition.

Mineral Rights or Surface Rights to Properties

The Resulting Issuer's ability to carry out successful mineral exploration and development activities and mining operations will depend on a number of factors including compliance with its obligations with respect to acquiring and maintaining title to its interest in certain properties. The acquisition of title to mineral properties is a very detailed and time-consuming process. No guarantee can be given that the Resulting Issuer will be in a position to comply with all such conditions and obligations, or to require third parties to comply with their obligations with respect to such properties. Furthermore, while it is common practice that permits and licenses may be renewed, extended or transferred into other forms of licenses appropriate for ongoing operations, no guarantee can be given that a renewal, extension or a transfer will be granted to the Resulting Issuer or, if they are granted, that the Resulting Issuer will be in a position to comply with all conditions that are imposed.

There can be no assurances that the Resulting Issuer's rights and title interests will not be revoked or significantly altered to its detriment. There can be no assurances that its rights and title interests will not be challenged or impugned by third parties. The Resulting Issuer's interests in properties may be subject to prior unregistered liens, agreements, claims or transfers and title may be affected by, among other things, undetected defects or governmental actions.

The Resulting Issuer may not be able to obtain adequate financing in the future or that the terms of such financing will be favourable

There can be no assurance that the Resulting Issuer will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could impede the Resulting Issuer's funding obligations, or result in delay or postponement of further business activities which may result in a material adverse effect on the Resulting Issuer's profitability, results of operations and financial condition and the trading price of its securities.

The Resulting Issuer may experience difficulty attracting and retaining qualified management and technical personnel to efficiently operate its business

The Resulting Issuer is dependent upon the continued availability and commitment of its key management personnel, whose contributions to immediate and future operations of the Resulting Issuer are of significant importance. The loss of any such key management personnel could negatively affect business operations. From time to time, the Resulting Issuer may also need to identify and retain additional skilled management and specialized technical personnel to efficiently operate its business. In addition, the Resulting Issuer frequently retains third party specialized technical personnel to assess and execute on opportunities. These individuals may have conflicts of interest or scheduling conflicts, which may delay or inhibit the Resulting Issuer's ability to employ such individuals' expertise. The number of persons skilled in the acquisition, exploration and development of royalties and interests in natural resource properties is limited and competition for such persons is intense. Recruiting and retaining qualified personnel is critical to the Resulting Issuer's success and there can be no assurance that the Resulting Issuer will be able to recruit and retain such personnel. If the Resulting Issuer is not successful in recruiting and retaining qualified personnel, the Resulting Issuer's ability to execute its business model and growth strategy could be affected, which could have a material adverse impact on its profitability, results of operations and financial condition and the trading price of its securities.

Fluctuating Mineral Prices and Currency Risk

Factors beyond the control of the Resulting Issuer may affect the market price of minerals and marketability of minerals discovered at and extracted from the Resulting Issuer's properties. Mineral prices are subject to significant fluctuation and are affected by numerous factors beyond the Resulting Issuer's control including international economic and political trends, inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and increased production due to new and improved extraction and production methods. The effect of these factors on the Resulting Issuer's operations cannot accurately be predicted.

Conflicts of Interest

Certain of the Resulting Issuer's directors and officers are or may become associated with other mining and mineral exploration industry companies which may give rise to conflicts of interest. In accordance with the BCBCA, directors who have a material interest in any Person who is a party to a material contract or a proposed material contract with us are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, directors and officers are required to act honestly and in good faith with a view to the Resulting Issuer's best interests. However, circumstances (including with respect to future corporate opportunities) may arise which are resolved in a manner that is unfavorable to the Resulting Issuer.

Competition

The resource industry is intensely competitive in all of its phases, and the Resulting Issuer will compete with many companies possessing greater financial resources and technical facilities than itself. Competition could adversely affect the Resulting Issuer's ability to acquire suitable properties for exploration in the future.

Litigation

All industries, including the mining industry, are subject to legal claims, with and without merit. The Resulting Issuer may be, from time to time, involved in various claims, legal proceedings and complaints arising in the ordinary

course of business. Defense and settlement costs can be substantial, even for claims that are without merit. Due to the inherent uncertainty of the litigation process, the litigation process could take away from management time and effort and the resolution of any particular legal proceeding to which the Resulting Issuer may become subject could have a material adverse effect on its business, results of operations and financial position.

No history of Earnings or Dividends

Medgold and BMC have no history of earnings, and there is no assurance that any of the properties may now or that the Resulting Issuer may hereafter acquire or obtain an interest in will generate earnings, operate profitably or provide a return on investment in the future. Medgold has not paid dividends on the Medgold Shares since incorporation and does not anticipate doing so in the foreseeable future. Payment of any future dividends will be at the discretion of Resulting Issuer's board after taking into account many factors, including operating results, financial condition and anticipated cash needs. It is expected that the Resulting Issuer will retain its earnings, if any, to finance further growth and, when appropriate, retire debt.

Negative Cash Flow from Operations

During the year ended December 31, 2022, BMC and Medgold had negative cash flow from operating activities. The Resulting Issuer expects to continue to have negative cash flow in future periods and it expects that all of the net proceeds from the Equity Financing will be used to fund such negative cash flow from operating activities.

Dilution

Future equity financings to fund the Resulting Issuer's operations will cause additional dilution to a Shareholder's holdings in the Resulting Issuer. If prevailing capital market conditions are such that the Equity Financing is re-priced downward prior to Closing, Shareholders may suffer additional dilution than what is currently contemplated in this Circular.

INFORMATION REGARDING MEDGOLD

Corporate Structure

Name and Incorporation

Medgold Resources Corp. was incorporated in 1966 under the BCBCA. The registered and records office for Medgold is located at 650-200 Burrard Street, Vancouver, BC V6C 3L6, Canada. Medgold's head office is located at 650-200 Burrard Street, Vancouver, BC V6C 3L6, Canada.

General Development of the Business

History

As Medgold was incorporated in 1966, records relating to its initial business activities are sparse. It is clear that Medgold was involved in the mineral exploration business in the 1990's until it entered the oil exploration business in 1997. By the end of 2007, Medgold held no material properties, and consolidated its share capital on the basis of one new share for every three old shares. In early 2009, Medgold completed a reverse takeover transaction whereby it acquired mineral property interests in the Grew Creek Gold Property located in Yukon, Canada.

From 2009 to 2011, Medgold explored several properties in the Yukon and Northwest Territories of Canada, but ultimately relinquished those property interests. In 2012, Medgold completed a reverse takeover transaction whereby it acquired mineral property interests in Italy, and changed the company name to "Medgold Resources Corp.". Medgold ultimately relinquished its Italian property interests.

In December 2013, Medgold consolidated its share capital on the basis of one new share for every three old shares.

In mid-2016, the Company signed a strategic alliance with 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.

The Company was granted several exploration licences, the most significant being two licences 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.

In March 2017, Medgold granted to Fortuna an option to acquire a 51% interest in the Tlamino Project, which option was exercised in early 2020. In December 2020, Medgold was granted the Fortuna Option whereby Medgold was granted an exclusive 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 Medgold of a 100% interest in the Tlamino Project to a third party, or (iii) the date of completion of a merger between Medgold and a third party. At the time of signing of the Fortuna Option agreement, Medgold and Fortuna had one common director. Since February 2, 2021, the companies have no common directors.

In October 2020, the Serbian Ministry of Mining and Energy ("**MME**") 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 six square kilometers adjoining the southern flank of Surlica Dukat, was also awarded on similar terms.

Also in 2020, the Company entered into an agreement to conduct exclusive due diligence on the Zlogosh Property located in Bulgaria, approximately 40 kilometres by road from the Tlamino Project. Due to COVID-19 restrictions implemented at the time, Medgold's due diligence on the Zlogosh Property was put on hold. Medgold terminated its agreement regarding the Zlogosh Property on April 7, 2023.

In January 2021, Medgold completed a preliminary economic assessment for the Barje Project. 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.

In July 2022, Medgold and Fortuna entered into two agreements whereby the Fortuna Option has been terminated, Medgold 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 Medgold at any time for a cash consideration of \$3 million. These agreements were approved by the TSXV on March 2, 2023.

Information Concerning the Tlamino Project

The technical information in this section of the Circular regarding the Tlamino Project has been reviewed and approved by Richard Siddle, MAIG; Andrew Bamber, P. Eng.; Ian Jackson, C. Eng.; Matthew Randall, C. Eng.; and Sue Strothers, C. Eng., each of whom are a "Qualified Person" under NI 43-101.

The following contains information about the Tlamino Project summarized from the Tlamino Project Technical report:

Property Description and Location

Medgold holds three exploration licences ("**ELs**") in south eastern Serbia, forming a contiguous block totalling approximately 199 square kilometres. Two of the ELs – namely Donje Tlamino and Surlica-Dukat – form the Tlamino Project and cover a total area of 192.63 square kilometres. Medgold staked Donje Tlamino and Surlica-Dukat in October 2016 for an initial three years, the ELs were re-issued on September 30, 2020 for a further 3 years.

The Tlamino Project falls principally in the district of Pčinja, and the municipalities of Bosilegrad and Trigovište. The central coordinates of the Tlamino Project are approximately 609500mE/4693000mN (WGS84 UTM34N), or 22.3° east and 42.4° north.

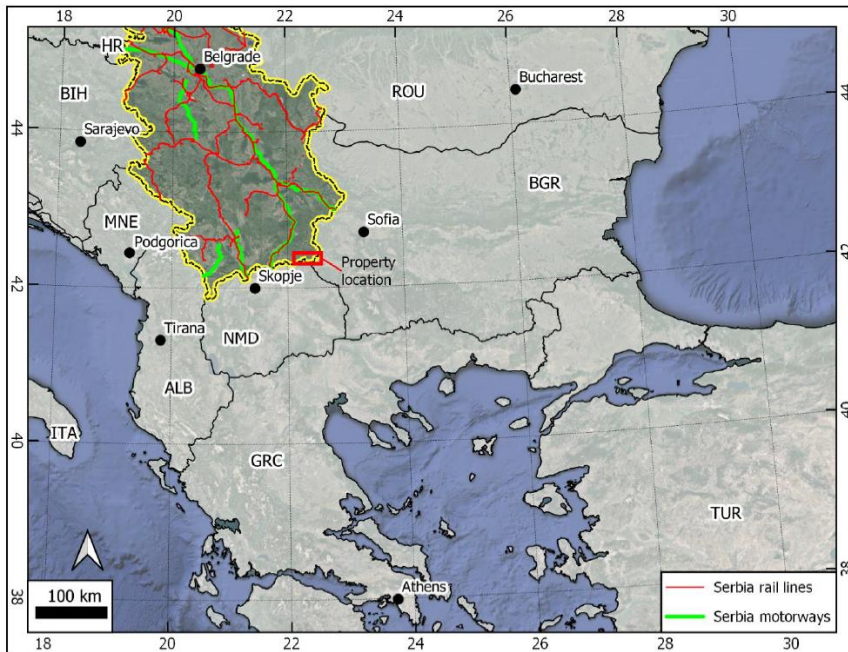


Figure 1 Property location. Property location is outlined in red with Serbia outlined in yellow. ROU – Romania, BRG – Bulgaria, TUR- Turkey, GRC – Greece, NMD – North Macedonia, ALB – Albania, MNE – Montenegro, BIH – Bosnia and Herzegovina, HR – Croatia.

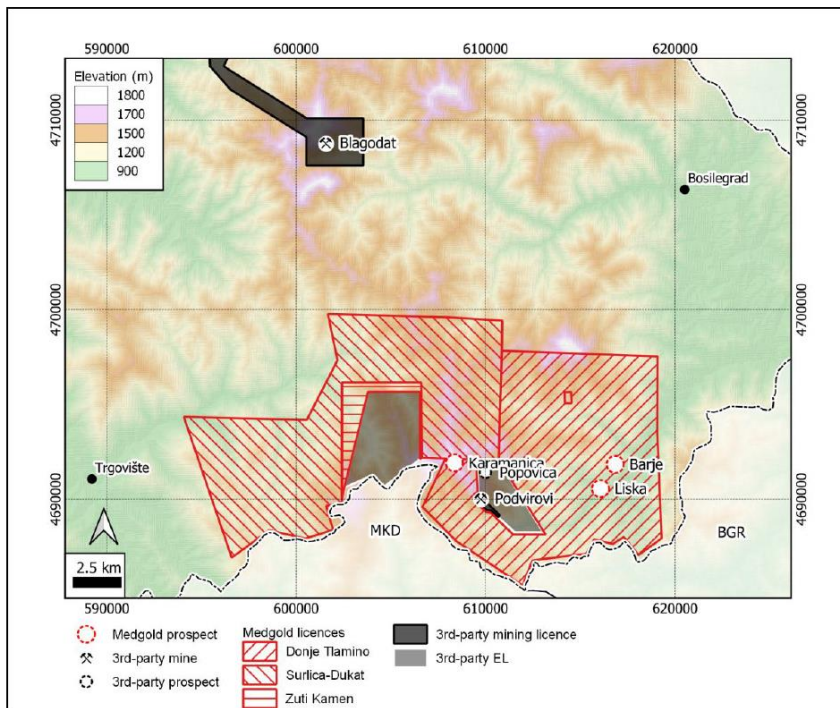


Figure 2. Property details.

The ELs grant the holder the exclusive right to explore over a period of up to eight years for Au, Ag, Cu, Pb, Zn and Mo to an unspecified depth below the ground surface and thereafter apply for an exploitation licence upon the discovery of a declared reserve. Exploration activities are regulated by the Serbia Ministry of Mining and Energy (the “MME”) in consultation with the Institute of Environmental Protection and the Institute for the Protection of Cultural Heritage. Exploration is required to be completed under a work programme and budget approved by the MME with the holder obliged to fulfil a minimum of 75% of the approved programme and to submit annual licence reports. Work programmes are generally split to cover year one through three, four through six, and seven through eight.

Property Ownership

The Donje Tlamino and the Surlica-Dukat ELs are held by Medgold Istraživanja d.o.o., a Serbian registered company wholly owned by Tlamino Mining Limited of Malta, a wholly owned subsidiary of MGold International Limited, also of Malta. MGold International Limited is wholly owned by Medgold Resources Corp of British Columbia, Canada. Medgold Istraživanja d.o.o. was formerly wholly owned by Medgold Resource Limited of England and Wales, itself wholly owned by Medgold. The registration of the above change of ownership of Medgold Istraživanja d.o.o. by Tlamino Mining Limited with the Serbian Business Registry is pending.

Property Encumbrances

Medgold was awarded the ELs by the MME following an application over open ground with no current exploration title. As such, the Tlamino Project has no encumbrances to any prior holders of exploration or exploitation rights.

Holders of ELs are required to pay the Serbian State an annual fee in the form of a royalty of 10,000 Serbian dinars per square kilometre per year for the right to explore and retain the exploration area. Total royalties for the project ELs of approximately CA\$25,400 equivalent per year are payable annually for the proposed year one through three work programmes. A similar annual fee would apply to any optional extension period after year three.

Medgold is required to fulfil a minimum of 75% of its proposed year four through six work programmes for the project ELs. The total value of the programmes is approximately US\$147,000.

Surface Rights

Exploration licences issued by the MME do not automatically confer legal access to the land, and exploration activities must be carried out with permission of the relevant surface landowner or landuser as recorded in the Serbian cadastral register. Surface landowners within the Tlamino Project include private individuals and the Serbian State forestry body, Srbijašume. Medgold has signed a comprehensive suite of agreements with private landowners to provide access rights for drilling during 2018 and 2019 and has no reason to believe that similar agreements will not be attainable in the future.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Tlamino Project may be accessed via the town of Bosilegrad, which is located approximately 385 kilometres south of Belgrade. The Tlamino Project is 20km south-west of Bosilegrad accessed by the no. 444 secondary road, with an additional 2km of graded gravel tracks leading from route 444 to the Tlamino Project boundary. Smaller unsurfaced tracks currently provide access to the main prospects on the Tlamino Project.

Both route 444 and the gravel track to Podvirovi are kept open all year round and only typically close for short periods immediately following heavy snowfall. Other tracks within the Tlamino Project may be inaccessible due to snow accumulation generally limiting the exploration season to April through November.

Medgold has an operational base in the town of Bosilegrad, which serves a population of around 8,000 in the surrounding municipality and hosts an array of services including a healthcare centre, a police station, primary and secondary schools, postal and banking services, a fuel station, a hotel, plus shops and restaurants. The main industries in the area are forestry and related processing of timber products. There are no significant population centres within the Tlamino Project boundary.

Power distribution in the area occurs via 110kV to Bosilegrad and 35kv voltage transmission lines running along the Golema River to Podvirovi.

Physiography

The terrain surrounding the Barje Deposit is formed of incised river valleys (Figure 3), steep slopes, and high broad ridges (Figure 4) with elevations ranging from approximately 820 m in the Golema River valley to 1820 m at Golemi Peak. Valley sides and higher, northern-facing slopes are dominated by beech and pine forests. Valley bottoms and flatter areas at mid elevations have been cleared for agriculture, although a significant amount of the cleared land is not currently worked. Higher, southfacing slopes and the ridge tops are unimproved and give host to open grassland and small shrubs.



Figure 3. View of Landscape in the Golema River Valley. Looking south from the Barje Deposit, June 2019.



Figure 4: View of Landscape looking to Golemi Peak. Looking north-west in the Karamanica prospect, August 2019.

History

Historical exploration work at the Tlamino Project may be summarized as follows.

- 1930: limited surface and underground exploration was carried out by a private company at Božilovo Ležište. This work included two trenches, one short shaft and three exploratory adits with total underground development of approximately 250 metres.
- 1950 – 1970: Yugoslav State exploration included geochemical sampling, mapping, geophysical surveys, trenching and drilling. Exploration at the time appears to have focused on base metal exploration.
- 2005 – 2012: parts of the Tlamino Project are known to have been held under an EL by Dundee Plemeniti Metali d.o.o., which was renamed as Avala Resources d.o.o. prior to being acquired by Avala Resources Ltd., (collectively, “**Avala**”). While the full details of the EL are not known, work is known to have included multiple stages of stream sediment, soil, and rock sampling from which geochemical anomalies were identified at the Karamanica Prospect and Barje Deposit. Avala work culminated in the drilling of four exploration drill holes, totalling 831.2 metres at Barje during 2010 and 2011. These drill holes did not intersect any significant mineralization.

A number of historical mineral inventory estimates have been completed in respect to the Tlamino Project, none of which were reported in accordance with NI 43-101 or a similar CRIRSCO (the Committee for Mineral Reserves International Reporting Standards)-aligned reporting codes. Such works include classifications which have no equivalent in NI 43-101.

Geological Setting

The Tlamino Project is situated within the western Tethyan orogenic belt, a complicated zone of tectonic units and magmatic activity related to collisional plate tectonic processes active from the mid-Paleozoic through to the modern day.

The geology of the Tlamino Project can be roughly split into high metamorphic-grade rocks in the north and east, and low metamorphic-grade rocks in the south and west. Numerous older intrusions, represented by orthogneiss, cut both metamorphic sequences but are limited in the area of the Tlamino Project to the higher metamorphic grade rocks. Relatively minor areas of sediments and volcanoclastic sequences are preserved in the Tlamino Project; these are deposited unconformably on the lower-grade metamorphic sequence. The metamorphic and sedimentary sequences are cut by porphyritic dykes and sills and, in the western part of the Tlamino Project, by volcanic plugs. Quaternary deposits occur in the Tlamino Project and include unconsolidated talus on the higher ground and alluvial sediments along valley floors.

The Tlamino Project hosts identified mineralized zones at the Barje Deposit, the Liska Prospect and the Karamanica Prospect. The Barje Deposit is the most advanced mineralized zone within the Tlamino Project and is the primary subject of the report.

Historical prospecting at Barje located two main areas of outcropping gold and base metal mineralization. Medgold's drilling has confirmed the continuation of mineralization between, and to the west of the discovery outcrops in an area of 700 metres east-west by 350 metres north-south. The mineralization is controlled by a hydrothermal breccia of up to approximately 20 metres in thickness, following a structure inclined by approximately 18° towards the south. The structure cuts a fault-bounded sequence of schist and conglomerate above a dacite sill intruded along a detachment surface at the top of the Crnook basement. While mineralization is strongest in the hydrothermal breccia, a halo of lower-grade mineralization is also found in the overlying rocks. The hydrothermal breccia contains transported clasts of the local wall-rocks cemented by a matrix of quartz ± calcite/siderite and sulphide minerals, including pyrite, arsenopyrite, sphalerite, galena and more rarely chalcopyrite and tennantite. Grains of electrum up to approximately 50 microns in diameter and containing approximately 60% gold and 40% silver, have been observed microscopically within the higher-grade mineralization.

Exploration and Drilling

Medgold has completed a desktop study of the geochemical exploration work undertaken by Avala as well as soil geochemistry, lithogeochemistry and geophysical surveys of its own. The analysis of this work was then used to define drill targets at the Barje, Liska, and Karamanica prospects. Medgold then completed 33 diamond drill holes at the Barje Deposit over 4991.5 meters, which identified gold and silver mineralization with lesser amounts of lead, zinc and copper.

Medgold drilling at the Liska Prospect included 10 drill holes over 2139.4 meters. While this drilling identified the presence of mineralization, the metal grades returned were not considered to be economically significant, or where potentially economic, were interpreted to be isolated with a lack of demonstrated continuity. Drilling of 10 holes at the Karamanica prospect over 1996.5 meters returned only weak mineralization associated variously with fault zones, dark carbonaceous schists, and the margins of porphyritic intrusions. Several geochemical and geophysical targets remain undrilled on the Karamanica Prospect and further exploration is warranted.

Sample Preparation, Analyses and Security

Medgold Soil Samples

Field procedures as deployed by Medgold for sample collection are summarized as follows:

- Sample sites were pre-planned in the office and then located in the field using handheld GPS with an accuracy of generally better than ± 7 m.
- Samples weighing 1 to 1.5 kg were collected from B horizon material after removal of the A horizon.
- Sample information including the data, the sampler, the location as recorded by GPS in the field, and site characteristics were recorded in a sample book with predefined sample numbers and tear-off sample number tags.
- Samples were placed in a sample bag with the sample number tag. The bag was sealed, and the sample number was marked on the bag with a permanent marker.
- All sampling was carried out by geologists or field technicians under a geologists' supervision.

Soil samples were grouped into dispatches and driven directly to the labs of ALS Laboratory Services D.O.O. in Bor, Serbia, ("**ALS**") by Medgold or by a contracted private courier.

Samples were prepared by dry-screened to 180 μm after which a 25 g aliquot of the <180 μm fraction was sent by ALS to their laboratory in Loughrea, Republic of Ireland. In the Loughrea laboratory, the aliquot was analysed by a gold and multielement ICP-MS analysis package (ALS code AuME-TL43) after an aqua regia digestion.

Once sample results were received by Medgold, quality assurance and quality control ("**QAQC**") data generated by ALS was reviewed before analysis data were merged with sample data and stored in a PostgreSQL database system.

Medgold Rock Samples

Field procedures for sample collection as deployed by Medgold are summarized as follows:

- Sample sites were selected in the field with locations recorded using handheld GPS with an accuracy of generally better than ± 7 m. For channel samples at Barje, coordinates were reported from a post-sampling Differential Global Positioning System survey.
- Samples collected during prospecting and mapping were taken from outcrop, subcrop or float to sample individual features of lithology, alteration, or mineralization. Samples taken along chip or channel lines were collected from outcrop to represent the material within the sample interval.

- Mass of the collected sample was generally between 2 and 7 kg. Sample information including the data, the sampler, the location (either as recorded by GPS in the field or by reference to the tape-and-compass measurements), and geological characteristics were recorded in a sample book with predefined sample numbers and tear-off sample number tags.
- Samples were placed in a sample bag with the sample number tag. The bag was sealed, and the sample number was marked on the bag with a permanent marker.
- All sampling was carried out by geologists or field technicians under a geologists' supervision.

Rock samples were grouped into dispatches and driven directly to the labs of ALS by Medgold or by a contracted private courier.

Samples were prepared by crushing to 70% <2 mm in size before a 250 g split was taken for pulverising to 85% passing 75 µm. A split of the fine fraction material was sent by ALS to their laboratory in Loughrea, Republic of Ireland. In the Loughrea laboratory, the material was split into a 30 g aliquot for analysis by fire assay with an ICP-AES finish (ALS code Au-ICP21) using a gravimetric finish for samples of over 10 g/t gold. Samples were also analysed for a multi-element ICP-AES/MS analysis package; during 2019 this was done using ALS code MS-ME41 following an aqua regia digestion; prior to 2019 the package used was ALS code MS-ME61 following a 4-acid digestion.

Once sample results were received by Medgold, QAQC data generated by ALS was reviewed before analysis data were merged with sample data and stored in a PostgreSQL database system.

Medgold Drill Samples

Sample Preparation Prior to Dispatch.

All work on Medgold's drill core prior to sample dispatch was carried out by Medgold's geologists and technicians at the Company's core yard in Bosilegrad. After sample definition (see Section 10.2), drill core to be sampled was cut using a conventional core saw with a water-cooled rotating blade. One-half of the core was taken for sample and one half returned to the core box. Sample number tickets were placed both in the core box and the sample bag for each sample. Low-density polyethylene samples bags of 350 µm thickness were used to avoid the loss of fine material from the samples; sample bags were sealed with a cable tie.

Samples were packed into polyweave sacks sealed with a cable tie and tape. Sample dispatches were driven directly to the labs of ALS by Medgold or by a contracted private courier.

Bulk Density Measurements.

Measurements were made using a traditional water-displacement method with the sample mass recorded while in air and while suspended in water. As sample porosity was relatively minor, the samples were not wax coated prior to measurement. The bulk density of a reference specimen was measured at the start of each set of core measurements as a control sample.

During drilling in 2018 and 2019, a bulk density measurement was made at a nominal 20 m spacing along every drill core, producing 590 bulk density values. A Terraplus KT-20S/C magnetic susceptibility meter with digital density scale attachment was used to record and calculate bulk density values using a built-in bulk density routine.

An additional 133 bulk density measurements were made using archived core from within the main zone of mineralization at Barje during November 2019. A Radweg PS2100.R2 precision balance with under-pan weighing was used to record and calculate bulk density values using a built-in bulk density routine.

Laboratory Sample Preparation and Analysis.

Preparation and analysis of drill samples was carried out under contract by ALS, a member of the global ALS Group. ALS is independent to Medgold and, apart from a commercial contract for sample preparation and analysis, the two companies have no other relationship.

Sample preparation was completed at the ALS sample preparation facility in Bor, Serbia. Samples were prepared by crushing to 70% passing 2 mm and a rotary splitting device was used to separate a 1 kg sub-sample and a coarse reject. The sub-sample was pulverized to 85% passing 75 µm. A split of the -75 µm pulp was sent by ALS to their laboratory in Loughrea, Republic of Ireland, for analysis. The ALS Loughrea laboratory performed the following analysis on each received pulp:

- Gold by 30 g fire assay with an ICP-AES finish (ALS code Au-ICP21)
- Multi-element ICP-AES/MS analysis package (ALS code MS-ME61) following a 4-acid digestion
- Over-grade gold (>10 ppm) by 30 g fire assay with a gravimetric finish (ALS code Au-GRA21)
- Over-grade silver (>100 ppm), copper (>1%), lead (>1%), zinc (>1%), arsenic (>1%), bismuth (>1%), molybdenum (>1%) or sulphur (>10%) by ICP-AES/MS over-grade package (ALS code OG62)
- Over-grade silver (>1500 ppm) by 30 g fire assay with a gravimetric finish (ALS code Ag-GRA21)

Sample coarse rejects and pulp material not forwarded to the ALS Loughrea laboratory were either stored at ALS' laboratory in Bor or returned to Medgold.

QC procedures

Medgold's QAQC procedures include controls on sampling, the insertion of control material into sample sequences, predefined client templates for sample preparation and analysis, monitoring of control material against industry standard control gates, and re-assaying of selected samples by an umpire laboratory.

Control material was inserted into sample sequences before dispatch from the core yard. Certified reference material ("CRM"), a coarse-crushed granite blank and ¼ -core duplicates were inserted at a target ratio of 2 CRMs, 1 blank and 1 duplicate per 32 primary core samples. The laboratory may become aware of samples that contain control material, but the values of the material will be unknown to the laboratory. The CRMs used during the 2018 and 2019 drilling programmes were supplied by CDN Resource Laboratories Ltd of British Columbia; a range of CRMs were used and inserted into sample sequences with an attempt to match the expected grades of the samples based on mineral logging and, in later holes, comparison with assay results from previous core. The following CRMs were used during the programme:

CRM	Au ppm	Ag ppm	Pb%	Zn%	In use
CDN-ME-1709	0.178	11.8	0.053	0.194	2018
CDN-ME-1410	0.542	69	0.248	3.682	2018
CDN-ME-1406	0.678	57.1	0.4	2.2	2019
CDN-ME-1606	1.069	116	1.7	0.6	2019
CDN-ME-1505	1.29	360	1.87	0.72	2018
CDN-ME-1308	1.4	45.7	0.541	0.429	2018
CDN-ME-1607	3.33	150	1.72	0.56	2018
CDN-ME-1807	7.88	327	2.3	2.3	2019
CDN-ME-1402	13.9	131	2.48	15.23	2018, 2019

Table 1. Certified reference material used during 2018 and 2019 drilling. Grades indicated are certified mean values for the primary analysis method.

Sample assay data during 2018 was imported from laboratory certificates into a Geospark database developed by Geospark Consulting Inc of British Columbia. Sample assay data during 2019 was imported from laboratory certificates into a MX Discover cloud-hosted database maintained by Geosoft Inc of Ontario. Assays for control

CRMs and blanks were reviewed using inbuilt reports within each database and data were released for use only if it had passed QAQC criteria.

AMS Comments

The Qualified Person is satisfied that the Sample Preparation, Analysis, and the Security of samples is fit for purpose. A robust documentation process along with suitable quality control procedures is in place.

Data Quality and Verification

The Qualified Person for Geology and Resources has reviewed the drilling data collected by Medgold and considers them reliable for use in Mineral Resource (as defined in the CIM Definition Standards on Mineral Resources and Reserves) estimation. The data collection practices are considered in line with current industry best practices, and regional exploration data are considered suitable for the generation of follow up drill targets.

Mineral Resources

Mineral Resources have been estimated for the Barje Deposit of the Tlamino Project only, and no mineral resources for Liska or Karamanica prospects have been declared. The estimated Mineral Resource for Barje, reported in accordance with NI 43-101 and the CIM Definition Standards, above various break-even 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 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 was the opinion of the Qualified Person for Geology and Resources 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 07, 2021 and supersedes the previous initial Mineral Resource estimate, there has been no material change to the Mineral Resource estimate in terms of tonnage, grade and contained metal. See Table 2 for further information relating to the Mineral Resource Estimate.

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 m, are laterally extensive over an area of approximately 600 m from east to west and approximately 350 m north to south. Mineralization continues to the west for approximately 100 m where it thins and cover thickness increases, this mineralization is not considered to have a reasonable prospect of economic extraction due to the increased striping ratios and is not included in the Mineral Resource estimate. The thickness of resource mineralization ranges from approximately 10 to 40 m with some isolated thinner areas. It is closed by bounding faults to the north and south and by drilling to the east and west. 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 north-west corner of the area of mineralization both remain. A plan view of the mineralized wireframe models is shown in Figure 5 and an example cross section of the resource block model is shown in Figure 6. Additional drilling is required to increase the confidence in the Mineral Resources; increased levels of information brought about by further drilling may serve to either increase or decrease the Mineral Resources.

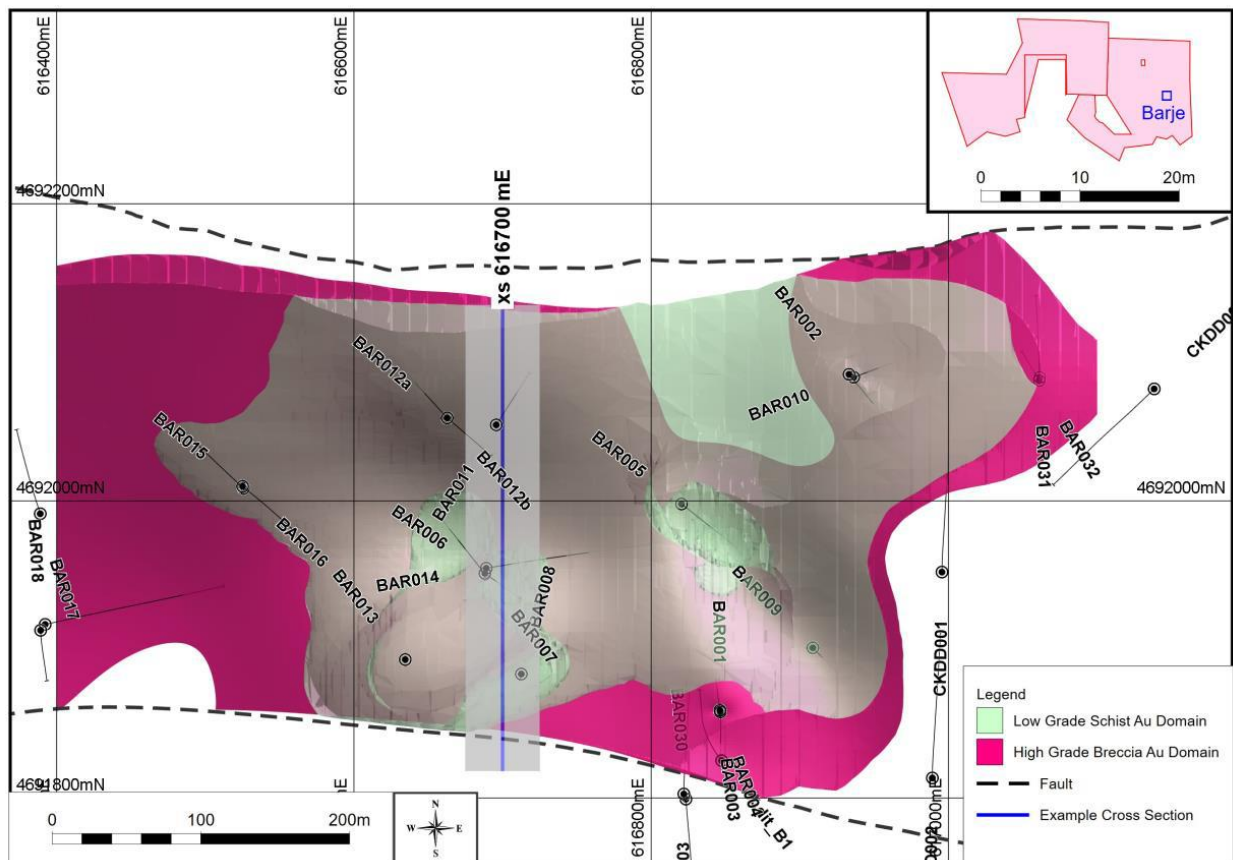


Figure 5: Plan view of mineralized wireframes used in resource estimation.
Cross section line shown for 616700 mE.

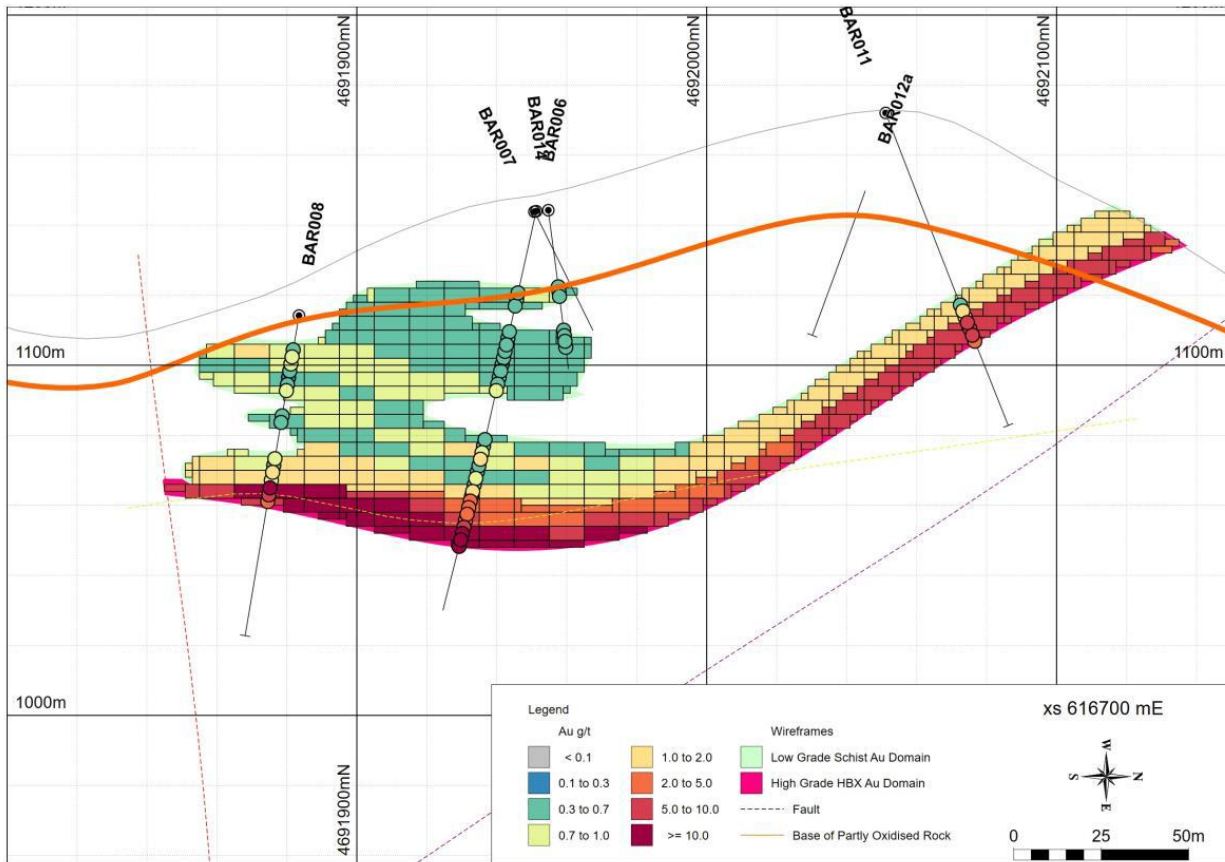


Figure 6: Example cross section 616700 mE. Composite data and block model both colour coded to Au grade.

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

Table 2: Mineral Resource Estimate for the Barje Prospect

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.
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 optimisation.
4. Break even cut-off grades were estimated for each material type of 0.6 g/t, 0.8g/t and 0.5 g/t AuEq for the High Grade Breccia, Low Grade Schist and Partially Oxidized materials respectively, these cut-off grades were used in Resource Reporting. The cut-off grades were calculated on the basis of the following assumptions: a gold price of US\$1500/oz, a silver price of US\$16.5/oz, mining costs of US\$2.3/t, processing costs including tailings disposal of US\$10/t for sulphide rock and US\$12/t for oxide, G&A costs of US\$4/ROMt and transport costs of US\$2/ROMt.
5. Per metallurgical test work completed to date, recovery to concentrate after flotation of 85.8% for gold and 84.3% for silver were used for the High Grade Breccia material with 75% payability. For the Low Grade Schist recoveries used were 76.5% for gold and

82.7% for silver with 60% payability. For the Partially Oxidized material 80% recovery via leaching for gold and silver was assumed with 98% payability. 5% gross royalty was applied to both metals.

6. Geological and block models for the Mineral Resource Estimate used data from 33 surface drillholes performed by Medgold in 2018 and 2019; data from four drillholes completed by Avala Resources Ltd., a prior operator, were used to constrain the model though they did not intercept significant mineralization. The drill database was validated prior to resource estimation and QA/QC checks were made using industry-standard control charts for blanks, core duplicates and commercial certified reference material inserted into assay batches by Medgold and by comparison of umpire assays performed at a second laboratory. No QA/QC was possible on the data relating to the drilling by Avala.
7. The geological model as applied to the Mineral Resource Estimate comprises two mineralized domains, a shallowly inclined high-grade hydrothermal breccia unit and a lower-grade schist unit immediately overlying the hydrothermal breccia. Individual wireframes were created for each domain. Weathering domains of fresh and partially oxidized material were defined within the two mineralized domains.
8. The block model was prepared using Micromine version 2020, Services Pack 1, A 10 m x 10 m x 4 m block model was created with sub-blocks of minimum 2 m x 2 m x 2 m on domain boundaries. Grade estimation from drillhole data was carried out for Au, Ag, As, Cu, Pb, Zn, Fe, S using Ordinary Kriging and was validated by comparison of input and output statistics, kriging neighbourhood analysis and by inspection of the assay data and block model in cross section. A gold equivalent (AuEq) grade was calculated for each block using the formula $AuEq = ((Ag \text{ g/t}) \times 0.011) + (Au \text{ g/t})$ for the High Grade Breccia and Partially Oxidized materials and $AuEq = ((Ag \text{ g/t}) \times 0.012) + (Au \text{ g/t})$ for the Low Grade Schist.
9. Bulk density values were calculated for each block of the model based on a broad linear relationship observed between 152 measured bulk density values within the mineralized domains and the assayed values of As, Cu, Fe, S, Pb and Zn. Blocks within the partially oxidized material were assigned a single bulk density value of 2.54 g/ cm³.
10. Estimates in the above table have been rounded to two significant figures.
11. CIM Definition Standards for Mineral Resources have been followed.
12. The independent Qualified Person for Resources is not aware of any additional known environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues that could materially affect the Mineral Resource Estimate.

Metallurgical Testing

Two programmes of metallurgical sampling and testing of material from the Barje Deposit have been completed. The initial programme was undertaken in 2019 with the objective of determining precious and base metal recoveries and arsenic deportment to concentrate; a second programme completed during 2020 comprising mineralogical examination and bench-scale gravity concentration, flotation and leaching tests on a range of samples from Barje.

In the first programme, composites were generated from selected coarse drill core reject samples from HBX and Triple X material. Both composites were taken from unoxidized/unweathered breccia material containing pyrite, arsenopyrite, sphalerite, galena and more rarely chalcopyrite and tennantite. Grains of electrum up to approximately 50 µm in size, containing approximately 60% gold and 40% silver, were observed microscopically within higher-grade zones of mineralization.

Initial metallurgical testing was used to determine baseline metallurgical performance, including recoveries and reagent consumptions for a range of likely extraction routes. Baseline tests include preliminary cyanidation, bulk sulphide flotation, sequential flotation, and diagnostic leaching. No comminution test work was undertaken.

Baseline cyanidation work targeting gold and silver values only was undertaken using standard bottle roll tests on the HBX and Triple X composites. Diagnostic leaching of the HBX and Triple X composites indicated little of the gold to be cyanide-soluble, with a high proportion contained in either arsenopyrite or pyrite. Additionally, the bottle roll tests suggested that a high proportion of the silver is potentially occluded in galena, inhibiting cyanide recovery of Ag. Reagent consumption was moderate to high indicating poor process economics for this route. Cyanide leaching was therefore not recommended as a treatment route for the Barje breccias.

Sequential gravity and flotation testing was also performed on the composites, and targeted the production of separate Pb and Zn concentrates, as well as a treatable Au-Ag concentrate by gravity. For the HBX composite, gravity testing resulted in recoveries of 16.5% Au and 4.6% Ag at grades of 48.99 g/t Au and 19.3 g/t Ag into a 0.6% concentrate by mass. For the Triple X sample, recoveries of 10.0% Au and 4.4% Ag at grades of 66.59 g/t Au and 30.20 g/t Ag into a 1.5% concentrate by mass were achieved. While neither result is particularly high, the presence of gravity recoverable gold and silver in the form of native gold or electrum was indicated and gravity concentration was recommended for inclusion in future testing for flowsheet development.

Results of the sequential float tests suggest Pb and Zn recoveries to separate concentrates are poor and the concentrates produced are unlikely to be marketable.

Baseline bulk sulphide flotation tests were performed to assess production of a bulk polymetallic concentrate which could then be sold for toll treatment. Gold recoveries to concentrate for baseline rougher test were 88.2% and 90.5% for the HBX and Triple X composites respectively, with rougher concentrate grades of 16.8 g/t and 36.5 g/t respectively. Silver recovery for the HBX composite was 88.2% with a concentrate grade of 124 g/t. The Triple X composite test resulted in 96.4% silver recovery with a concentrate Ag grade of 379 g/t. Copper, lead and zinc recoveries for the HBX composite were 93.2%, 96.5% and 74.2% respectively, with 95.3%, 91.6% and 91.4% respectively for the Triple X composite. Concentrate grades were however deemed too low to be of economic interest. Arsenic grades of 5.86% for HBX and 12.10% for Triple X were reported for the bulk concentrate.

A second programme of mineralogical examination and metallurgical testing was performed during 2020. Composites formed from coarse drill core rejects of the “HG Breccia” (HG_BX), “LG Schist” (LG_Sch) and “Partially Oxidized” (OX) material types were tested. The HG_BX material can be considered a composite of the HBX and Triple X rock types tested in the first programme of metallurgical testing, together with other hydrothermal breccias containing sulphide mineralization of similar chemical and mineralogical characteristics. The test work had the objective of producing concentrates suitable for toll treatment by pressure oxidation, Albion process or roasting. Optimal concentrate target grades of 45–50 g/t gold and less than 15% arsenic were set during flowsheet development.

Samples of each composite were subjected to mineralogical examination by QEMSCAN Particle Mineral Analysis and TESCAN Trace Mineral Analysis. The mineralogical composition as determined by QEMSCAN is summarised in Table 3.

Mineral	Unit	HG BX	LG Sch	OX
Copper/silver sulphide	%	0.05	0.05	0.03
Galena	%	0.31	0.1	<0.01
Sphalerite	%	1.1	0.23	0.01
Pyrite	%	4.3	2.3	0.2
Arsenopyrite	%	2.5	1.7	0.2
Quartz	%	50.0	49.9	47.1
Feldspars	%	18.5	14.7	17.3
Micas	%	17.1	21.2	24.2
Calcium carbonate	%	1.8	4.2	0.2
Other non-sulphide gangue	%	4.4	5.4	10.7

Table 3: Mineral Composition of Samples.

X-ray spectra indicated that while many of the gold occurrences contained silver, that this varied widely. The percentage of liberated gold ranged between 35% for the LG_Sch composite to 53% for the HG_BX composite. The unliberated gold in these samples was generally associated with sulphide minerals such as sphalerite, pyrite, galena, and arsenopyrite. Gold occurrences were relatively fine, with projected diameters of between 2 µm and 10 µm. Between 92% and 100% of the gold occurrences observed were either liberated, or associated with particles with high sulphide mineral surface exposures, thus indicating high potential for recovery via bulk flotation. The number of gold occurrences detected for each composite was low. Less than 10% of the gold contained in the subsamples was thus detected, the remaining gold interpreted as being either refractory or submicroscopic.

Spectrally undetected gold present within sulphide minerals would be considered recoverable to a bulk flotation concentrate.

For the OX composite, gold occurred primarily as liberated gold grains. About 21% of the gold was measured in binary form with non-sulphide gangue as inclusions, and as such would not be expected to be recoverable in bulk sulphide flotation.

Gravity concentration was tested on each rock type, the results of which are shown in Table 4.

Sample	Mass recovery %	Au grade g/t	Au recovery %	Ag grade g/t	Ag recovery %
HG_BX	1.2	65.1	19.5	432	7.4
LG_Sch	0.8	33.1	21.7	136	9.9
OX	0.5	20.2	6.3	992	11.2

Table 4: Results of Gravity Concentration Tests.

Whilst the recovery of gold via gravity concentration from HG_BX and LG_Sch composites was moderate, such recovery from the OX composite was poor, and the grades of all three concentrates were low, indicating that gravity concentration has limited application to these material types.

These findings are in line with the TESCAN results in that only a small portion of the gold is present as discrete particles. Flotation after gravity concentration was tested and there was no discernible difference between using gravity concentration followed by rougher and cleaner flotation and using flotation alone. Gravity recovery of gold was therefore not considered to be a process option for Barje.

Flotation in rougher and cleaner stages to a bulk Au-Ag concentrate was also tested. This programme focused on increasing the grade of gold in a bulk concentrate from that achieved during the first programme, while also optimizing recovery.

Rougher and cleaner tests were performed on the HG_BX and LG_Sch material. Bulk rougher concentrates were subjected to two stages of cleaning, as shown in Figure 7. The rougher concentrates were reground prior to cleaner flotation, the results of which are summarised in Table 5.

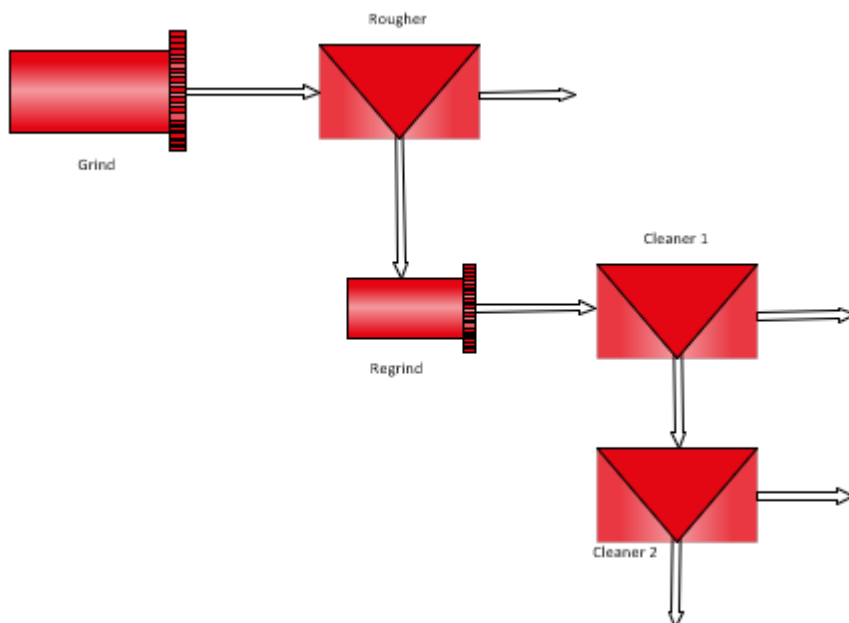


Figure 7: Flowsheet of Cleaner Flotation Tests.

	HG_BX	LG_Sch
Recovery in rougher		
Au%	91.6	88.0
Ag%	93.4	90.5
Cleaner 1 concentrate		
Au g/t	45.9	22.0
Ag g/t	770	199
Cu%	2.81	0.22
Pb%	2.81	1.66
Zn%	8.17	2.75
As%	11.3	16.2
S%	35.3	30.4
Recovery to Cleaner 1 concentrate*		
Au%	85.8	76.5
Ag%	88.8	82.7
Cleaner 2 concentrate		
Au g/t	48.9	24.4
Ag g/t	824	228
Cu%	0.29	0.24
Pb%	3.02	1.94
Zn%	8.80	3.12
As%	11.8	18.0
S%	37.7	34.6
Recovery to Cleaner 2 concentrate*		
Au%	83.4	71.2
Ag%	86.8	79.2

Table 5: Results of Cleaner Tests.

* Recovery calculated from rougher feed.

Cleaner flotation testing demonstrated recoveries of 83.4% Au and 86.8% Ag to a sulphide concentrate grading 48.9 g/t Au and 824 g/t Ag and 11.8% As from the HG_BX composite. Recoveries of 71.2% Au and 79.2% Ag to a sulphide concentrate grading 24.4 g/t Au and 228 g/t Ag were demonstrated for the LG_Sch composite. Additionally, cyanide leaching via standard bottle roll tests was evaluated for the OX composite. Tests were performed on coarse drill core rejects (as delivered to the laboratory) and material after grinding to a P80 of 78 µm. Results are shown in Table 6.

Grind size	Gold			Silver		
	Recalc. feed g/t	Leach tail g/t	Extraction %	Recalc. feed g/t	Leach tail g/t	Extraction %
-2 mm	1.62	0.38	76.6	39	15.7	59.5
80% -78 µm	1.59	0.31	80.5	39	7.2	81.6

Table 6: Results of Cyanide Leaching of OX Material.

Bulk sulphide flotation was successful in producing a marketable concentrate from HG_BX and LG_Sch material types but not from the partially oxidized material. Cyanide leaching of the partially oxidized material was moderately successful and, while not considered for this PEA, may warrant further investigation in future studies.

Mining Methods

The Barje Deposit is relatively thick, flat-lying and situated under shallow to medium-depth overburden. Initially both low-cost open pit, as well as underground methods with higher selectivity were considered, however open pit methods were preferred on account of the overall low stripping ratio and generally low RQD of the rock mass. Mining via open pit methods using hydraulic excavators and wheel loaders charging articulated dump trucks for haulage of both waste and potentially economic material is therefore projected. Mining activities at Barje will include freedigging of the weathered zones, the blasting of fresh rock, and loading, hauling and dumping of the respective materials, plus mining support activities. The removal and stockpiling of topsoil will be performed prior to mining.

Mine Design

A preliminary geotechnical characterization was undertaken, including logging of resource drill holes geotechnically for RQD, plus visual observation of cores for validation. RQD is generally low to moderate, with values ranging from 20% to 70%, although higher RQD was determined for the calcareous schists. Preliminary overall slope angles of between 37° (West) and 41° (East) were selected. No testing or modelling of pit

hydrogeology has been completed to date, however reasonable provisions for pit water management including perimeter dykes and diversion ditches, in-pit water collection ditches, and in-pit pumps and collection systems to transfer water from the open pits to discharge points for settling, and potentially treatment prior to discharge, have been made.

Pit Optimisation

Pit optimisation was undertaken using Datamine Studio NPVS (“**NPVS**”) and SimSched DBS (“**DBS**”) software packages. This two-stage process was adopted in order to establish the maximum economic pit limits and the optimal mining sequence within the pit limit. It was recognised that the standard Lerchs-Grossman optimisation methodology of determining the pit limit and mining sequence based on pit shells cannot adequately account for blending constraints or stockpiling with respect to the LG_Sch material. However, by applying a blending constraint in the optimisation stage of the DBS run it was possible to search for alternative mining sequences that maximise value whilst stockpiling the LG_Sch material. The output from DBS is a series of period surfaces (annual in this case) that represent the optimal mining sequence. These surfaces have been used to manually develop the pit stages, which were then imported back into NPVS to produce a hybrid solution that includes the optimised DBS mining sequence as user-defined pushbacks and the optimised NPVS pit limit. This pushback sequence was then re-scheduled in NPVS and the mineral inventory reported. The Mineral Resource block model was prepared using Micromine software for pit optimisation with the addition of country rock waste blocks to extend beyond the limits of the pit optimisation. The dominant rock type was written to the block model and the mean bulk density values, as estimated from exploration drilling, were applied to each rock type; the bulk density values for the mineral domains were preserved. The block model was then regularized to 5 mE, 5 mN and 2.5 mZ, prior to being exported from Micromine (*.dat) to Datamine (*.dm) format. The block size was selected to represent the minimum Selective Mining Unit (SMU) with the chosen mining equipment. The small block size selection in the Z direction was particularly important for Barje as the mining method needs to allow for mining to the contacts between the LG_Sch and the HG_BX, as well as between the HG_BX and waste on the footwall contact.

Optimisation Parameters

The pit optimisation in NPVS was unconstrained by mining boundaries or other physical boundaries. To generate the pit shells the mining rate was set to 600 Ktpa, and a discount rate of 8% was applied. The pit optimisation in DBS also assumed no physical boundaries, a mining rate of 600 Ktpa and a discount rate of 8%. In addition, a constraint was set on blending to limit the ratio of lower-grade LG_Sch to HG_BX mined in the first four years to less than 25%.

Mining costs were estimated at 2.3 US\$/t mined based on benchmarking against other contract mining operations in the Balkan region, as well as costing information obtained by Medgold. It was assumed that a significant proportion of the deposit can be mined with either no, or minimal blasting due to the low rock strength. If required, the fresh material will be ripped or lightly blasted with a low powder factor in order to increase productivity. The processing cost was assumed to be between 10.0 US\$/t and 14.5 US\$/t processed: initial optimisation studies in DBS used the higher value of 14.5 US\$/t which was subsequently reduced to 10.0 US\$/t later during the study.

Modifying factors for mining recovery and waste dilution were assumed to be accounted for through regularization of the resource block model to a standard block size representative of the selective mining unit. No further factors have been applied.

The selected block size was 5 m x 5 m x 2.5 m and was shown to yield similar tonnage and grade factors to a 5 m x 5 m x 5 m model. The tonnage and grade factors when compared to the unregularised model are in the order of +5 to +6% in tonnage and -6 to -9% for grade. These factors are considered reasonable for a flat lying deposit with a height of the mineralised section of around 20 to 30m.

Metallurgical factors are specified by dominant material type (HG_BX or LG_Sch) and are calculated as a weighted average where there is a mix of materials in a block (Table 7).

ROCK	Units	Au Recovery	Ag Recovery
HG_BX	%	85.8	84.3
LG_Sch	%	76.5	82.7

Table 7: Metallurgical Factors.

It was assumed that the oxidised material is stockpiled for the future. No economic value is assigned to this material in the pit optimisation.

Payability factors were assigned for optimisation on the assumption that there will be two separate concentrate streams, one from processing HG_BX (and mixed material) and one from processing LG_Sch (and mixed material). Payability factors were 75% for HG_BX and 60% for LG_Sch, taking into account all downstream costs, including refining. Note that while a 60% payability for LG_Sch was used for the base case pit optimisation, a payability of 40% was used during final economic analysis.

An allowance of 2.0 US\$/t Run of Mine (ROM) was allowed for concentrate transport costs to the port.

Other financial parameters considered by modelling included the long-term metal price forecast for Au and Ag, General and Administration (G&A) costs, and Royalties (Table 8).

Parameters	Units	Au Concentrate		Ag Concentrate
Metal Price	US\$/oz	1,500		16.5
G&A	US\$/t ROM	4.0		4.0
Royalty	%	5.0		5.0

Table 8: Metal prices, G&A and Royalty used in pit optimisation.

Optimisation Results

The DBS schedule optimisation was constrained by the ratio of LG_Sch to HG_BX to limit the LG_Sch processed in the first 4 years to less than 25%. This was achieved by stockpiling up to 1 Mt of lowgrade material over the active mining life of 6 years, with two years of subsequent stockpile reclaim.

The resulting mining volumes, with smoothed plant feed is shown in Figure 8.

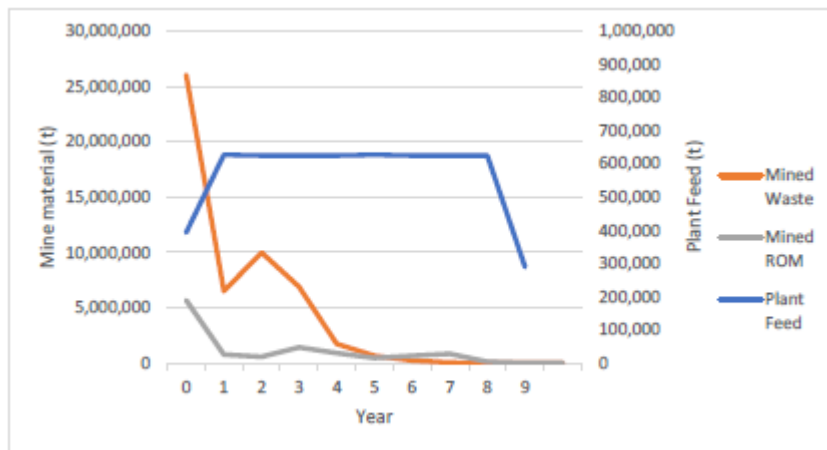


Figure 8: ROM production tonnes by period

Mined grades for HG_BX, LG_Sch, and blended plant feed, for both Au and Ag is shown in Figure 9.

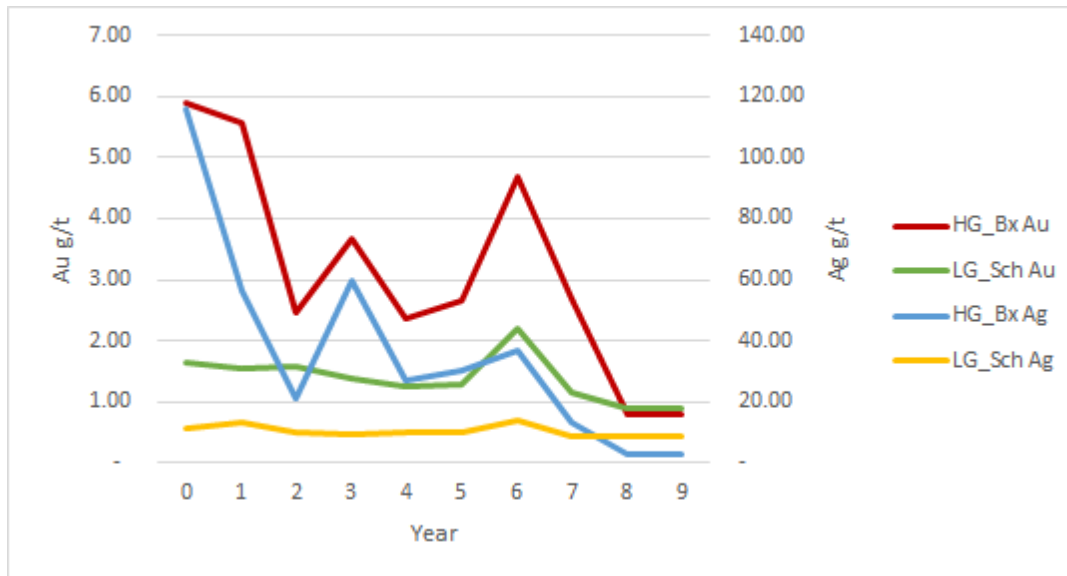


Figure 9: Processed grade by period.

ROM is transported from the north of the pit to the low and high grade stockpile areas, then reclaimed for plant feed. Waste rock would be transported to the north of the pit to for storage in the valley to the north. The waste haul for most of the benches will be relatively short and can take advantage of the fact that haul routes may the contours of the hill. This greatly simplifies the ramp systems as there is limited need to establish a permanent ramp system for either plant feed or waste, other than when the pit is well-developed, and mining is below the pit rim elevation at the southern pit exit. At a Price Factor of 1.0 the total in pit mineral inventory is 6.1 Mt @ 2.49 g/t Au and 35.6 g/t Ag. Of this 3.4 Mt @ 3.53 g/t Au and 65.1 g/t Ag is High Grade Breccia and 2.5 Mt @ 1.17 g/t and 9.6 g/t Ag is Low Grade Schist. The overall waste to ROM strip ratio is 4.6:1.

Although the overall pit limit produced by NPVS was considered valid, the mining sequence generated by it for the LG_Sch material was not necessarily optimal were blending constraints on processing the LG_Sch taken into account. In this case it was shown that the DBS mining sequence was better able to limit the amount of LG_Sch mined in the early periods when compared to the solution using NPVS alone.

Although the target of less than 25% LG_Sch plant feed cannot be met without stockpiling at least some of the LG_Sch, it is evident in the NPVS schedule that a large amount of LG_Sch will need to be stockpiled, where this is significantly less with the DBS-generated mining sequence. It is for this reason that the DBS mining sequence for the first 4.6 Mt was chosen to represent the initial mining sequence, whilst the NPVS ultimate pit limit (Price Factor = 1.0) was selected to maximise resource recovery and extend mine life as much as possible (whilst still meeting economic criteria on profitability).

Pit Design

Using the annual surfaces generated by DBS a series of pit expansions (Pit Stages or Pushbacks) were created to follow the general DBS mining sequence and account for the minimum mining width (35m) and other practicalities of mine planning.

The pit limit was selected from the NPVS analysis (Price Factor = 1.0) and was divided up into four Stages with at least six months of plant feed in each stage. This ensured that the vertical advance rate in each stage was kept to below 90m per year, which is regarded as optimal with the selected mining equipment. The general layout of the stages is shown in Figure 10 to Figure 13.

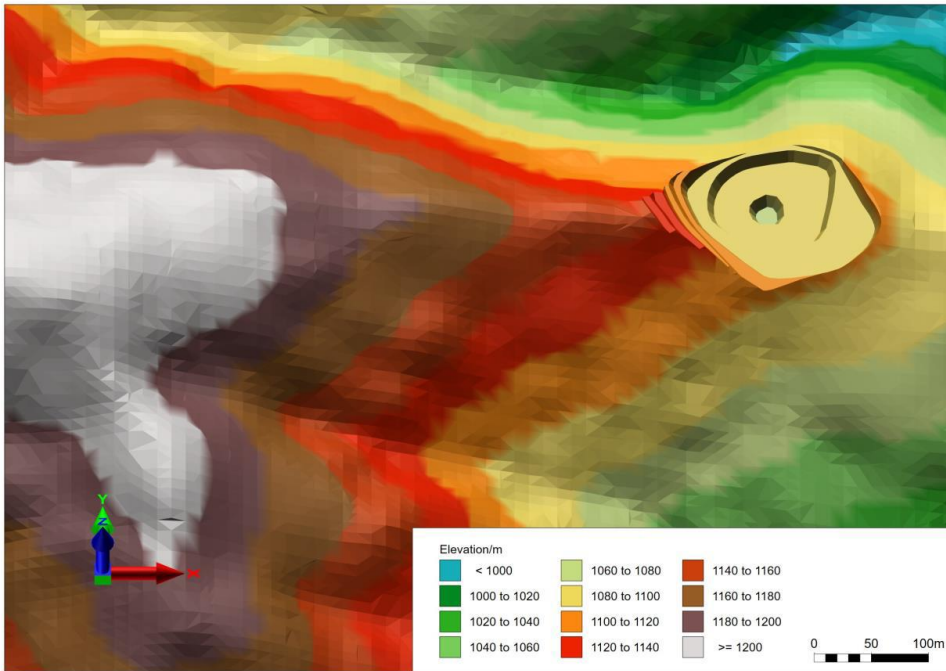


Figure 10: Development of Pit Stage Designs Pushback 1

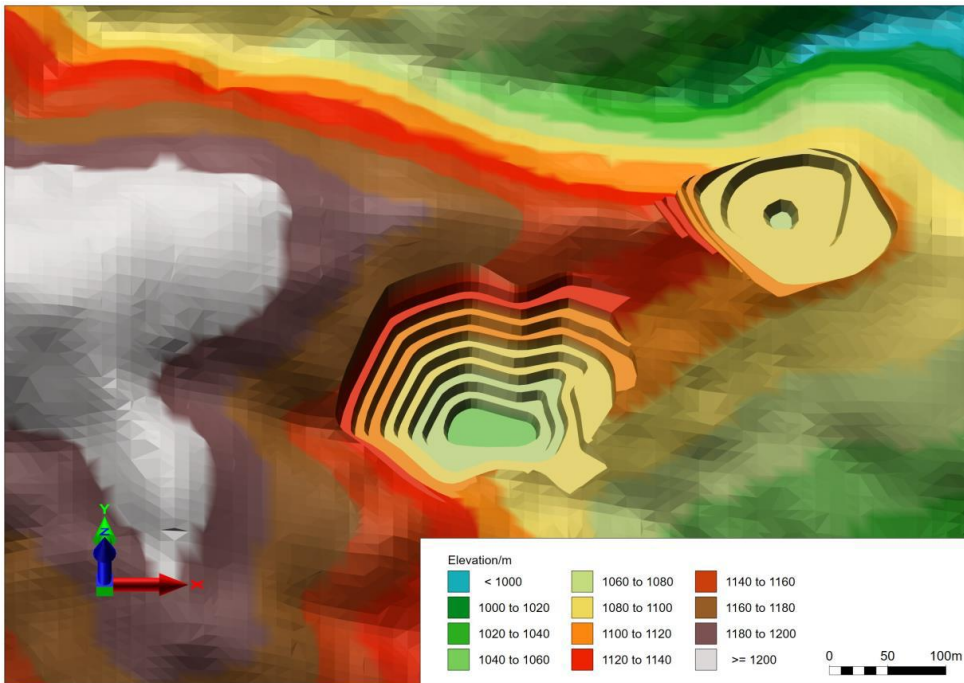


Figure 11: Development of Pit Stage Designs Pushback 2

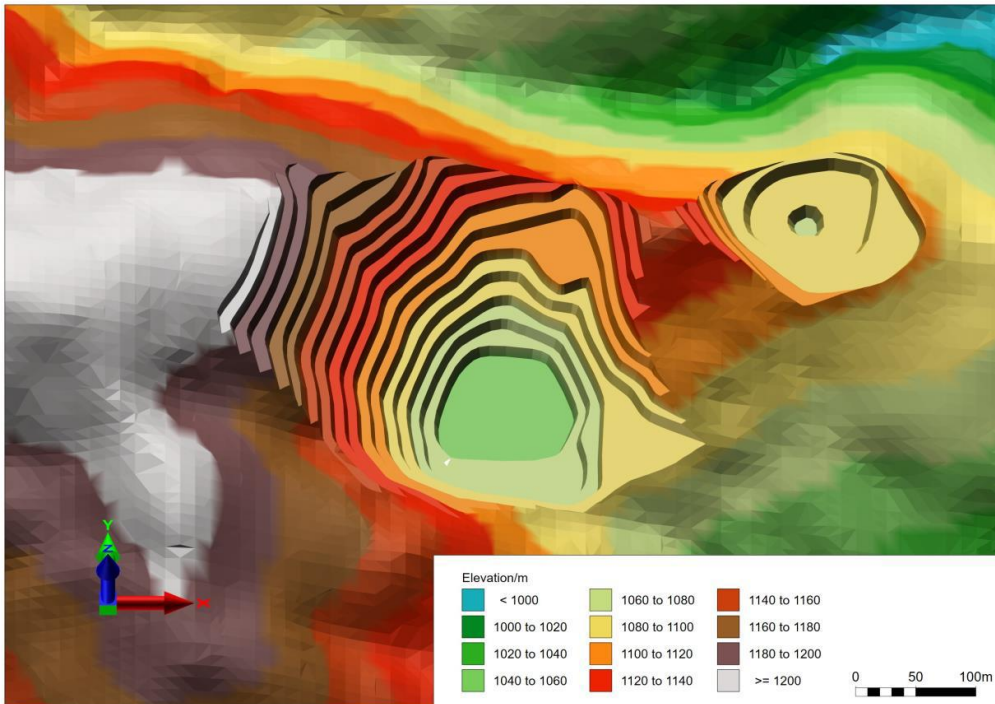


Figure 12: Development of Pit Stage Designs Pushback 3

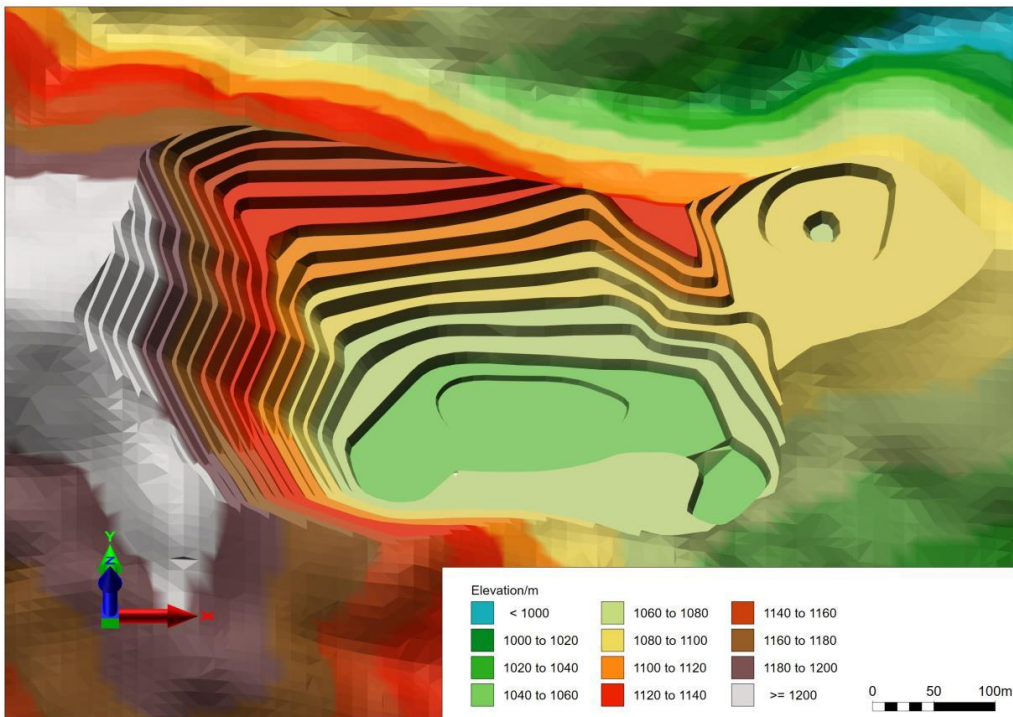


Figure 13: Development of Pit Stage Designs Pushback 4

Mine Schedule

Due to the relatively short mine life the pit stages were scheduled in periods of three months to ensure that the mine capacity was smoothed out as much as possible and that the stockpile levels were controlled in order to provide some smoothing of the grade profile. It should be noted that while the total rock movement appears to peak in Period 1 this is due to the schedule commencing mid-way through Period 0 and there being a relatively

short period of the peak mining rate (thirty months excluding pre-strip) with a rapid decline in production rate from Period 4 onwards. The total mine life is almost eight years with two years of stockpile reclaim at the end.

The resulting annualised schedule is summarised in Table 9.

Mining Summary	Units	Year										
		0	1	2	3	4	5	6	7	8	9	10
Total Rock	t	31,700,000	7,270,000	10,600,000	8,300,000	2,620,000	1,090,000	878,000	876,000	121,000	0	0
Total Waste	t	26,000,000	6,500,000	9,980,000	6,880,000	1,730,000	650,000	227,000	51,600	932	0	0
Total ROM	t	5,690,000	766,000	569,000	1,420,000	892,000	443,000	652,000	824,000	120,000	0	0
Plant Feed (All)	t	5,690,000	393,000	627,000	625,000	625,000	625,000	627,000	625,000	625,000	625,000	289,000
	oz Au	480,000	55,000	80,000	45,000	55,000	36,000	44,000	94,000	43,000	17,000	8,000
	oz Ag	7,100,000	1,500,000	1,200,000	470,000	1,300,000	630,000	670,000	740,000	340,000	160,000	75,000
	g/t Au	2.6	4.4	4.0	2.3	2.7	1.8	2.2	4.7	2.1	0.86	0.86
	g/t Ag	39	120	62	23	63	32	33	37	17	8.1	8.1
Plant Feed (HG_BX)	t	3,570,000	251,000	379,000	479,000	369,000	317,000	418,000	619,000	401,000	231,000	107,000
	oz Au	390,000	48,000	68,000	38,000	44,000	24,000	36,000	93,000	35,000	5,900	2,700
	oz Ag	6,400,000	940,000	680,000	320,000	710,000	270,000	400,000	730,000	170,000	21,000	9,500
	g/t Au	2.6	4.4	4.0	2.3	2.7	1.8	2.2	4.7	2.1	0.86	0.86
	g/t Ag	39	120	62	23	63	32	33	37	17	8.1	8.1
Plant Feed (LG_Sch)	t	2,110,000	142,000	248,000	146,000	256,000	308,000	208,000	5,870	224,000	394,000	182,000
	oz Au	85,000	7,400	12,000	7,400	11,000	12,000	8,600	410	8,300	11,000	5,300
	oz Ag	670,000	50,000	110,000	46,000	79,000	96,000	68,000	2,700	65,000	110,000	49,000
	g/t Au	2.6	4.4	4.0	2.3	2.7	1.8	2.2	4.7	2.1	0.86	0.86
	g/t Ag	39	120	62	23	63	32	33	37	17	8.1	8.1
Stockpile IN	t	2,430,000	568,000	259,000	804,000	337,000	70,700	144,000	250,000	0	0	0
Stockpile OUT	t	2,430,000	196,000	317,000	8,780	70,000	253,000	119,000	50,800	505,000	625,000	289,000
Cum Stocks	t		373,000	315,000	1,110,000	1,380,000	1,190,000	1,220,000	1,420,000	914,094	289,094	0

Table 9: Annualised Mine schedule.

Note: Scheduling Periods are 12 months with a Pre-strip period of 3 months included in Period 0.

Waste Storage and Stockpiles

A total waste rock storage capacity of 26 Mt is required. This can be contained within the valley to the north of the pit and will entail a relatively short haul from the upper benches of the stages by developing haul routes to the north around the contour of the hill.

The initial toe of the Waste Rock Storage Facility (WRSF) will need to be established with a compacted foundation keyed into the bedrock. The WRSF can then be developed by backfilling the valley from east to west with lifts of 10m and face angle of 25°. Catch berms will be left at 10m intervals in order that a final profile angle of less than 18° can be obtained by dozing down the faces during rehabilitation.

It should be possible to progressively rehabilitate the WRSF over time with surface topsoil that has been stockpiled separately for this purpose. It may also be possible to consider in-pit disposal of waste once Stage 1 has been mined out, and further in-pit disposal could take place once Stage 3 is mined out.

A water diversion system will be required to divert surface run-off away from the WRSF as the catchment area at the head of the valley is substantial.

The low-grade stockpile will be built up during the life of the mine as while a combination of high and low grade material is processed in the early stage of the life of the mine, and it is estimated that the maximum capacity will be around 1.5 Mt.

The low-grade stockpile should be placed as close as possible to the plant to reduce costs. There is an area to the south east of the pit, next to the southern pit exit, that would provide sufficient capacity for this material. The stockpile has been designed with a face angle of 35° and berm width of 5m on each 10m lift. The stockpile designed capacity, as shown in Figure 14, is in excess of 2 Mt.

The general layout of the proposed WRSF and low-grade stockpile, relative to the proposed open pit, is shown in Figure 14.

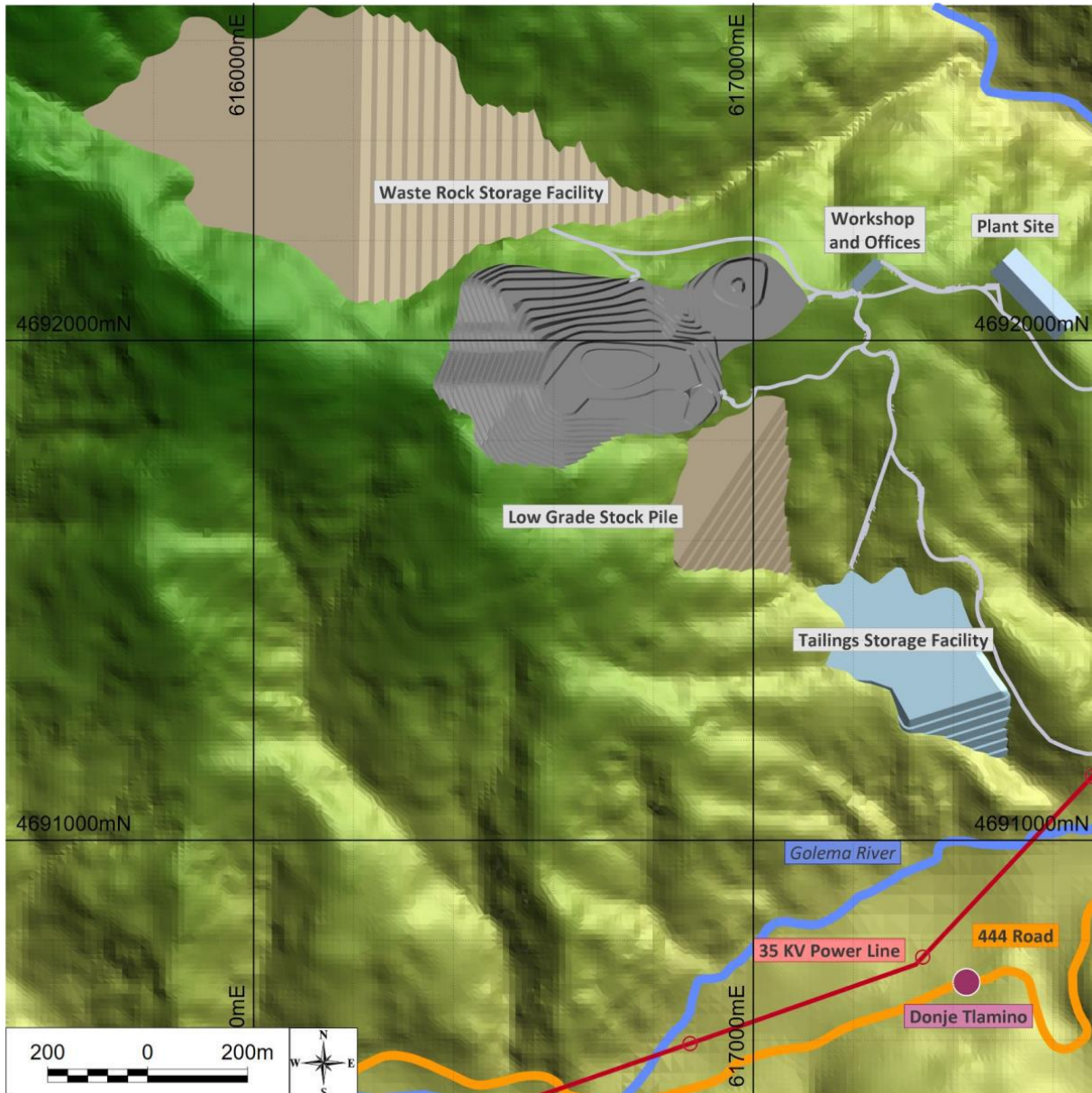


Figure 14: Plan View of Pit Limit and location of the WRSF and LG Stockpile

Mining Fleet Requirements

It is expected that the mine will be operated by a mining contractor and the final selection of equipment will be left up to the contractor. However, there is a need to ensure that certain areas of the mine can be mined selectively with 5m, or even 2.5m flitches; a relatively small hydraulic excavator is required for this task. Conversely, the short mine life (< eight years) and stripping ratio of around 4.6:1 requires a peak mining rate of approximately 29,000 tpd to be maintained for at least two to three years. It is recommended that a mix of two to three smaller excavators (3 - 5 m³ bucket) and one Front End Loader are used in order to give some flexibility and to allow for reclaiming from a ROM stockpile at times.

Based on an average cycle time of 20 minutes for waste and 15 minutes for potentially economic material it is expected that the maximum haulage fleet requirement will consist of 18 x 40 t articulated dump trucks. The haulage times at Barje are relatively short due to the flat lying nature of the deposit and limited pit depth meaning that the majority of the haul routes are on the flat or downhill.

The primary mining operations will be supported by a fleet of support equipment consisting of dozers, graders, water trucks, as well as maintenance and service vehicles. A list of major and support equipment is provided in Table 10.

Equipment	Size/Model	Scheduling Period (Years)										
		0	1	2	3	4	5	6	7	8	9	10
Excavator	5 m ³	3	3	3	1	1	1	1	1			
Wheel Loader	5 m ³	1	1	1	1	1	1	1	1	1	1	
Haul Truck	40 t ATD	14	18	15	6	4	4	4	3	2	2	
Backhoe		1	1	1	1	1	1	1	1			
Track Dozer	D9	1	1	1	1	1	1	1	1			
Grader	12' Blade	1	1	1	1	1	1	1	1	1	1	
Rubber Tyre Dozer		1	1	1	1	1	1	1	1	1	1	
Water truck	30,000 l	1	1	1	1	1	1	1	1	1	1	
Fuel & Lube		1	1	1	1	1	1	1	1	1	1	
Service truck		1	1	1	1	1	1	1	1	1	1	
Crane	Grove 40 t	1	1	1	1	1	1	1	1	1	1	
Forklift		1	1	1	1	1	1	1	1	1	1	
Welding truck		1	1	1	1	1	1	1	1	1	1	
Personnel van		1	1	1	1	1	1	1	1	1	1	
Pickup truck		4	6	6	6	6	4	4	3	2	2	
Lighting Plants		4	6	6	6	6	6	4	4	4	2	

Table 10: Fleet Requirements

Mine Labour

Mine labour has been estimated on the basis of two shifts per day covered by a 4-crew roster. The majority of this workforce will be provided by the mining contractor. In addition, there will be a small management team and technical services will be required to manage the mining contractor (Table 11).

Role	Contractor/ Owner	Scheduling Period (Years)										
		0	1	2	3	4	5	6	7	8	9	10
Mine Manager	Both	2	2	2	2	2	2	2	2	2	2	
Mine Supervisor	Contractor	8	8	8	8	8	8	8	8	8	8	
Operators	Contractor	148	180	168	124	116	108	100	92	68	60	
Admin staff	Both	8	8	8	8	8	8	8	4	4	2	
Chief Surveyor	Contractor	1	1	1	1	1	1	1	1			
Surveyors	Contractor	4	4	4	4	4	4	4	2			
Samplers	Contractor	4	4	4	4	4	4	4	2			
Maint Mgr.	Contractor	2	2	2	2	2	2	2	2	2	2	
Mechanics	Contractor	32	32	32	32	24	16	8	8	8	8	
Tyre Bay	Contractor	8	8	8	8	8	8	4	4	4	4	
Chf Geologist	Owner	1	1	1	1	1	1	1	1			
Geologists	Owner	8	8	8	8	8	8	8	4	2	2	
Tech Serv Mgr	Owner	1	1	1	1	1	1	1	1			
Engineers	Both	8	8	8	8	8	8	8	4			
Total		235	267	255	211	195	179	159	135	98	98	

Table 11: Manpower Requirements

Recovery Methods

Recovery of gold is via grinding and flotation to a saleable bulk Au-Ag concentrate. The concentrate obtained from the LG_Sch material is of lower grade than that from the HG_BX material and payability of metal content is likely to be lower. The two material types will be processed in the same concentrator but at different times, i.e. on a campaign basis, in order to maximize revenue from the higher-grade material. Laboratory test work has shown that the same grind size and flotation parameters are applicable to both material types and can result in commercially viable products.

Run-of-mine (ROM) material is hauled by trucks and tipped on a storage and blending stockpile. This will facilitate campaigning of the lower-grade material.

Stockpiled ROM is reclaimed by front-end loader and tipped into a bin. A vibrating grizzly feeder (VGF) extracts ROM from the bin and scalps coarse material which is fed to a jaw crusher. Undersize from the VGF joins the jaw crusher discharge and is conveyed to a double deck vibrating screen. Oversize from the top deck is conveyed to a secondary cone crusher and oversize from the lower deck is conveyed to a tertiary cone crusher. The cone crushers are adjacent to the jaw crusher and located above the conveyor which collects the VGF undersize, and the combined crusher discharges are returned to the vibrating screen. A nominal undersize d80 of -10 mm screen has been assumed. Undersize from the vibrating screen is the final product from the crushing circuit and is conveyed to a storage bin.

Crusher product is extracted from the bin by feeders which discharge onto a conveyor which delivers the material to a ball mill. While no comminution testing has been performed, ball milling with feed prepared by three-stage crushing and screening is assumed as this represents a robust option for this material type. The mill operates in closed circuit with hydrocyclones, the cyclone underflow returning to the mill and the overflow advancing to flotation. A mill circuit product that has 80% passing 80 µm is required, as used in the flotation test work.

Overflow from the mill cyclones enters an agitated tank in which the slurry is conditioned with flotation reagents. Based on the laboratory test work, potassium amyl xanthate (PAX) is used as a sulphide collector and methyl isobutyl carbinol (MIBC) as a frother.

A rougher flotation stage followed by two stages of cleaner flotation are sufficient to produce acceptable concentrate. Concentrate from the rougher cells is reground before it passes to cleaner cells for upgrading. The rougher concentrate is pumped to a hydrocyclone, the underflow of which is fed to a regrind ball mill while the overflow advances to cleaner flotation. Concentrate slurry from the cleaner cells passes to a recleaner cell. Recleaner concentrate is final concentrate while recleaner tailing enters the first cleaner cell with the rougher concentrate. Cleaner tailing is returned to the rougher. In the laboratory tests the cleaner tailing did not return to the rougher as only single batch tests were performed and, while it is assumed for this PEA that returning the cleaner tail is not detrimental to rougher flotation and will therefore have a positive effect on recovery, this should be confirmed through locked cycle tests. PAX and MIBC are added to the cleaner stages as required. Recleaner concentrate is the final product. Water is first removed in a conventional thickener; the thickened slurry being stored in an agitated tank before dewatering further by means of a pressure filter. Concentrate filter cake is stored and blended in a shed before transport off site by road. The water recovered by the thickener and filter is returned to the mill circuit.

The rougher flotation tailing is densified in a high-rate thickener, the underflow being stored in an agitated tank before final dewatering by means of a pressure filter. Tailings are deposited in a drystack type Tailings Storage Facility ("TSF"). Thickening and pressure filtration have been used to improve the geotechnical properties and reduce environmental impacts, including maximum recycling of water. Filtered tailings are trucked to the TSF.

Project Infrastructure

Barje is located 20km south of the town of Bosilegrad, via the 444 sealed road. From route 444, existing gravel tracks lead to the site. The 444 route is serviced by existing 35 kV powerlines running parallel to the road, from Bosilegrad to the town of Podvirovi to the West. The site is flanked by existing rivers, a non-perennial drainage to the North, and the perennial, transboundary Golema river to the south.

Site infrastructure suitable for a 600,000 tpa ROM open pit mine is planned and costed in the present study. New haulage-standard roads will be established from the existing gravel road junction with route 444, up to the site from the south, passing the pit and stockpile sites, and through to the ROM pad at the plant site. Additional roads to the waste rock storage facility and the tailings storage facility location will also be established. Main power will be teed from the existing 35kV powerline along the 444 road to Podvirovi with a 35kV/1000V transformation station and sub-station established near the plant site. A backup power line at 35kV is planned per Serbian mining regulations. Electricity will be reticulated to other main consumers at 1000V.

The main mobile equipment workshop, mine office and changehouse will be located near the pit ramp exit. Structures will comprise steel frameworks with brick walling, sheeted, insulated roofs and standard finish for interiors. Communications and control will be by pervasive WiFi. Pit dewatering will be by semi-permanent submersible pump stations delivering mine water to a common settling pond on surface prior to discharge.

Plant site infrastructure will include a main office, workshop and store with the plant motor control centre and control room located above. A small laboratory for assay/metal accounting and QA/QC will be provided, along with a weighbridge for concentrate accounting. Structures again will be steel framed with brick walling, sheeted insulated roofs and standard fittings.

Fresh water will be sourced from groundwater and pumped to a freshwater tank for use. Potable water will be treated by reverse osmosis prior to distribution. Fresh water will also be pumped to the process water tank for process water make-up. Brown water from changehouses and washrooms in the offices will be routed to a packaged bio-disc sewage system for treatment prior to discharge.

Non-contact surface water will be routed around terraces and structures by suitable berms and culverts for discharge to pre-existing drainage channels. Contact surface water together with excess mine water pumped from the open pit will be collected, settled, and treated if required prior to discharge to pre-existing site drainage.

Tailings storage will be via dry-stack method, with the filter plant located at the plant site and dry tailings cake loaded by FEL and transported by ADT to the TSF for shaping and compaction. Water recirculation will be direct from the tailing thickener and filter to the process water tank for re-use.

Environmental and Social

The Serbian legal and permitting context, current understanding of site settings and proposed further studies are described, together with initial identification of potential issues and impacts. The legal framework for mining in Serbia was updated with a new Mining Law in 2015 which has increased the efficiency of the permitting process but with remaining complexity. The framework is aligned with EU regulations and includes a formal Environmental and Social Impact Assessment (“**ESIA**”) procedure with minimum 12 months baseline for data collection. A Certificate of Reserves is a prerequisite to obtain the main permits required for mining in Serbia, namely, an Exploitation Field Permit, Mine Works and Facilities Construction Permits, and Approval for Use Permit. The Certificate of Reserves and Exploitation Field Permit both require ESIA Scoping level responses and conditions for Cultural Heritage and Water-approval studies. A permit register with application submission dates, authorising bodies and expiry dates is recommended to avoid permitting delays.

Some initial baseline studies have started at the Barje site, including a surface and groundwater sampling exercise completed by Medgold in 2017, together with desktop investigations and compilation of existing and publicly available data. Additional physical data on surface water quality, air quality and noise are available from baseline studies in the adjacent property at the Mineco Podvirovi deposit <5 km away.

There is an effective weather monitoring network in Serbia from a data collection perspective, however a site weather station will need to be established in order to monitor local variations. Ambient air quality and noise levels are generally good in this rural location, though the area is seismically active with a “medium” earthquake hazard classification. The geology of the area and deposit is generally well understood and mineralogical data for the waste rock, different potential ore types and likely tailings material are being gathered. The target rocks are sulphide/pyrite rich, carbonate poor and with some elevated arsenic content, with potential for acid rock drainage and metal leaching that will each require detailed geochemical investigations and test work.

Monitoring data have been compiled for stream sediments, surface- and groundwater quality and shows surface water pH as being above neutral, though with some groundwater samples slightly acidic. Some background exceedances of national limit values were found for arsenic and nickel. Desktop information has been gathered on soils and land-use, surface water hydrology, biodiversity, vegetation, fauna and protected areas, archaeology and cultural heritage, and social aspects with demographics and economic activity. The socio-economic data show general depopulation and economic decline in the area.

Although at an early project stage, Medgold has been engaging with the municipality and local communities since the start of exploration activities, and has a Community Policy, Stakeholder Engagement guidelines, Project Disclosure systems, a Community Assistance Programme and a Grievance Mechanism. A conceptual Closure Plan with cost estimate will need to be developed for submission with the application for the Mine Building Permit together with a bank guarantee.

Economic Analysis

Preliminary economic analysis has been undertaken for the Barje Deposit of the Tlamino Project. Such analysis considers revenue based on the preliminary mining schedule presented in section 16, metal recoveries as presented in section 13, market factors as presented in section 19 and capital and operating costs as presented in section 21. Estimates and analysis are to scoping level (+/-30%).

Capital Costs

Capital costs for mine development, mine infrastructure, process 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. Estimates have been made based on current designs and quotes from recent similar projects by Bara Consulting. Plant capital includes 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 35kV line), water and internal roads. A summary is presented in Table 12. Estimates for closure were also assessed during the ESIA review process.

DESCRIPTION	QTY	UNIT	TOTAL COST (US\$M)
Mine Development	3.25	Mt	7.48
Process Plant	600,000	tpa	34.6
Surface Infrastructure			14.0
Indirect Costs	15	%	8.41
Contingency	15	%	9.67
Total			74.2

Table 12: Capital Cost Estimates.

Operating Costs

A high-level breakdown of operating costs is provided. Estimates have been made 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, and a stockpile reclaim cost for low-grade 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 13 below.

DESCRIPTION	UNIT	COST / UNIT (US\$)
MINING		
Mining cost - ROM	t	2.80
Mining cost - Waste	t	2.30
PROCESSING		
Processing	t	11.50
Conc Transport (per ROM t)	t	3.24
General and Admin	t	5.80

Table 13: Operating Cost Estimates.

Economic Analysis

The economic analysis presented in this report 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. There is therefore no certainty that the preliminary economic assessment presented here will be realized.

A long-term Au price of US\$1500/oz and a silver price of US\$16.50/oz per London Bullion Market Association (LBMA) data were used (LBMA, 2020). Metal payability is 75% for HG_BX and 40% for LG_Sch material types, both net of treatment charges. A summary is presented in Table 14.

Revenue	458	US\$M
Operating Cost	181	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	%
Peak Funding Requirement	37	US\$M
Payback Period	2.0	years

Table 14: Barje Project Key Financial Metrics

The NPV of the Tlamino Project, at a discount rate of 8%, is US\$101M with an IRR of 49%. The operating margin, describing an extremely robust project, is 61%. Upfront capital is US\$63M, plus US\$10M contingency, with peak funding of US\$37M and a payback of two years. Life of Mine C1 cash costs of US\$464/oz, and LOM AISC of US\$522/oz, would place the Tlamino Project – if operating – in the current lowest quartile cost of global gold production.

Recommendations

Recommendations include commencing infill drilling work to support a potential conversion of Inferred to Indicated Resources, and field programmes in support of a potential Preliminary Feasibility Study (“PFS”) on the Barje Deposit. This work would include additional geotechnical and hydrogeological investigation, additional metallurgical testing and commencement of environmental base line studies including air, water, soil, fauna, and flora.

Geology and Resources

Infill drilling on approximately 60 metre centres is recommended to potentially convert Inferred Resources to Indicated Resources at the Barje Deposit. On this basis, approximately 3200 metres of drilling is recommended; results of the drilling should be periodically re-evaluated during the programme to test confidence and appropriateness of drill spacing. Dedicated drillholes for geotechnical and hydrogeological purposes would ideally be completed while the drill rig is on site to avoid remobilisation costs.

Potential exists for a laterally faulted offset of the Barje mineralization to be present on the EL, and additional geological mapping and interpretation may assist in exploring for a faulted continuation of the mineralization. Drilling to date at the Karamanica Prospect has been limited to targets identified mainly by interpretation of geochemical and geophysical datasets. A reassessment of the Karamanica Prospect, considering the additional information gained by drilling in 2019, may lead to additional targets on the Prospect which, if present, would require additional drill testing. Additional mineralogy and paragenetic studies may also be useful in understanding the genesis of the deposit which may bolster metallurgical studies and improve the understanding of the larger mineralized systems in the area.

Mineral Processing and Metallurgical Testing

Further metallurgical testing is required to support a Pre-Feasibility Study (PFS). Standardised comminution tests will be required to provide data to determine the most effective methods for primary comminution and flotation concentrate regrinding and to enable preliminary sizing of equipment. Additional flotation test work should be completed on composites of the HG_BX and LG_Sch material types in order to evaluate grade and metal concentration vs recovery relationships. Test work on one or more composite samples of both material types is also recommended to evaluate the effects of blending and material mixing during mining on metallurgical response. Further testing of the OX material by cyanide and cyanide-free leaching (e.g. thiosulphate) warrants further investigation, as does scout testing of biohydrometallurgical and oxidizing leach processes for all material types.

Mining

No immediate mining-specific studies are required for the subsequent recommended work programmes, however information and data that are collected in other suggested work programmes should be incorporated into any future mining studies. This includes further work relating to analysis of the slope stability using geotechnical data from the orientated drill core in combination with hydrogeological data to account for the water table and other hydrogeological parameters.

Metallurgical modelling of the various material types should be improved provided appropriate further metallurgical test work has been completed. Consideration should be given to grade vs. recovery across both main material types and mixed material types. Blending the HG_BX and LG_Sch material types should also be evaluated with respect to final concentrate grade, following which a re-evaluation of mining cut-off grades and the mine schedule should be undertaken; detailed scheduling per month is required to confirm the pre-strip requirements. Formal offtake studies should also be pursued which may also impact the mine schedule and cut-off grades.

Environmental and Social

PFS reporting requires evaluation of project impacts based on results of the baseline studies for the initial permitting process. The baseline studies may not have a full 12 months of monitoring data at the time of PFS, however initial field surveys should be completed. It is therefore recommended to commence ESIA study programmes and baseline data gathering including air, water, soil, fauna and flora studies, urbanization mapping and community consultation, plus development of an impact management programme.

Indicative Budget for Further Work

An indicative Phase 1 budget for an exploration programme with the intention of converting the majority of Inferred Resources to Indicated Resources is presented in Table 15; allowances are included for regional exploration drilling as well as dedicated geotechnical and hydrogeological drillholes and consulting fees to complete a Mineral Resource update. Based on favourable results from Phase 1 it is advised to proceed with Phase 2 recommendations which include additional metallurgical testwork and the commencement of environmental baseline data collection, an indicative budget for which is outlined in Table 16. It may be practical to undertake some components of Phase 1 and 2 in parallel, for example initiating low-cost environmental baseline data collection during the next field season.

Item	Units	Unit Cost	Sub-totals		
			EUR	CAD	USD
Infill diamond drilling	3,200 m	75	240,000	360,000	288,000
Target testing diamond drilling	2,000 m	75	150,000	225,000	180,000
Geotech and Hydro Drilling	600 m	100	60,000	90,000	72,000
Assays of drill_core	4,500	55	247,500	371,000	297,000
Staffing - core yard technicians	3 months	6,000	18,000	27,000	22,000
Staffing - geology and professional	6 months	25,000	150,000	225,000	180,000

Item	Units	Unit Cost	Sub-totals		
			EUR	CAD	USD
Overheads, vehicles, core yard, rental	6 months	10,000	60,000	90,000	72,000
Land access and groundworks	1	30,000	30,000	45,000	36,000
Consulting and MRE update	1	50,000	50,000	75,000	60,000
Sub-total			1,006,000	1,509,000	1,207,000
Contingency (10%)			101,000	152,000	121,000
Total			1,107,000	1,661,000	1,328,000

Table 15: Phase 1 indicative costs for additional drilling and MRE update.
Exchange rates; EUR1 = CAD1.5 or USD1.2

Item	Units	Unit Cost	Sub-totals		
			EUR	CAD	USD
Additional Scout Metallurgical Tests	1	50,000	50,000	75,000	60,000
Commence EBLs Data collection	12 months	5,000	60,000	90,000	72,000
Consulting and Advisory	1	50,000	50,000	75,000	60,000
Sub-total			160,000	240,000	192,000
Contingency (10%)			16,000	24,000	19,000
Total			176,000	264,000	211,000

Table 16: Phase 2 indicative costs for additional metallurgical testwork and commencement of environmental baseline data collection.
Exchange rates as per Table 14.

In 2021, subsequent to the date of the Tlamino Project Technical Report, Medgold collected a total of 121 rock chip and soil samples over the Donje Tlamino, Surlica-Dukat and Zuti Kamen exploration licenses. This work was undertaken for tenure maintenance purposes and was unrelated to the area that was the subject of the preliminary economic assesment. The assay results from the samples did not warrant any follow up work on the areas from which the samples were taken. In 2022, 319 sample pulps from existing rock chip and drill core samples were set aside from the Donje Tlamino and Surlica-Dukat materials for analysis, but due to budgetary constraints, the analysis was never completed. Consequently, the results of the aforementioned work conducted by Medgold do not impact the findings or the recommendations set out in the Tlamino Project Technical Report and no component of the recommended work program set out in the Tlamino Project Technical Report has been completed, and therefore, no update to the recommended work program is required.

Selected Financial Information and MD&A

The following table sets out selected financial information for Medgold for the years ended December 31, 2022, 2021 and 2020 and the 3 month period ended March 31, 2023 and should be read in conjunction with Medgold's consolidated financial statements for those periods. The audited consolidated financial statements of Medgold for the year ended December 31, 2022, December 31, 2021, and December 31, 2020 and the unaudited interim consolidated financial statements for the 3 month period ended March 31, 2023 are attached hereto at Schedule "A".

	3 month period ended March 31, 2023 (\$)	Financial year ended December 31, 2022 (\$)	Financial year ended December 31, 2021 (\$)	Financial year ended December 31, 2020 (\$)
Total Expenses	170,527	721,521	1,070,645	1,449,904
Amounts deferred in connection with the Proposed Transaction	142,132	32,888	Nil	Nil

Medgold's MD&A for the years ended December 31, 2022, 2021 and 2020 and the 3 month period ended March 31, 2023 are available on SEDAR at www.sedar.com, and should be read in conjunction with Medgold's audited consolidated financial statements for the years ended December 31, 2022, 2021 and 2020 and the unaudited interim consolidated financial statements for the 3-month period ended March 31, 2023 which are attached hereto as Schedule "A".

Description of Securities

Medgold's authorized share structure consists of an unlimited number of Common Shares without par value. As of the date of this Circular, there are 134,789,032 Medgold Shares outstanding. There are 40,870,000 Medgold Warrants and 7,090,000 Medgold Options outstanding.

The holders of Medgold Shares are entitled to vote at all meetings of Shareholders, to receive dividends if, as and when declared by the directors and to participate rateably in any distribution of property or assets upon the liquidation, winding-up or other dissolution of Medgold. The Medgold Shares carry no pre-emptive rights, conversion or exchange rights, or redemption, retraction, repurchase, sinking fund or purchase fund provisions. There are no provisions requiring the Shareholder to contribute additional capital and no restrictions on the issuance of additional securities by Medgold. There are no restrictions on the repurchase or redemption of Medgold Shares by Medgold except to the extent that any such repurchase or redemption would render Medgold insolvent.

Stock Option Plan

Medgold has in place the 2015 Option Plan, dated effective October 6, 2015, which is a "rolling" stock option plan, pursuant to which a maximum of 10% of the issued and outstanding common shares of Medgold at the time an option is granted may be reserved for issuance pursuant to the exercise of incentive stock options, which was subsequently approved by the TSXV. The 2015 Option Plan was ratified and approved, pursuant to TSXV policy, by shareholders at the Company's last annual general meeting held on December 8, 2021. Under TSXV policy, all such rolling stock option plans must be approved and ratified by shareholders on an annual basis.

The material terms of the 2015 Option Plan are as follows:

1. the 2015 Option Plan reserves a rolling maximum of 10% of the issued capital of Medgold at the time of granting of each option, with no vesting provisions other than the vesting restrictions required by the TSXV for options granted to investor relations consultants;
2. no more than 5% of the issued capital may be reserved for issuance to any one individual in any 12 month period;
3. no more than 2% of the issued capital may be reserved for issuance to any consultant (as defined by the TSXV) or to an optionee providing investor relations services in any 12 month period;
4. the minimum exercise price of an option cannot be less than the Market Price (as defined by the TSXV) of the Company's shares;
5. options will be granted for a period of up to ten years;

6. options are non-assignable and non-transferable;
7. unless otherwise determined by the Board, a vested option is exercisable for up to 90 days from the date the optionee ceases to be a director, officer, employee or service provider of Medgold or of its subsidiaries, unless: (i) such optionee was terminated for cause, in which case the option shall be cancelled, or (ii) if an optionee dies, the legal representative of the optionee may exercise the option for up to one year from the date of death;
8. unless otherwise determined by the Board, if an optionee's employment or service with Medgold is terminated by Medgold without cause, by the optionee for "Good Reason" (as defined in the 2015 Option Plan) or due to disability or death, a portion of the unvested options held by such optionee shall immediately vest according to a set formula;
9. unless otherwise determined by the Board, where an optionee's employment is terminated by the Company within 12 months after a Change of Control of Medgold, the optionee resigns for Good Reason within 12 months after a Change of Control, or if the optionee dies while performing his or her regular duties as a director, officer and/or employee of Medgold or its subsidiaries, then all of his or her outstanding options shall immediately vest; and
10. there are provisions for adjustment in the number of shares issuable on exercise of options in the event of a share consolidation, split, reclassification or other relevant change in Medgold corporate structure or capitalization.

During the financial year ended December 31, 2022, Medgold, subject to TSXV acceptance and shareholder approval, amended and restated its option plan. Shareholders will also be asked at the Meeting to pass an Ordinary Resolution approving the Option Plan Resolution. See "*Particulars of Matters to be Acted Upon – Approval of the Amended and Restated Option Plan*".

Prior Sales

Medgold did not issue any securities during the 12 months before the date of the Circular.

Stock Exchange Price

The following table sets out the high and low closing prices and volume of trading of the Medgold Shares on the TSXV for the periods indicated.

Period	High	Low	Volume
January 2023 – July 12, 2023	N/A	N/A	0
October 1, 2022 to December 31, 2022	0.01	0.005	417,198
July 1, 2022 to September 30, 2022	0.015	0.005	5,226,490
April 1, 2022 to June 30, 2022	0.02	0.01	4,532,331
January 1, 2022 to March 31, 2022	0.025	0.015	2,151,464
October 1, 2021 to December 31, 2021	0.035	0.015	9,557,676
July 1, 2021 to September 30, 2021	0.045	0.025	9,954,161
April 1, 2021 to June 30, 2021	0.06	0.035	7,802,722

Non-Arm's Length Party Transaction/Arm's Length Transaction

Medgold has entered into certain Non-Arm's Length Transactions in the normal course of operations. See "Interest of Informed Persons in Material Transactions" herein for a description of Non-Arm's Length Transactions between Medgold and Fortuna.

The proposed RTO is an Arm's-Length Transaction.

Legal Proceedings

There are no actual or pending material legal proceedings to which Medgold is, or is likely to be, a party or of which any of its assets is, or is likely to be, subject which is known to Medgold.

Auditor, Transfer Agent and Registrar

Auditor

Medgold's independent auditors are Smythe LLP, Chartered Professional Accountants, of 1700-475 Howe Street, Vancouver, BC V6C 2B3. Smythe LLP is independent of Medgold in accordance with the Code of Professional Conduct of the Chartered Professional Accountants of British Columbia.

Transfer Agent and Registrar

Medgold's transfer agent and registrar is Computershare Trust Company of Canada, 510 Burrard Street, Vancouver BC V6C 3B9.

Audit Committee and Relationship With Auditor

Under National Instrument 52-110 – Audit Committees ("**NI 52-110**") reporting issuers are required to provide disclosure with respect to its Audit Committee including the text of the Audit Committee's Charter, composition of the Committee, and the fees paid to the external auditor. The disclosure with respect to Medgold's Audit Committee and auditor fees is attached to this Circular as Schedule "D".

Material Contracts

Other than contracts entered into in the ordinary course of business, Medgold's only material contract is the Amalgamation Agreement.

Copies of the material contracts described above may be inspected at Medgold's head office at any time during ordinary business hours and until 30 days after the completion of the Amalgamation.

Corporate Governance

The information required to be disclosed by National Instrument 58-101, Disclosure of Corporate Governance Practices, is attached to this Circular as Schedule "F".

Executive Compensation

Securities laws require that a "Statement of Executive Compensation" in accordance with Form 51-102F6V be included in this Circular. Form 51-102F6V prescribes the disclosure requirements in respect of the compensation of executive officers and directors of reporting issuers and is attached to this Circular as Schedule "E".

Equity Compensation Plan Information

The following table sets forth certain information pertaining to the 2015 Option Plan as at December 31, 2021:

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Plan Category	(a)	(b)	(c)
Equity compensation plans approved by securityholders	7,625,000	\$0.10	5,853,903
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	7,625,000	N/A	5,853,903

The following table sets forth certain information pertaining to the 2015 Option Plan as at December 31, 2022:

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Plan Category	(a)	(b)	(c)
Equity compensation plans approved by securityholders	7,101,666	\$0.10	6,377,237
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	7,101,666	N/A	6,377,237

Indebtedness of Directors and Senior Officers

Other than indebtedness that has been entirely repaid on or before the date of this Circular, “routine indebtedness” (as defined in Form 51-102F5 – Information Circular, of the Canadian Securities Administrators) or otherwise as disclosed hereunder, none of the directors, senior officers, proposed nominees for election as directors or their Associates have been indebted to Medgold since the beginning the last completed financial year.

INFORMATION REGARDING BMC

Corporate Structure

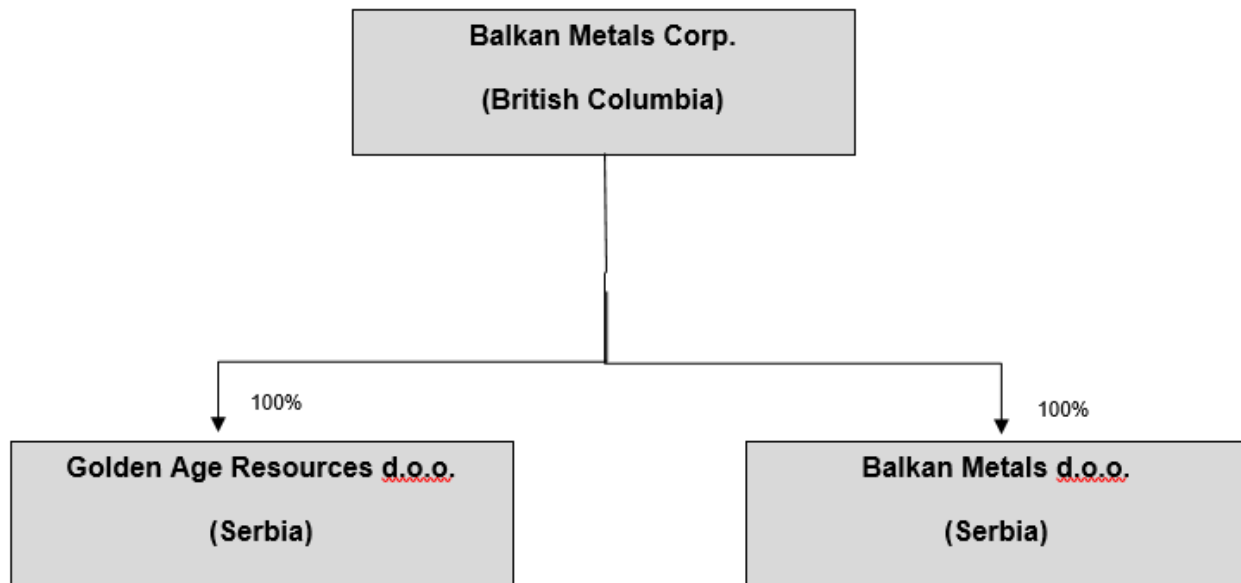
Name and Incorporation

Balkan Metals Corp. was incorporated under the BCBCA on May 22, 2021 under the name “1306791 B.C. Ltd.”. BMC changed its name to Balkan Mining Corp. on June 2, 2021, and subsequently changed its name to Balkan Metals Corp. on June 9, 2021.

BMC’s registered and records offices are located at 820 – 1130 W Pender Street, Vancouver, British Columbia, V6E 4A4. BMC’s head office is located at 820 – 1130 W Pender Street, Vancouver, British Columbia, V6E 4A4.

Intercompany Relationships

The following chart outlines BMC's relationships with its subsidiaries:



Note: Balkan Metals d.o.o is inactive.

General Development of the Business

History

BMC was formed on May 22, 2021 to carry on the business of mineral exploration in Serbia.

During the preceding two financial years, BMC has been focused on obtaining financing, acquiring and conducting exploration on various exploration permits in Serbia.

On October 11, 2021 BMC and Mineral Grupa entered into the Mineral Grupa Agreement pursuant to which BMC was granted an option to earn a 100% interest in the Miranovac Property in Serbia. Pursuant to a mutual termination agreement dated April 20, 2022 between BMC and Mineral Grupa the parties agreed to terminate the Mineral Grupa Agreement. BMC has no further obligations under the Mineral Grupa Agreement and did not earn any property interests with respect to the Mineral Grupa Agreement.

On January 6, 2022, BMC entered the Golden Age Agreement with Golden Age and each beneficial shareholder of Golden Age (the “**Vendors**”), pursuant to which BMC acquired all of the shares of Golden Age.

On May 22, 2023, BMC entered into a letter agreement with a third party with respect to a minimum program of diligence to be conducted on the Lece West Project, with a view to, on a non-binding basis, entering into a farm-in joint venture or similar commercial arrangement to explore for minerals. Such third-party has agreed to fund the minimum program and upon completion of such program shall determine if they wish to continue with further mineral exploration or will terminate the letter agreement. Should the parties determine to enter into a farm-in joint venture or similar commercial arrangement, the parties will in good faith negotiate the terms of a binding agreement which will include: the formation of a technical committee to set an annual technical program and budget, and the initial funding of exploration by the third party of USD\$500,000 on the Lece West Project. The parties also agreed, on a non-binding basis, that upon contribution of total funding of USD\$5,000,000 within two years, the third party will earn a 51% interest in the Lece West Project and a joint venture entity will be formed. Upon contributing

additional funding of USD\$8,000,000, the third party will earn an additional 34% interest in the Lece West Project at which point BMC will have the option to convert its remaining 15% interest into a 1% net smelter royalty.

Significant Acquisitions and Dispositions

Acquisition of Golden Age

Under the Golden Age Agreement, BMC acquired the Timok East Property and Lece West Project held by Golden Age. The Vendors are now shareholders of BMC.

Pursuant to the Golden Age Agreement, the Vendors agreed to sell 100% of their ownership interest in Golden Age in consideration for an aggregate of 2,200,000 BMC Shares and an aggregate of US\$59,000 in cash. Further, in consideration for certain exploration applications being converted into exploration permits, it was agreed that an aggregate of 1,800,000 BMC Shares were to be issued by BMC in accordance with certain milestones (the “**Milestone Shares**”). As of the date of this Circular, 1,000,000 Milestone Shares have been issued by BMC to the Vendors. An additional 800,000 Milestone Shares are to be issued to the Vendors once the remaining 3 permit applications, Stojnik, Kitka and Kursumluska Banja, are converted into exploration permits. The Vendors have subsequently agreed with BMC to accept the Milestone Shares through delivery of Resulting Issuer Shares instead of BMC Shares.

Pursuant to the Golden Age Agreement, BMC was required to advance funds of US\$75,000 to pay off certain debts owed by Golden Age. BMC was required to advance additional funds to repay any remaining debt on the earlier of (i) the five days after the completion of an initial public offering and (ii) six months from the effective date of the agreement. The Golden Age Agreement was amended to reduce the amount payable by BMC to repay Golden Age’s debt to US\$8,215.33. The Golden Age Agreement further stipulated that if after the closing of the Golden Age Agreement, BMC does not complete an initial public offering within nine months of the Effective Date, BMC would be obliged to pay to each Vendor such Vendor’s pro rata share of the additional sum of US\$100,000 within five days after the expiration of such nine month period. The Vendors subsequently waived the requirement to be paid this US\$100,000.

Narrative Description of the Business

General

BMC is a private mining company which, through Golden Age, holds the following exploration permits or applications for permits:

PERMIT	SIZE km ²	Ownership	MINERALISATION TARGET TYPE
LUKA	42.63	100%	Porphyry Cu-Au with potential for skarn or epithermal system
BUKOVA GLAVA	52.35	100%	Porphyry Cu-Mo-Au
ŠATRA (FORMERLY SELIŠTE)	37.3	100%	Volcanic Massive Sulphide Cu
ŽUTA BARA	27.31	100%	Porphyry Cu
MEĐANI	5.36	100%	Volcanic Massive Sulphide Cu
RADOVNICA	98.3	100%	Pb-Zn-Ag-Au hydrothermal-replacement type of mineralization
DJAKE – SEVER	3.2	100%	Porphyry Cu

PERMIT	SIZE km ²	Ownership	MINERALISATION TARGET TYPE
CRNOSTICA	68.2	100%	Pb-Zn-Ag-Au hydrothermal-replacement type of mineralization
LJUBATA	81.5	100%	Pb-Zn-Ag-Au hydrothermal-replacement type of mineralization
STOJNIK *	98.5	100%	Pb-Zn-Ag-Au Carbonate replacement, Skarn-Porphyry indications
SISEVAC	71.77	100%	Sedimentary hosted Cu-Ag
MAKOVIŠTE	31.15	100%	Porphyry Cu-Au with potential for skarn or epithermal system
BROD	80.97	100%	Pb-Zn-Ag-Au hydrothermal-replacement type of mineralization
KITKA *	58.79	100%	Pb-Zn-Ag-Au hydrothermal-replacement type of mineralization
KURŠUMLIJSKA BANJA. *	3.15	100%	Volcanic Massive Sulphide Cu

*Permit under application

BMC's principal mineral exploration property is the Timok East Project comprised of the Luka and Makovište exploration permits.

Information Concerning the Timok East Project

The technical information contained in this section of the Circular regarding the Timok East Project has been reviewed and approved by Dr. Chris Wilson, PhD, FAusIMM (CP), FSEG, FGS, who is a "Qualified Person" under NI 43-101.

The following contains information about the Timok East Project summarized from the Timok East Technical Report:

Property Location

The Timok East Project is comprised of two contiguous exploration licences known as Luka and Makovište. The Timok East Project is located in the eastern part of the Republic of Serbia approximately 10 km to the northeast of the city of Bor — a major mining centre with a population of approximately 50,000. Luka covers an area of 42.63 km² (4263 hectares) and Makovište covers an area of 31.1 km² (3100 hectares).

Figure 15: Boundary map showing corner locations of the Luka (red) and Makovište (blue) exploration licences. Coordinates are MGI 1901 Balkan Zone 7. Map by the Timok East Report Author dated 23 March 2023.

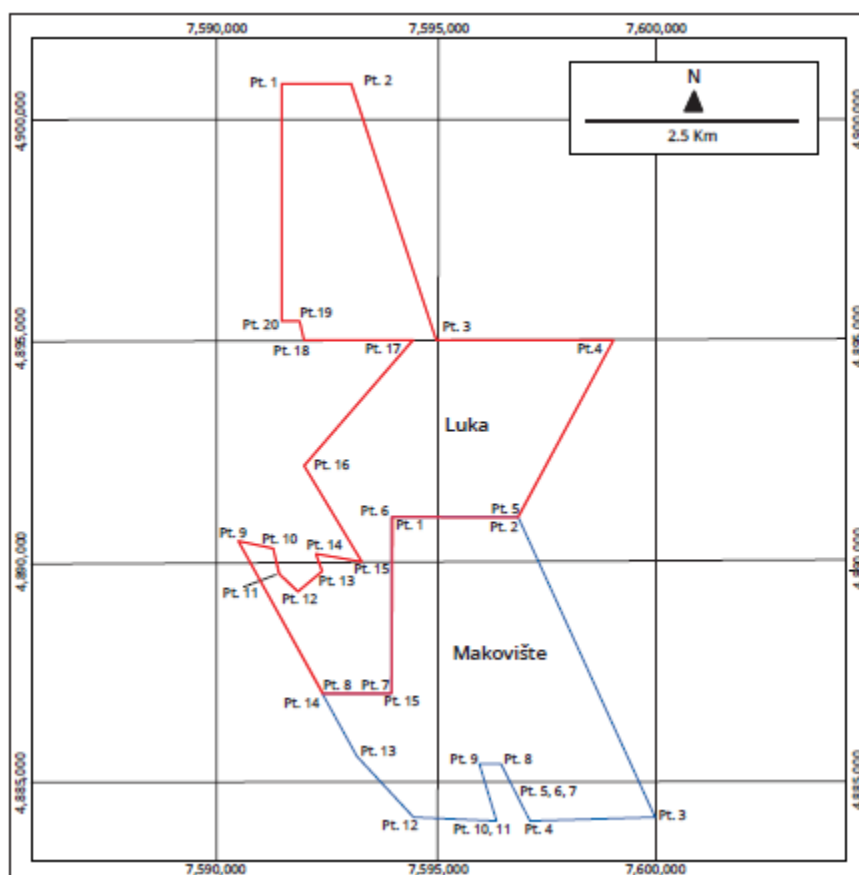


Table 15: Boundary coordinates for the Luka and Makovište exploration licences as shown in Figure 15. Coordinates are MGI 1901 Balkan Zone 7.

Luka					
Boundary Point	Easting (mE)	Northing (mN)	Boundary Point	Easting (mE)	Northing (mN)
1	7,591,513	4,900,804	11	7,591,445	4,889,720
2	7,593,074	4,900,814	12	7,591,850	4,889,760
3	7,595,000	4,895,000	13	7,592,435	4,890,150
4	7,599,000	4,895,000	14	7,592,265	4,890,150
5	7,596,835	4,891,000	15	7,593,310	4,889,982
6	7,594,000	4,891,000	16	7,592,000	4,892,170
7	7,594,000	4,887,000	17	7,594,467	4,895,000
8	7,592,404	4,887,000	18	7,592,000	4,895,000
9	7,590,477	4,890,448	19	7,591,901	4,895,452
10	7,591,295	4,890,305	20	7,591,428	4,895,448
Makovište					
Boundary Point	Easting (mE)	Northing (mN)	Boundary Point	Easting (mE)	Northing (mN)
1	7,594,000	4,891,000	8	7,596,465	4,885,405
2	7,596,835	4,891,000	9	7,595,935	4,885,395
3	7,599,939	4,884,226	10	7,596,375	4,884,125
4	7,597,130	4,884,160	11	7,596,190	4,884,120
5	7,596,825	4,884,715	12	7,594,486	4,884,214
6	7,596,675	4,884,820	13	7,593,197	4,885,581

Makovište					
7	7,596,725	4,884,925	14	7,592,404	4,887,000
			15	7,594,000	4,887,000

Verification of Licence Title Status

The Timok East Report Author has relied upon the title opinions provided by Vladimir Stojić of the Vladimir Stojić Law Firm (the “**Title Opinions**”) for verification of title status of the Luka and Makovište properties. The Title Opinions were addressed to Medgold and dated the 13th of January 2023.

The Timok East Report Author is of the opinion that the Title Opinions conform with the title coordinate boundary information as shown in Table 15.

Grant of Exploration Licence

The Makovište exploration licence (No. 2543) was issued to Golden Age on November 8, 2022. It is valid for a period of three years and expires on November 8, 2025.

The Luka exploration licence (No. 2310) was issued to First Quantum on January 23, 2020 for a period of three years. First Quantum entered into an agreement with Golden Age on June 27, 2020 — whereby the Luka exploration licence was transferred to Golden Age as part of a package of four exploration licences. Golden Age paid to First Quantum RSD 2,446,521.85 (approximately C\$29,941) being equivalent to: (i) the costs that First Quantum incurred to the MEM, and other governmental agencies such as the Institute of Nature Conservation of Serbia and the Institute for Cultural Monuments Protection, in order to prepare applications to explore the licences, and (ii) the annual fees for exploration licences for the years 2019 and 2020.

The transfer of the Luka exploration licence to Golden Age was approved by the Ministry of Mining and Energy on November 18, 2020.

The Luka exploration licence expired on January 23, 2023. Golden Age submitted an application for a three-year extension on December 22, 2022 — before December 23, 2022 cut-off date (being 30 days before the date of licence expiry).

The main law governing mineral exploration and mining in Serbia is the Law on Mining and Geological Explorations (Official Gazette of RoS no. 101/2015, 95/2018 and 40/2021). The Law on Mining and Geological Explorations sets forth that an exploration licence:

- (a) Takes effect on the date on which permission is delivered to BMC and is valid for an initial period of three years; and
- (b) Exploration licences can be renewed for period of three years if the following criteria are satisfied — namely that a minimum of the 75% of agreed work program expenditures has been spent on exploration; that reporting conditions have been satisfactorily met; that the licence area has been explored effectively; and that a satisfactory proposed program for the renewal period has been submitted.

The Law on Mining and Geological Explorations stipulates that an application for extension of an exploration licence will only be rejected if the above criteria are not met. An exploration licence is transferable to another entity. Vladimir Stojić, attorney at law at the Vladimir Stojić Law Firm Vladimir, noted in the Luka Extension Opinion that:

1. Golden Age submitted a request for an extension of the Luka exploration licence to the Ministry of Mining and Energy before the required deadline; and
2. Golden Age (i) completed 94% of planned exploration work, (ii) spent 91% of planned exploration costs — thereby exceeding the 75% minimum required. This has also been confirmed in a report compiled by Veljko Vučić for “Agencija za Inženjerske Delatnosti Konsalting & Druge Usluge-Geowolfe Beograd” (loosely translated as “the Geowolfe Engineering and Geological Consulting Firm, Belgrade”).

Following 2021 amendments to the Mining Law and Geological Explorations, a company is required to provide a bank guarantee, bill of exchange or a corporate guarantee to the Ministry of Mining and Energy — as a guarantee that exploration by BMC will be conducted to an appropriate standard, and to the extent and scope established by the Exploration licence.

On December 15, 2022, BMC as the ultimate owner of Golden Age, submitted a letter of intent and Request for Extension of the Luka License to the Ministry of Mining and Energy (the “**Letter of Intent**”). The Letter of Intent stated that BMC will issue a corporate guarantee within 30 days from the date of obtaining the decision on extension of the Luka License by BMC. All fees in the aforementioned have been duly paid.

The Timok East Report Author is of the opinion that all requirements pertaining to the application for extension of the Luka exploration licence, as presented in the Luka Extension Opinion, have been met. Vladimir Stojić Law Firm further indicated that during the application for extension period, the exploration licence remains current and valid.

Purchase Agreements

Medgold entered into an Amalgamation Agreement in regard to the RTO of BMC on January 27, 2023, as amended on the 30th of April 2023.

The RTO will constitute a “reverse takeover” pursuant to the policies of the TSXV and is subject to receipt of TSXV acceptance and receipt of approval of Medgold Shareholders. The Resulting Issuer will be a “Tier 2 mining company” according to the TSXV’s listing classifications.

BMC entered into the Golden Age Agreement on January 6, 2022. The Golden Age Agreement applied to 15 exploration licences in Serbia — of which the Luka and Makovište are two. The Golden Age Agreement was based on the following consideration:

- (a) BMC issued 2,200,000 common shares to the Vendors on a pro-rata basis at a deemed value of C\$0.10 per share for a total deemed value of C\$220,000;
- (b) BMC made a total cash payment and debt settlement of USD\$171,019 — of which USD\$59,000 was an acquisition cash payment and USD\$112,019 was to extinguish certain debts to creditors of Golden Age;
- (c) BMC issued an additional 1,000,000 Milestone Shares to the Vendors upon the grant of certain exploration licenses in Serbia at a deemed fair market value price of \$0.15 per share valued at \$150,000; and
- (d) Applications certain exploration licences in the Republic of Serbia (separate to the Timok East Project) are pending. Upon successful grant of these licences, BMC will issue to the Vendors an additional 800,000 common shares at a nominal value of CAD 0.15, for a total deemed value of C\$120,000.

Property Royalties, Back-in Rights and Encumbrances

The Luka and Makovište exploration licences are not subject to any royalties, back-in rights, or other agreements and encumbrances.

Holding Costs and State Royalties

The Luka and Makovište exploration licences were issued under the Law on Mining and Geological Explorations (Sl. glasnik RS no. 40/2021) and are subject to certain conditions — including payment of an annual rental fee, payment of an administrative levy and a corporate guarantee.

Annual Rental Fee

An annual rental fee of USD\$100 is payable per square kilometre — equating to USD\$3,100 per annum for the Makovište exploration licence and USD\$4,263 for the Luka exploration licence. Pursuant to Section 11-14 of the Law on Fees for the Use of Public Goods (Official Gazette of RoS no. 95/2018, 49/2019, 86/2019, 156/2020 and 15/2021) the annual rental fee must be paid within 15 days of the date the licence was initially granted — then annually thereafter before January 31 for each year.

Annual Administration Levy

An administration levy is payable for certain items including: (i) request for adopting a variation to proposed exploration (approx. USD\$200); and (ii) request for extension of the licence (approx. USD\$200). These levies are regulated by the Law on Administrative Fees (Official Gazette of RoS no. 43/2003, 51/2003, 61/2005, 101/2005, 5/2009, 54/2009, 50/2011, 70/2011, 55/2012., 93/2012, 47/2013, 65/2013, 57/2014, 45/2015, 83/2015, 112/2015, 50/2016, 61/2017, 113/2017, 3/2018, 50/2018, 95/2018, 38/2019, 86/2019, 90/2019, 98/2020, 144/2020, 62/2021 and 138/2022).

Other Considerations

In accordance with Article 34 of the Law on Mining and Geological Explorations, a licence holder is obliged to deliver to the Ministry of Mining and Energy a bank guarantee, or a bill of exchange or a corporate guarantee, as a security to ensure performance of planned exploration work. The guarantee — equating to 10% of the agreed exploration budget — must be posted within 30 days from the day the licence was granted.

To the best of the Timok East Report Author's knowledge, BMC has submitted a corporate guarantee and is fully up-to-date with respect of payment of the annual rental fees and administrative levies. The corporate guarantee for Makovište was submitted as a part of the licence approval process — the corporate guarantee for Luka will be issued at the granting of licence extension.

The Serbian government levies a 5% net smelter return for production of metallic raw materials per Article 20, Paragraph 1, Item 4 of the Law on Fees for the Use of Public Goods. The basis for calculation of the “compensation for use of mineral resources and reserves” is:

- (a) The revenue that the holder of the exploitation licence derives from mineral resources that are used or sold — determined on the basis of the income which is generated from the sale of either unprocessed raw material or the income generated from the sale of technologically processed mineral raw material;
- (b) Net income, which is revenue from sale of the final product minus the costs of smelting, refining, transportation, trans-shipment, insurance and sale costs. Net income cannot be reduced by depreciation, cost of capital or tax relief; and
- (c) The amount of the compensation shall be determined by applying the following rates for metallic raw materials: (i) 5% of revenue for untreated materials or concentrates; and (ii) 5% of net revenue for the products of pyro-, hydro- or electro-metallurgical processes.

Expenditure Commitments

A company is required to commit to a work program and expenditure commitments during the application process for an exploration licence.

Makovište

The expenditure commitment for the Makovište exploration licence over the first three years is USD\$276,500 — since grant of the licence on November 8, 2022 a total of USD\$6,500 has been incurred on exploration.

Luka

The expenditure commitment for the Luka licence was USD\$260,000. An expenditure of USD\$252,000 had been met by December 23, 2022 — thereby satisfying a minimum of 75% of Year 1, Year 2 and Year 3 exploration commitments, as defined by the Law on Mining and Geological Explorations (Articles 29 and 34). The expenditures at Luka are discussed in “History - Golden Age (2020 to 2022)” below.

Golden Age has submitted an application for a three-year extension of the Luka exploration licence with an expenditure commitment of USD\$391,000.

To the best of the Timok East Report Author’s knowledge, Golden Age has met its three-year (2020-2022) exploration expenditure commitments for the Luka exploration licence. The Resulting Issuer has until November 8, 2025 to meet its future expenditure obligations for the Makovište exploration licence.

Annual Activity Reporting

The licence holder must submit annual reports in accordance with the Exploration Guideline: Annual Activity Reporting Prospecting Titles (July 2015) as follows:

- (a) Annual reports must be filed within 30 days of the anniversary of the date on which the exploration licence was granted;
- (b) In the event an exploration licence is not extended past three years, a final report must be filed within 30 days of the anniversary of the date on which the exploration licence was granted; and
- (c) In the event a licence holder applies for an extension of the exploration licence, then a final report must be filed at least 30 days before the anniversary of the date on which the exploration licence was granted.

Golden Age filed its first annual exploration cycle (first three years for Luka) on January 23, 2023 and submitted an extension for a second cycle of three years on December 22, 2022.

To the best of the Timok East Report Author’s knowledge, Golden Age has met its obligations with respect to annual reporting of exploration activities. (see “Grant of Exploration Licence”).

Environmental Liabilities

The application procedure for the exploration licence requires the applicant to obtain an environmental protection plan from the Serbian Institute for the Protection of Nature and a technical protection plan from the Serbian Institute for the Protection of Cultural Monuments. Both of these documents were submitted as part of the application for the Exploration Permit and the Exploration Permit was subsequently granted. No environmental liabilities are presented in the permit or disclosed separately by the Serbian Institute for the Protection of Nature or the Serbian Institute for the Protection of Cultural Monuments.

Exploration at Makovište and Luka is at an early stage. Field work planned by the Resulting Issuer comprises geological mapping, rock-chip and soil sampling, and ground geophysics — which has minimal environmental impact. One diamond hole was drilled within the Luka exploration license by BMC and the drill pad has been fully remediated.

To the best of the Timok East Report Author’s knowledge, there are no environmental liabilities — either historical or arising from BMC’s exploration activities — with respect to the Project.

Rehabilitation and Compliance

Article 50, Paragraph 1, Item 9 of the Law on Mining and Geological Explorations prescribes that the holder of the exploration licence is obliged to return the land on which the exploration works are performed to its original state.

Article 47, Paragraph 1, Item 5 of the Law on Mining and Geological Explorations prescribes that the exploration licence can be revoked prior to its date of expiry if the land on which the exploration works are performed is not returned to the original state.

Other than geological mapping — there has been no exploration resulting in surface disturbance at Makovište. There is no requirement for remediation. A single diamond drill hole has been completed within the Luka exploration licence and the drill pad has been fully reclaimed and remediated.

Social Licence and Surface Rights

Article 50, Paragraph 1, Item 1 of the Law on Mining and Geological Explorations prescribes that the holder of the exploration licence is obliged to obtain proof of the landowners consent with respect to the right to use, or lease, before invasive exploration can start. This applies to private landowners and the Serbian State Forestry Department.

Private landowners may deny their consent — in which case the Law on Mining and Geological Explorations states that the exploration licence holder may conduct exploration in the case of exploration for elements that are strategically important to the Republic of Serbia (as prescribed by the article 4 of the Law on Mining and Geological Explorations).

Amendments to the Law on Mining and Geological Explorations (2021) prescribe that if a landowner is unavailable, an exploration licence holder may conduct exploration, provided that funds are deposited with a local court on behalf of the owner inscribed in the cadastre, in an amount equal to the lease amount paid for public property of the same type in that municipality.

To date, Golden Age has only entered into negotiations with private landowners with regard to rights of access to drill sites. Golden Age signed five land access agreements for rights of access to sites for drilling. The landowners were compensated for signing the agreement.

Golden Age has good relationships with local landowners and stakeholders. To date, Golden Age has not had problems in gaining access to any part of the exploration licences for exploration activities, including drilling. Golden Age does not foresee any problems with access to the exploration licences in order to conduct further exploration.

Other Factors and Risks

Beyond the information provided above, the Timok East Report Author is unaware of any other significant factors and risks that may affect access, title, or the right or ability to perform work on the Luka and Makovište exploration licences.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

Accessibility

The Luka and Makovište exploration licences are located approximately 10 km by paved highway to the east of the city of Bor in eastern Serbia. Travel time from Bor is approximately 0.5 hours via automobile. There are numerous small agricultural and forestry tracks within the Timok East Project that are suitable for four-wheel drive vehicles — collectively they provide access to most areas of the exploration licences.

The capital of the Republic of Serbia — Belgrade — is located approximately 250 km to the northwest of Bor for a travel time by automobile of 3.5 hours via paved highway. The closest international airport is the Nikola Tesla International Airport located on the outskirts of Belgrade.

Climate

The climate is classed as moderate-continental. It is marked by mild summers and cold winters with moderate precipitation all year round. The temperature and rainfall data presented below is from the Bor weather centre —

located in the City of Bor approximately 10 km to the southwest (<https://en.climate-data.org/europe/serbia/bor/bor-48443/>).

The average annual temperature is 10.3°C and average annual precipitation is 825 mm. July is the warmest month with an average temperature of 21.6°C — January is the coldest month with an average temperature of -1.8°C. May is the wettest month with an average precipitation of 86 mm. The driest month is February with an average precipitation of 56 mm. Climate allows for year-round exploration and mining.

Physiography

The Timok East Project is located on the western foothills of the Balkan Mountain chain. Relief is marked by rolling hills divided by steep north-south orientated river valleys (Figures 16 and 17). Throughout the properties there are also marked eastwest orientated streams and river valleys. Elevations within the Luka and Makovište exploration licences range from 250 to 450 m above mean sea level.

Vegetation and Land Use

The majority of the Timok East Project encompasses a mixture of arable crops, grassland and deciduous woodland. There are no National Parks, State Conservation Areas, Flora Reserves or State Forests within the Timok East Project boundaries.

Infrastructure and Local Resources

The City of Bor — with a population of approximately 50,000 — is the nearest urban centre. Bor is an active mining town, with a regional administrative centre possessing the facilities, services, and experienced work force required for advanced mineral exploration and development projects. Reliable power is available and 110 kV and 400 kV hightension transmission power lines are proximal to the project area.

Numerous rivers, streams and small ponds are present on the Timok East Project and are capable of providing sufficient water for year-round exploration.

The Timok East Report Author is of the opinion that any development at the Timok East Project could be serviced with relevant skilled personnel and equipment. The Timok East Report Author is also of the opinion that there is sufficient space within the Timok East Project for mining operations, tailings storage and waste disposal, and processing facilities.

Figure 16: Photograph showing typical topography, vegetation and access roads within the Makovište exploration licence in eastern Serbia



Figure 17: Photograph showing typical topography and vegetation within the Luka exploration licence in eastern Serbia.



History

Economic porphyry copper-gold mineralization was first discovered in the Bor Region by Franco Sisteck in 1902. Since then, there has been significant exploration in the Bor district and the Timok Magmatic Zone in general, resulting in the discovery of major copper, copper-gold and gold deposits. This history is not always well documented and is beyond the remit of this Report. The reader is referred to papers by Palinkas (2008), Gallhofer et al. (2015), Jelenković et al. (2016) and Knaak et al. (2016) for further context.

First Quantum (2016 to 2020)

First Quantum conducted regional reconnaissance throughout the area in 2016. This was followed by a stream sediment geochemical survey — which included areas covered by the Luka and Makovište exploration licences. Ten samples taken within current Property boundaries defined Cu-Mo-As anomalism in the area. Follow up geological mapping and spur soil sampling was completed in 2020. A total of 126 soil samples were taken within the current Property boundaries — they defined an area of Au-Cu-Zn surface geochemical anomalism (Figures 18 and 19). First Quantum collected five rock chip outcrop samples from the centre of the Makovište licence which returned peak assays of 3.1% Cu and 2.5 g/t Au.

Copper anomalism in soils shows a strong spatial correlation with outcropping Jurassic and Cretaceous limestones (Figure 19) over a strike length of ~6 km. Follow-up mapping and soil sampling of this anomaly is required.

The Timok East Report Author has not been able to verify the sampling protocol, assay protocol and assays results of First Quantum, considers the results to be historical in nature, and cautions that they should not be relied upon.

Golden Age (2020 to 2022)

Golden Age took over responsibility for exploration of the Luka license in late 2020 following transfer of the licence from First Quantum — as approved by the Ministry of Mining and Energy on November 18, 2020. Field work commenced in May 2021 and drilling was conducted in October 2022.

Review Historical Data / GIS Database

Golden Age completed digital capture and verification of historical exploration data. This was input into a layerbased GIS database which provided spatial data for all further work. Golden Age spent 30 days on this work at a cost of C\$360/day for a total cost of C\$10,800.

Reconnaissance and Detailed Mapping

Reconnaissance geological mapping was initially conducted over the entire Luka exploration licence. This was followed by detailed geological mapping. Golden Age used a 1:100K geological base map available from the Serbian Geological Survey as a guide to field mapping. Golden Age spent total of 80 days field mapping at a daily cost of C\$360 for a total mapping expenditure of C\$28,800.

The Timok East Report Author reviewed the GIS database, and reconnaissance and geological mapping completed by Golden Age, and considers it to be appropriate for the stage of the program and style of target mineralization. The total cost of this work within the Luka exploration licence was CAD 39,600. The Timok East Report Author is of the opinion that the work program was relevant and that the overall cost is in keeping with standard rates in the Republic of Serbia.

Figure 18: Map showing gold assay results for soil and stream sediment samples taken by First Quantum between 2016 and 2020. Map by the Timok East Report Author dated March 23, 2023.

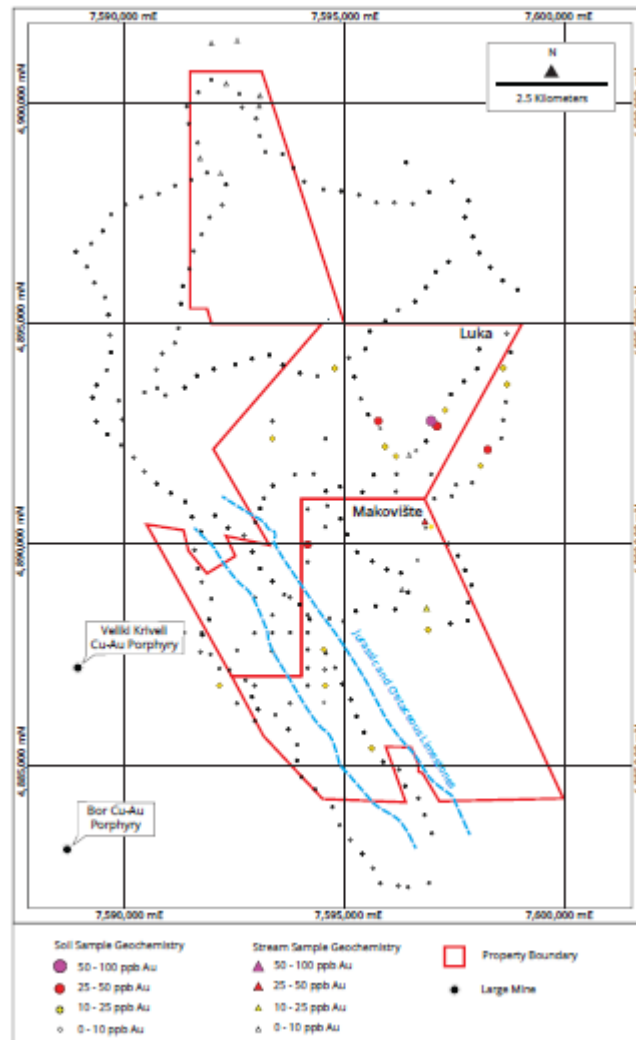
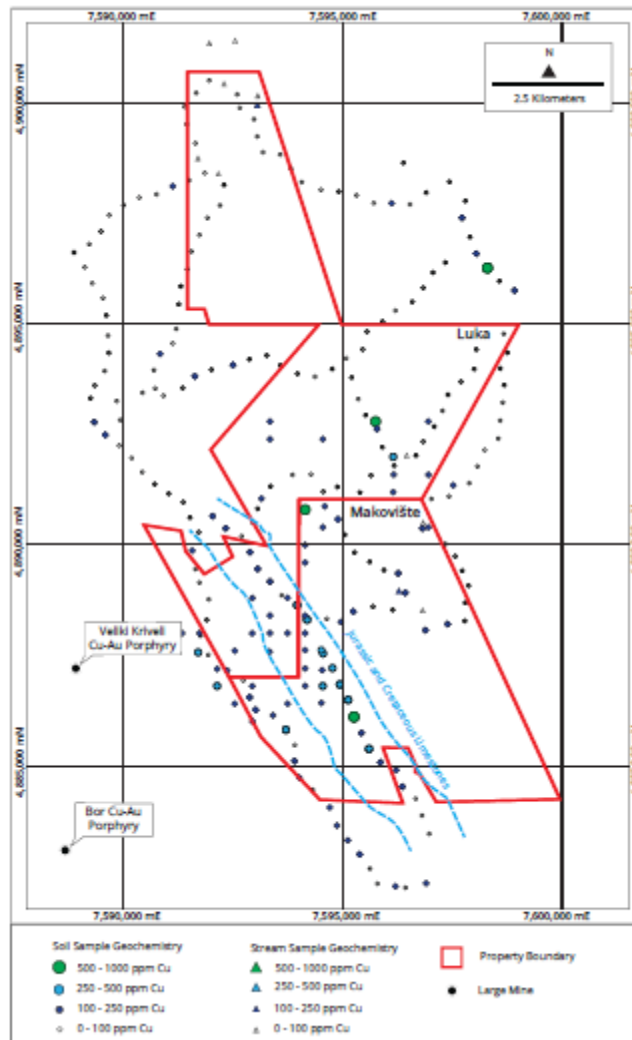


Figure 19: Map showing copper assay results for soil and stream sediment samples taken by First Quantum between 2016 and 2020. Map by the Timok East Report Author dated March 23, 2023.



Geological Setting and Mineralization

The Timok East Project is located on the eastern margin of the Timok Magmatic Complex (the “TMC”) — which comprises the Serbian sector of the ABTS magmatic arc. The ABTS is a belt of late Cretaceous calc-alkaline magmatism that extends ~1500 km from Romania (Apuseni and Banat), through eastern Serbia and into central Bulgaria (Srednogorie) (Figure 20). The ABTS forms a part of the Southeast European segment of the Tethyan Eurasian Metallogenic Province that trends east through Northern Turkey, the Lesser Caucasus and into Iran (Janković, 1976) — itself part of the Tethyan (or Alpine-Himalayan) orogenic system that extends from Western Europe to South-East Asia.

The ABTS sector of the Tethyan belt formed as a result of multiple phases of subduction-related magmatic activity which occurred throughout the Mesozoic (Karamata, 2006) and resulted in the closure of the Vardar and Tethyan Oceans in the late Cretaceous. The style of tectonic deformation may differ among segments along the arc and may also vary perpendicular to the arc in response to differences in pre-existing geology, convergence rate and direction, or heterogeneities within the subducting plate (von Huene and Ranero, 2009; Rosenbaum et al., 2008; Haschke et al., 2002; Kay and Coira, 2009; Ramos and Folguera, 2009). This has resulted in geologically distinct segments — known as the Apuseni, Banat, Timok, Panagyurishte and Eastern Srednogorie segments (Gallhofer et al., 2015). The ABTS was subsequently deformed into a complex orocline by continental collisions (Gallhofer, op. cit.; Heinrich and Neubauer, 2002). The Timok East Project is located within the Timok segment (Figure 21).

The ABTS magmatic arc was active for ca. 25 Myr (ca. 92–67 Ma). The oldest magmatic arc (Cretaceous) occurs in the east and hosts the Apuseni, Majdanpek and Bor, and Chelopech Deposits. Magmatic arcs become progressively younger (Paleocene to Oligocene and Miocene) toward an inferred paleo-trench to the southeast — indicating gradual steepening of the subducting slab away from the upper plate European margin.

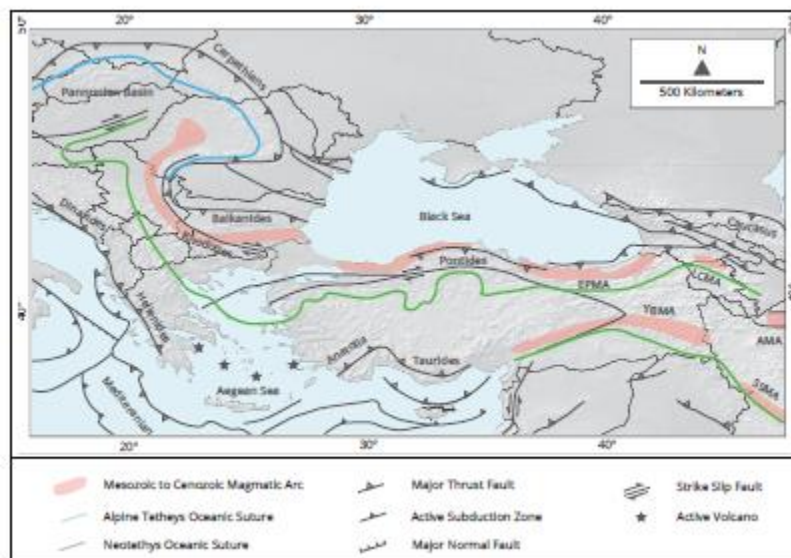
Subduction-related magmatic arcs are frequently endowed with magmatic-hydrothermal porphyry $\text{Cu} \pm \text{Au} \pm \text{Mo}$ (and associated skarn deposits) and epithermal $\text{Au} \pm \text{Ag} \pm \text{Cu}$ deposits (Sawkins, 1972; Sillitoe, 1972; Groves and Bierlein, 2007). These deposits usually occur in discrete belts and do not extend along the entire length of magmatic arcs. Mineralogically well-endowed segments empirically correlate with flat-slab subduction, subduction of oceanic ridges, or subduction reversals (Solomon, 1990; Cooke et al., 2005; Rohrlach and Loucks, 2005).

The close spatial relationship between arc magmatism, large-scale shear zones, and related strike-slip sedimentary basins in the Timok and Pangyurishte segments indicates mild transtension in the central segments of the restored arc — in contrast the Eastern Srednogorie segment underwent strong orthogonal intra-arc extension. Segmental distribution of tectonic stress may account for the concentration of major porphyry Cu deposits in the transtensional segments, where lower crustal magma storage and fractionation favoured the evolution of volatile-rich magmas.

Major porphyry deposits develop preferentially in arc segments that were subjected to a compressional stress state during ore deposit formation (Richards, 2003; Rohrlach and Loucks, 2005; Sillitoe and Perelló, 2005; Sillitoe, 2010). Horizontal compression can trap magmas in a lower crustal magma chamber, where high-pressure magmatic differentiation and cyclic replenishment lead to enrichment in volatiles and metal content. Compression also influences the development of upper crustal magma chambers, thus preventing volcanic eruption and unfocused loss of volatiles, whilst favouring focused fluid release through intensely veined porphyry stocks (Rohrlach and Loucks, 2005; Richards, 2011; Loucks, 2014).

The Luka and Makovište exploration licences are located at the eastern edge of the TMC — one of the most prolifically mineralized segments of the ABTS. In this respect the project is well located for the exploration of large porphyry copper-gold systems and associated styles of mineralization.

Figure 20: Tectonic sketch of western Eurasia (modified from Morelli and Barrier, 2004). Major Late Tertiary to active thrust belts, active subduction zones, and recent arc volcanoes are shown in black. Sutures of the Neotethys are shown green. The location of Mesozoic to Oligocene arc magmas are shown red and comprise the Apuseni-Banat-Timok-Srednogorie (ABTS) belt, the Alborz magmatic arc (AMA), Carpathian magmatic arcs, the Eastern Pontide magmatic arc (EPMA), Lesser Caucasus magmatic arc (LCMA), Sanandaj-Sirjan magmatic arc (SSMA), and the Yüksekova-Baskil magmatic arc.



Regional Geology

The TMC is a lenticular, northerly oriented, ~85 km long and up to 25 km wide, volcanic-intrusive complex in eastern Serbia (Figures 22 and 23) that forms a major part of the complex metallogenic history of the Balkans (Ciobanu et al., 2002; Heinrich and Neubauer, 2002; Popov et al., 2002; Lips et al., 2004). The TMC has undergone a Cretaceous and Cenozoic polyphase magmatic, metallogenic and deformation history (Neubauer, 2002; Fügenschuh and Schmid, 2005; Schmid et al., 2008; Kolb et al., 2013; Gallhofer et al., 2015).

The eastern part of the TMC hosts world-class high-sulphidation Cu-Au (Bor) and porphyry Cu-Au (e.g. Veliki Krivelj, Majdanpek and Borska Reka) deposits that constitute the Bor metallogenic zone (Jelenković et al., 2016). Smaller porphyry Cu-Au, high sulphidation, polymetallic replacement and skarn-type deposits occur elsewhere in the Complex (Janković, 1990a and b; Karamata et al., 1997a; Janković et al., 2002; Jelenković and Koželj, 2002; Koželj, 2002; Montheil et al., 2002; Armstrong et al., 2005; van der Toorn et al., 2013).

The Bor metallogenic zone (or ore district) is one of the most important metallogenic zones in the Republic of Serbia — the large porphyry Cu-Au and high-sulphidation Cu-Au deposits in the eastern part of the Complex have formed the basis of significant mining activity for over 100 years. Jelenković et al., (2016) estimates that 652 Mt of ore for 4.93 Mt of copper and 280 tons (approximately 8.974 Moz) of gold has been mined from the Bor metallogenic zone — with a measured and indicated resource estimate of 8.57 Mt of Cu and 310 t of Au and an inferred resource estimate of 3.92 Mt of Cu and 142 t of Au (based on a range of resource reporting codes) remaining in the known deposits (Jelenković op. cit.).

Exploration in the TMC since 2000 has led to new discoveries of massive sulphide and porphyry Cu-Au systems at Čukaru Peki in the eastern area of the Complex (Banješević et al., 2014), and porphyry Cu-Au, polymetallic replacement and sedimentary rock-hosted Au deposits in the northwest (van der Toorn et al., 2013). Recent exploration has increasingly focused on deeper targets following geophysical exploration in areas lacking surface expression of mineralization — especially in areas where productive volcanic facies occur beneath post-mineralization sedimentary cover.

The geology of the TMC has been well documented (von Quadt et al., 2002; Clark and Ullrich, 2004; Banješević, 2006; Jelenković et al., 2016). Many of the mineral deposits (Jelenković op. cit.), and the broad-scale stratigraphy and volcanic facies (Banješević, 2010) of the TMC, have been variously described. Kolb et al. (2013), Knaak et al. (2013) and Gallhofer et al. (2015) discuss the temporal sequence of magmatic events — Vukašinović (2005) and Ignjatović et al. (2014) have used geophysical data to define the broad-scale geologic features. However, there is currently no unifying geologic model that places the varied deposits within a pre-, syn-, and post-mineral geologic and tectonic history the TMC.

Key controls on the formation of mineral deposits are not fully understood and there remains significant potential for the discovery of major copper, copper-gold and gold deposits — especially deeper and under-cover.

Geology of the Timok Magmatic Complex

TMC — Tectonic Setting

Various models have been proposed to explain the tectonic setting of the TMC — including a rift within the Variscan basement and Mesozoic cover of the Carpathian-Balkanide arc (Janković, 1990a, b; Popov, 1987); a back-arc or pull-apart basin developed on continental crust during Late Cretaceous subduction (Banješević et al., 2014); or a pull-apart basin formed during transpression within a major strike-slip fault system related to oblique subduction (Karamata, 1982).

The TMC has undergone a complicated post-magmatic Cenozoic history (Schmid et al., 2008), that places important constraints on the geological and metallogenic history of the Complex. Because the Complex was constructed over a highly faulted Variscan and older basement terrane, it is possible that reactivation of the pre-Cretaceous basement faults beneath the Complex, such as the Variscan Blagojev-Kamen-Rudaria fault systems, played a role in the Late Cretaceous history of the Bor metallogenic zone — as well as controlling post-Cretaceous (post-mineralization) deformation during oroclinal bending and extensional and strike-slip deformation.

TMC — Stratigraphy

The TMC consists of basal clastic sedimentary rocks — the Lenovac Clastites (Andjelković and Antonijević, 1975) or Stublica Clastic Formation (Ljubović-Obradović et al., 2011) — which are overlain by andesitic volcanic and volcanic rocks that were deposited on Jurassic and Early Cretaceous limestone (Figures 22 and 23). Specifically:

Metamorphic Basement

The metamorphic basement rocks underlying the TMC consist of fault-bounded crystalline terranes (Kräutner and Kristic, 2002). On the western margin low-grade metasediments of the Paleozoic Kučaj zone crop out in the core of anticlines and in fault-tilted blocks — on the eastern margin basement comprises medium- to high-grade metamorphic quartzo-feldspathic schist and gneiss of the Ravensca and Jelova units.

A series of north northwest- to north-trending, braided, pre-Variscan to Variscan, crustal-scale basement faults (Bor-Brestovac-Tupižnica, Todorova-Reka and Rudaria-Blagojev-Kamen fault systems) separate basement terranes. There is a broad association of known metallic mineral deposits with the projected traces of these basement faults — in this respect basin architecture appears to exert a fundamental control on the location of major deposits.

Basement Carbonates

Upper Jurassic to Lower Cretaceous limestones unconformably overlie the metamorphic basement. Deposition was associated with Jurassic to Lower Cretaceous subsidence and mild extension — which was terminated by Middle Cretaceous compression, reactivation of basement faults and nappe formation.

Massive bioclastic and micritic, white, light grey and light brownish reef limestone of Upper Jurassic age forms a thick basal unit. It is overlain by dark grey, well-bedded, bioclastic, nodular and stromatolitic Early Cretaceous limestone with black chert nodules (Jankičević, 1978; Djordjević & Banješević, 1997).

Lower to Upper Calcareous Clastic Sediments

Late Lower (Aptian-Albian) to Upper (Cenomanian) Cretaceous siliciclastics with high carbonate content unconformably overlie basement carbonates. They are nominally divided into three units — with significant variation in stratigraphy between the northwest, central and eastern parts of the complex.

A chaotic, heterogeneous clastic basal breccia is inferred to represent fault-scarp and debris-flow deposits that infill palaeo-karst. It grades upwards into well-bedded and locally cross-bedded, coarse- and medium-grained, glauconitic, calcareous quartz-rich sandstone, conglomerate and minor siltstone (Knaak et al., 2016) — likely representing prograding delta sedimentation within a shallow marine environment.

Basal lithologies are conformably overlain by reddish or greenish, coarse- and medium-grained sandstone and conglomerate, and lesser tuffaceous rocks and air fall tuff — reflecting the progressive input of detritus shed from a mafic to intermediate volcanic source terrane. The uppermost unit is composed of finely laminated grey marl interbedded with fine-grained sandstone, volcanic arenite, and local andesitic volcanoclastic rocks.

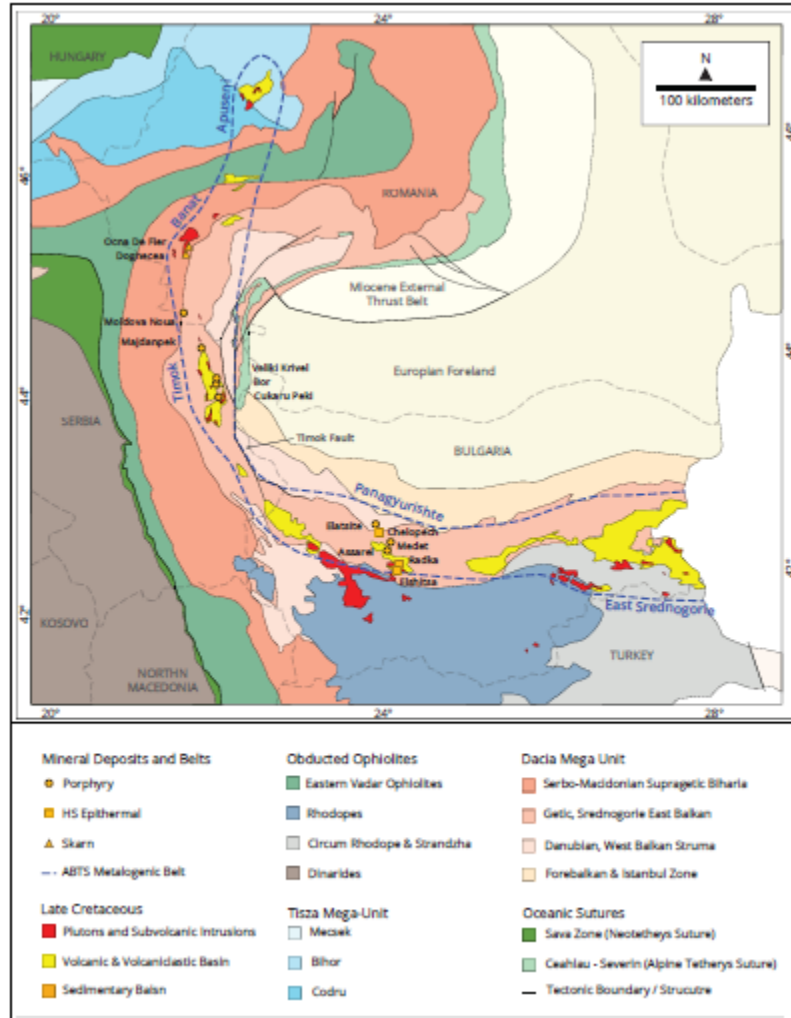
Late Cretaceous Timok Magmatic Complex

Cenomanian sedimentary rocks are conformably overlain by volcanic, volcanoclastics and sedimentary units of the Upper Cretaceous (Turonian to Campanian) Timok Magmatic Complex. The TMC formed in an extensional rift basin and is dominated by andesitic lavas, lava domes and shallow intrusions, volcanoclastic and epiclastic units, and basaltic andesites, volcanoclastics and clastic sedimentary rocks (Knaak op. cit.). Structure exerts a fundamental control on deposition and lateral facies variations are common.

The TMC andesitic volcanic rocks are typically calc-alkaline in composition with a geochemical signature typical of adakites (Kolb et al., 2013) — which are commonly associated with porphyry and epithermal copper and coppergold deposits worldwide.

A detailed description of volcanic stratigraphy, lithology and age-dating by Banješević (2010) divided the central TMC into Timok andesite and Osnić basaltic and Jezevica andesite (Figure 20).

Figure 21: Generalized geology and tectonic elements of the Balkan peninsula, showing location of the Timok Magmatic Complex in eastern Serbia. Modified from Schmid et al. (2008), Gallhofer et al. (2015) and Knaak et al. (2016). MF = Maritsa fault system, TF = Timok fault.



Phase 1 — Timok Andesite

Phase 1 comprise hornblende-andesite volcanics (~89.0 to 84.3 Ma), subvolcanic intrusions with intercalated volcanoclastics, epiclastics, marls and fine-grained clastics that are restricted to the eastern Brestovač-Tupižnica tectonic block. The Timok andesite is the main host of copper-gold porphyry and high sulphidation mineralization in the north-eastern part of the TMC (e.g. Bor, Majdanpek and Čukaru Peki).

Phase 2 — Osnić basaltic and Jezevica andesite

Phase 2 (~82.3 to 81.8 Ma) consists of pyroxene-bearing basaltic andesite volcanics and volcanoclastics which are restricted to the western Crna Reka tectonic block (Banješević et al., 2006; Kolb et al., 2013).

Metavonica Epiclastics

The Metavonica epiclastites developed in the eastern part of the TMC in a shallow marine environment. They comprise coarse- to fine-grained, massive to coarsely banded and locally finely laminated volcanoclastic sediments,

composed of fragments derived from the various volcanic facies of the Timok andesite. Deposition was coincident with formation of both the Timok andesite (Phase 1) and the Osnić basaltic and Jezevica andesite (Phase 2). The epiclastite is interbedded with the Oštrej sediments of the Crna Reka Block (Figure 22).

Bor Clastites and Vrbovac Reef Limestone

Following cessation of volcanism and magmatism, and deposition of the Metavonica epiclastites, the latest Cretaceous (~71 to 65 Ma) was marked by deposition of reefal carbonates (Vrbovac Reef Limestone) in the central TMC and coarse clastics (Bor Conglomerate) in the eastern TMC.

Tertiary Sediments

After deformation (compression and nappe formation) and uplift (Alpine Orogeny) in the early Cenozoic, up to 400 m of Miocene lacustrine clastic siltstones, sandstones and conglomerates were unconformably deposited on underlying Late Cretaceous volcanic and volcanoclastic rocks. Tertiary sediments post-date mineralization and may form a thick cover above prospective Cretaceous volcanic facies.

Figure 22: Generalized stratigraphic columns for the central and eastern areas of the TMC. Note that major porphyry copper-gold deposits are hosted in Phase 1 Timok Andesite. Modified from Jelenković et al. (2016).

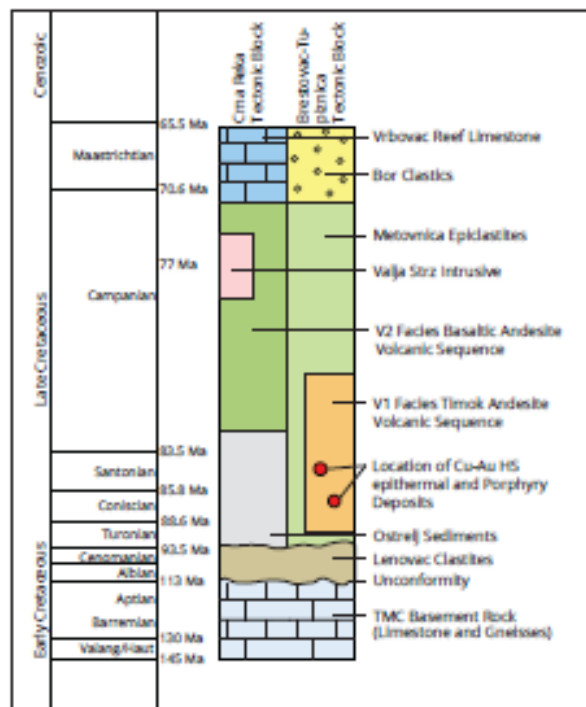
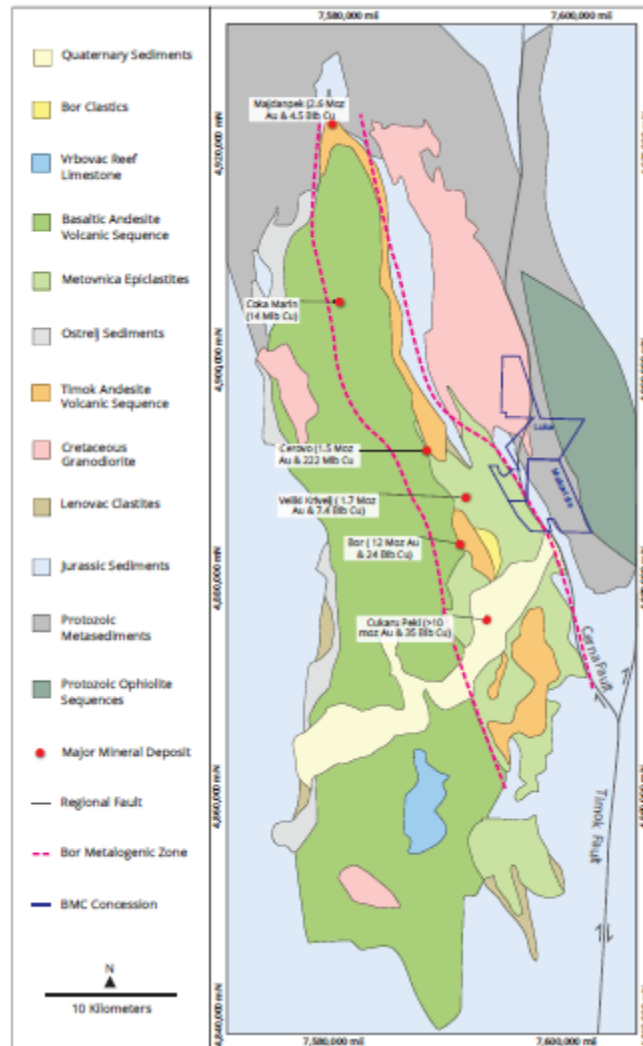


Figure 23: Simplified geological map of the TMC. The major copper-gold porphyry deposits are generally hosted in Phase 1 Timok Andesite. Modified after Jelenković et al. (2016). Map by the Timok East Report Author, dated March 23, 2023.



Property Geology

The Luka and Makovište exploration licences straddle Cretaceous volcanic and sedimentary rocks of the TMC to the west and Jurassic to Devonian meta-sediments of the Balkan fold thrust belt to the east — the boundary between terranes is marked by a steep, westerly dipping thrust faults. The Timok East Project geology comprises:

Cambrian Ophiolite Sequence

Cambrian ophiolites comprising ultrabasic and basic cumulates, sheeted dykes and volcanics crop out in the northeastern corner of the Luka exploration licence. The sequence comprises dunites, troctolites, olivine gabbros, wehrlites and anorthosites, alternating with fine-grained gabbros.

Paleozoic Gneiss, Schists and Amphibolite

Paleozoic gneiss, schist and amphibolite of the Minas Formation is present primarily within the Makovište licence — as two northeast-southwest trending thrust slices (Figure 24). A variety of metamorphic facies are present including chlorite-muscovite-quartz schist; biotite/stilpnomelane-chlorite-muscovite-quartz schist; feldspar-rich quartzite; albite-muscovite-chlorite bearing meta-rhyolites; and actinolite-chlorite-epidote-albite schist.

Devonian Meta-Sediments

Devonian metasediments dominate the eastern part of the Makovište licence and the southern central part of the Luka licence (Figure 24). This unit comprises meta-conglomerates; meta-arkoses; thin-bedded and fine-grained cherty meta-clastics; thin-bedded fine-grained meta-subarkose; metasilstone and argillaceous phyllite; and olistostrome units with olistoliths of limestone, meta-volcanic and meta-arkose.

Variscan Gornjani Granodiorite

The Variscan Gornjani granodiorite (~300 Ma) dominates the geology of the northern portion of the Luka property. It is a quartz-monzonite with lesser granodiorite–diorite at pluton margins (Jelenković et al., 2016).

Jurassic Limestone

Northwest-southeast trending, bedded to massive fossiliferous Jurassic limestone that is up to 270 m thick crops out as a prominent ridge through the western part of both licences. Jurassic limestones separate TMC Cretaceous volcanic-sedimentary rocks in the west of the Timok East Project from protozoic metamorphic rocks in the east.

Cretaceous Metavolcanic Epiclastites

Cretaceous sediments and volcanics belonging to the Metavolcanic Epiclastites crop out in the western parts of both exploration licences (Figure 24). They consist of coarse- to fine-grained, massive to coarsely-banded and sometimes laminated, volcano-sedimentary units, composed of heterolithic fragments derived from the different volcanic facies of the Timok andesite.

Cretaceous Limestones

Massive limestones form localized outcrop along the western contact of the Jurassic limestones. They are dark grey, massive to rarely bedded, and variably recrystallized and dolomitized.

Neogene Sediments

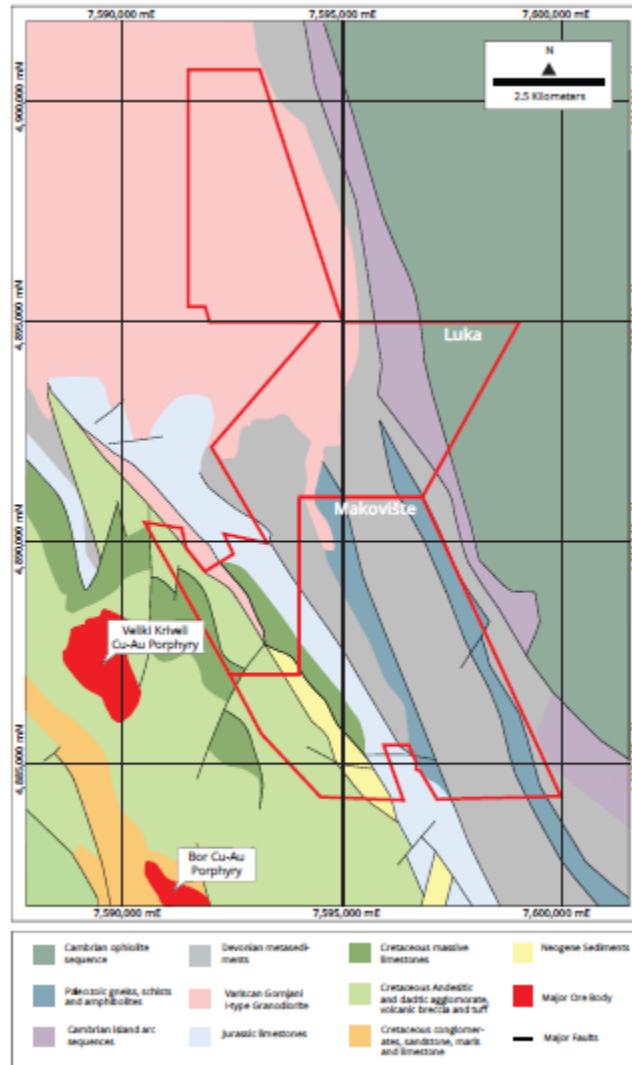
Neogene sediments — comprising poorly consolidated, brown sandy clays, sands, clay and pebbles — cover older sedimentary sequences in western part of both exploration licences.

Property Structure

The structure of the Timok East Project is dominated by north-northwest to south-southeast trending, moderately steep, south westerly dipping basement thrust faults, which have juxtaposed Palaeozoic metamorphics above Devonian metasediments (Figure 24).

The upper and lower boundaries of the Jurassic and Cretaceous limestones and the eastern boundary of the Metavolcanic epiclastites are similarly bounded by reactivated basement thrust faults. The presence of these faults at the boundary of TMC volcanic units and Jurassic and Cretaceous limestones is significant — given that Jelenković et al. (2016) cites such structures as providing a fundamental control on the formation and distribution of porphyry, high sulphidation and skarn styles of mineralization, and migration of mineralizing fluids away from magmatic-hydrothermal centres into more distal epithermal, skarn and carbonate replacement settings.

Figure 24: Simplified geological map of the Luka and Makovište exploration licences. Date provided by Golden Age. Map by the Timok East Report Author, dated March 23, 2023.



Property Mineralization

The Resulting Issuer is targeting deep porphyry and/or high sulphidation styles of mineralization beneath Metavonica epiclastics which crop out in the western parts of both exploration licences. Mineralized outcrop is not present at surface and BMC is planning a detailed soil geochemical survey, as well as a range of deep penetrating geophysical techniques, in order to generate drill targets. Skarn mineralization is valid target type given the presence of fault-bounded Jurassic and Cretaceous limestones.

Historical soil sampling conducted by First Quantum and the soil pXRF program completed by BMC shows a spatial correlation between anomalous copper soil geochemistry and outcropping Jurassic and Cretaceous Limestones (Figures 18 and 30). Such anomalism may be a vector copper mineralized skarn systems — especially in conjunction with regional scale controlling structures.

Deposit Type

The Timok Magmatic Complex is a lenticular, northerly oriented, ~85 km long and up to 25 km wide, volcanic-intrusive complex (Heinrich and Neubauer, 2002; Popov et al., 2002; Lips et al., 2004), that has undergone a Cretaceous and Cenozoic polyphase magmatic, metallogenic and deformation history (Neubauer, 2002; Fügenschuh and Schmid, 2005; Schmid et al., 2008; Kolb et al., 2013; Gallhofer et al., 2015). It hosts major and

world-class copper, copper-gold and gold deposits and has one of the highest concentrations of copper mineralization in the Eurasian Tethyan Belt.

World-class high-sulphidation Cu-Au (e.g. Bor) and porphyry Cu-Au deposits (e.g. Veliki Krivelj, Majdanpek and Borska Reka) define the Bor metallogenic zone in the eastern part of the TMC (Jelenković et al., 2016).

Economic porphyry copper-gold mineralization was first discovered in the Bor Region by Franco Sisteck in 1902. Since then, there has been significant exploration in the Bor district, and the Timok Magmatic Zone in general, resulting in the discovery of major copper, copper-gold and gold deposits. The discovery history of the TMC — as is the case for copper-gold porphyry systems globally — initially focused on the exploration of systems with surface expression of mineralization and/or alteration and on brown-fields targets around existing mines.

More recently, exploration has focused on deeper targets, as exemplified by the discovery of the Čukaru Peki copper-gold deposit in 2012. The deposit comprises high sulphidation epithermal mineralization above, and lateral to, a mineralized porphyry — the close spatial association of high sulphidation and porphyry copper-gold mineralization at Čukaru Peki is similar to other high sulphidation and porphyry deposits in the Bor district. Exploration and mining companies active in the TMC are increasingly targeting deeper geophysical anomalies in areas lacking surface expression of mineralization.

The Timok East Report Author is of the opinion that styles of mineralization in the Bor district, and recent discovery history, are relevant to BMC's exploration targets at the Project. The Timok East Project straddles the eastern margin of the Bor metallogenic zone.

Cu-Au Porphyry, High Sulphidation Epithermal and Skarn Deposits — An Overview

Copper-gold porphyry and high sulphidation styles of mineralization are the principle deposit types of interest at the Timok East Project. Copper-gold mineralized skarn targets may also be important — given the presence of extensive limestones with the Luka and Makovište exploration licences with associated copper-in-soil anomalism (Figure 25).

Porphyry Cu and Cu-Au

Porphyry deposits are large, low- to medium-grade deposits in which primary (hypogene) disseminated copper minerals and copper minerals in veins and breccias are relatively evenly distributed through large volumes of rock — forming high tonnage (>100 million tons), low to moderate grade (0.3–2.0 percent copper) deposits. Gold grades in porphyry Au and Cu-Au deposits range from 0.2 to 2 g/t Au. Porphyry copper deposits are the world's most important source of copper — accounting for more than 60% of the annual world copper production.

Porphyry copper deposits are mined primarily for copper — although gold and molybdenum are co-products in some deposits. Silver is a by-product in many deposits and rhenium, tellurium, platinum group elements, arsenic, and zinc are recovered from a few deposits.

A variety of mineral deposit types may be genetically associated with porphyry copper deposits including: skarns (copper, iron, gold and zinc types); polymetallic (silver, lead, zinc, copper and gold) replacement deposits; polymetallic (gold, silver, copper, lead, zinc, manganese and arsenic) veins; high sulfidation epithermal (gold, silver and copper) deposits; intermediate/low sulfidation (gold, silver and base metal) deposits; and distal disseminated gold and silver deposits.

The regional, deposit-scale and local-scale environments of porphyry copper deposits are diverse, and despite significant study, key controls on ore formation may be poorly understood in a given district or for a given deposit. Porphyry copper systems are mostly localized in time and space within the evolution of magmatic arcs along convergent plate margins — where subduction of oceanic crust and arc-type magmatism generates hydrous, oxidized upper crustal granitoids, which are genetically related to ores (John et al., 2010).

Associated igneous rocks vary in composition from diorite-granodiorite to high-silica granite — they are typically sub-volcanic, porphyritic, epizonal and mesozonal intrusions. A close temporal and genetic relationship between magmatic activity and hydrothermal mineralization in porphyry deposits is indicated by the presence of intermineral

intrusions and breccias that were emplaced between or during periods of mineralization (Sinclair, 2007). Multiple intrusive events, including pre-, syn-, late- and post-ore, are common — of which only one or two may be mineralized. Causative intrusions are generally small (<2 km diameter).

Porphyry Cu and Cu-Au deposits display a consistent, broad-scale alteration-mineralization pattern that is zoned upwards and outwards from a lower core of sodic-calcic, to potassic, chlorite-sericite, sericitic and advanced argillic. Chloritic and propylitic alteration develops distally at shallow and deeper levels respectively (Sillitoe, 2010). In general, the alteration-mineralization types become progressively younger upward with the result that the shallower alteration-mineralization zones invariably overprint, and at least partly reconstitute, deeper ones.

Sulphide deposition in copper-gold porphyry systems is broadly divided into two types. Potassic-rich magmas are inferred to be related to gold-rich porphyry and epithermal deposits (Müller and Groves, 2019).

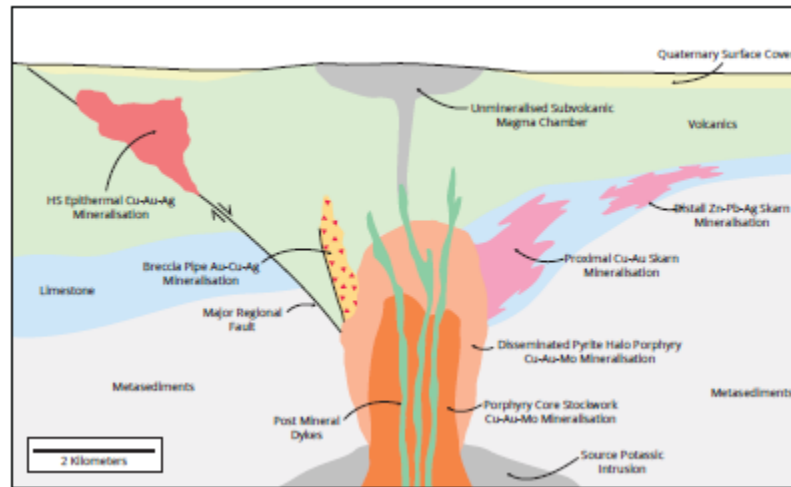
- Type I (Einaudi et al., 2003) are characterized by early, high-temperature magnetite and bornite-(digenitechalcocite)-chalcopyrite bearing ore assemblages in the general absence of pyrite. The majority of copper-(gold) ores in these deposits are hosted by potassium silicate alteration (e.g. biotite and secondary feldspar). Late-stage, feldspar-destructive, phyllic and advanced argillic alteration types, characterized by abundant pyrite, are less significant. Examples of large Type I deposits include Batu Hijau, Panguna, Endeavour 26N, Yerington, Bajo de la Alumbrera, Christmas, Dinkidi-Didipio and Cadia-Ridgeway (Garwin, 2019).
- Type II deposits are characterized by chalcopyrite-pyrite-(hematite) introduced during transitional-stage, chlorite-sericite-clay (intermediate argillic) alteration, which is typically magnetite-stable, and late-stage sericitic/phyllic alteration, where magnetite has been converted to pyrite-(hematite). This deposit style is characterized by abundant pyrite. Type II deposits typically contain greater amounts of copper and gold than Type I — likely due to causal intrusions that are highly oxidized. Examples of large Type II deposits include Bingham Canyon, Chuquicamata, El Salvador, Silver Bell, Alpala-Cascabel, Almalyk, Grasberg and Oyu Tolgoi (Hugo Dummett) (Garwin, op. cit.).

Epithermal Deposits

The term epithermal refers to a range of temperature versus depth (pressure) ore-forming conditions that develop within much larger, mainly sub-aerial, hydrothermal systems. Depth relates directly to pressure in the shallow environment where near-hydrostatic conditions prevail (Haas, 1971). Ore minerals precipitate at temperatures ranging from ~150° to ~300°C and at depths ranging from ~50 m to as much as 1500 m below the water table — caused by chemical changes that result from sharp pressure and temperature gradients in this environment.

These physical controls define the epithermal environment — although ore genesis also depends on the composition of the hydrothermal solutions, which controls metal transport and deposition (Henley, 1985). Such metaltransporting solutions vary in composition and differ in origin (Arribas, 1995; Simmons, 1995) and thus vary in their metal endowment (Albinson et al., 2001).

Figure 25: Schematic deposit model for porphyry, high sulphidation and skarn styles of copper-gold mineralization within the eastern TMC and the Timok East Project.



Epithermal Au-Ag-Cu deposits of both vein and bulk-tonnage styles may be broadly grouped into high, intermediate and low sulphidation types based on the sulphidation states of their hypogene sulphide assemblages (Sillitoe and Hedenquist, 2003).

- High sulphidation deposits contain sulphide-rich assemblages of high sulphidation state such as pyrite-enargite, pyrite-luzonite, pyrite-famatinite and pyrite-covellite (Einaudi et al., 2003).
- Intermediate sulphidation deposits contain minerals with sulphidation states between those of high and low sulphidation types such as chalcopyrite, FeS-poor sphalerite, galena and tetrahedrite-tennantite (Einaudi op. cit.).
- Low sulphidation deposits contain the low-sulphidation pair pyrite-arsenopyrite — the latter typically present in relatively minor quantities within banded veins of quartz, chalcedony, adularia and subordinate calcite. Minor amounts of Cu (typically <100–200 ppm) are present as chalcopyrite or, less commonly, tetrahedrite-tennantite (Einaudi op. cit.).

A review of worldwide examples of major epithermal Au and Ag deposits (Berger and Bonham, 1990; Sillitoe, 2002) suggests a reasonable correlation between various epithermal types and subtypes and specific volcanotectonic settings — although there are a number of relatively minor exceptions to the general scheme.

Gold-copper high-sulphidation epithermal deposits occur mainly in calc-alkaline andesitic and dacitic arc terranes. Sillitoe and Hedenquist (2003) further suggest that arcs subjected to neutral stress conditions or mild extension host many of the world's premier high-sulphidation deposits — although examples from both compressive and extensional arcs are known.

High-sulphidation gold, silver and/or copper deposits form in the epithermal and the upper parts of the underlying porphyry environments over vertical intervals of up to 2 km (Sillitoe, 1999) — as exemplified by the close association between porphyry and high sulphidation epithermal deposits at Bor and Čukaru Peki (Republic of Serbia) and Lepanto (Philippines). High sulphidation deposits are generated in advanced argillic lithocaps, which are products of the absorption of acidic magmatic volatiles by voluminous groundwater systems. Mineralization styles in high sulphidation systems reflect depth of formation, as well as the interplay between structural, lithological and hydrothermal parameters.

- The deep parts of high sulphidation systems, at depths of >1000 m, are typified by disseminated copper±gold mineralization comprising digenite, chalcocite and covellite in pervasive advanced argillic, as well as underlying sericitic alteration. In highly telescoped systems, such mineralization may overprint porphyry stocks and associated quartz-veinlet stockworks.

- Intermediate levels of high sulphidation systems commonly contain fault-controlled copper-gold mineralization, typically as enargite in bodies of vuggy residual quartz, silicification and/or massive pyritic sulphide.
- The shallow parts of high sulphidation systems, at depths of <500 m, may host lithologically controlled disseminated mineralization in which gold and/or silver tend to predominate over copper. Barren acid-leached zones formed in the steam-heated environment above paleo-water tables may be preserved above or alongside shallow high sulphidation deposits.

The presence of barren lithocaps has important implications for exploration, especially of deeply buried systems, as first pass drilling may encounter strongly silicified and pyritic zones which lack significant gold, silver and/or copper mineralization. In such scenarios, it is critical to understand position in the high sulphidation system, in order to develop appropriate vectors to feeder zones.

Skarn Deposits

Skarn deposits are a very diverse class of mineral deposits in terms of geologic setting and ore mineralogy. They constitute the world's premier source of tungsten; are major sources of copper; important sources of iron, molybdenum and zinc; and minor sources of cobalt, gold, silver, lead, bismuth, tin, beryllium, rare earth elements, fluorine and boron (Einaudi et al. 1981, Meinert 1993). Skarn deposits occur in a broad spectrum of geologic environments and range from Precambrian to late Tertiary in age. Most deposits of economic importance are relatively young and are related to magmatic-hydrothermal activity associated with dioritic to granitic plutonism in orogenic belts.

Skarn is a relatively simple rock type defined by a mineralogy usually dominated by calcsilicate minerals such as garnet and pyroxene. The majority of skarns are found in lithologies containing at least some limestone — yet they can form in almost any rock type during regional or contact metamorphism, and from a variety of metasomatic processes involving fluids of magmatic, metamorphic, meteoric and/or marine origin.

Skarn deposits can form directly at, and along, the contact between the intrusion and host carbonate rocks; as stratabound deposits in discrete pods or larger sheet-like bodies within the carbonate sequence; or within the intrusion itself. They display a wide range of morphologies and orientations and can occur proximal to, or up to ~1 km from, the causative intrusion.

Most skarn deposits are zoned. Mineralogy comprises an early formed, high temperature prograde assemblage typically comprising of a variable content of garnet, pyroxene, wollastonite, vesuvianite and magnetite, which is overprinted by a retrograde, lower temperature assemblage of epidote, chlorite, tremolite-actinolite, calcite, quartz, clays and sulphides. The abundance of each mineral and extent of retrograde alteration varies depending on original host rock chemistry, proximity to the intrusive body, and localised structural features. Recognition of distal alteration features such as bleaching, fluid escape structures, and isotopic halos can be critically important in exploration (Meinert, 2005).

Sulphide mineralization occurs as disseminations, massive pods and lenses, or is associated with quartz±calcite veins and fault-hosted zones. Sulphide minerals are usually formed during retrograde alteration or overprint the retrograde alteration, and typically comprise — for example — chalcopyrite-bornite-pyrite in copper bearing skarns, pyrite-pyrrhotite-arsenopyrite in gold skarns, or sphalerite-galena-pyrite in lead-zinc skarns.

Mineralization in the Bor District

Jelenković et al. (2016) summarized mineralization from the Bor district of the TMC as porphyry Cu and Cu-Au, porphyry Cu deposits with associated high sulphidation deposits (Figures 26 and 27), and skarn and carbonate replacement types. All styles are relevant to exploration at the Timok East Project.

Jelenković (op. cit.) also describes the less common deposit types of the Bor district including polymetallic massive sulphide/sulphide bearing breccias, mechanically-redeposited Cu-Au, Pb-Zn dominant systems, and low sulphidation epithermal and sediment-hosted gold deposits (Koželj, 2002). These types of deposits are not discussed further.

Porphyry Cu and Cu-Au

Porphyry quartz-sulphide vein/stockwork and disseminated sulphide mineralization is the dominant type of Cu-Au mineralization in the Bor district. Mineralization is confined to emplacement of porphyritic dykes (quartz diorite, granodiorite and/or monzonite). The spatial relationship of the plutonic intrusion and porphyry copper mineralization is either evident (Crni Vrh), or assumed, on the grounds of the development of porphyry dyke suites (Majdanpek, Borska reka, Veliki Krivelj). Jelenković (op. cit.) further subdivides porphyry deposits into:

- Porphyry copper deposits associated with diorite porphyry clusters (e.g. Valja Strž) are located in the western part of the TMC. Mineralization at Valja Strž is hosted by andesites and a monzonitic to dioritic granitoid complex (the Valja Strž granitoid). The Dumitru Potok, Dumitru Potok East and Čoka Rakita deposits belong to this class.
- Porphyry copper deposits related to high-level dyke swarms above a plutonic body include the Veliki Krivelj deposit. This style of mineralization is localized in hydrothermally altered Upper Cretaceous andesites and associated pyroclastics and volcano-sedimentary rocks — intruded by numerous quartz-diorite porphyry dykes. Copper-mineralization may also occur in skarns.
- Porphyry copper deposits associated with high sulphidation massive sulphide mineralization (subvolcanic Bor–Borska Reka type) — where mineralization formed along a subvertical, volcanic structure, with a strike length of over 2 km. Porphyry and high sulphidation styles of mineralization are present. Copper porphyry mineralization is best developed 400 to 1600 m below surface (e.g. the Borska Reka deposit), but also presents in the smaller, near surface (0 to 600 m depth) Tilva Ros deposit (Figure 26). High sulphidation mineralization is developed above, and lateral to, Borska Reka porphyry mineralization — it presents as massive sulphide zones with pervasive silicification.

Mineralization at Bor is invariably hosted by Phase 1 Timok hornblende-andesite and is related to northnorthwest striking reverse faults — including the regional Bor Fault.

- Porphyry copper deposits related to fault structures — such as Majdanpek — are generally rare. Mineralization presents along a narrow (~300 m wide) zone over a strike length of ~5 km and is associated with andesites and quartzdiorite porphyry dykes at the contact of Jurassic and Cretaceous limestones and Cambrian gneisses and amphibolites. Multi-stage mineralization comprises dominant porphyry copper-gold mineralization with molybdenite, and lesser massive sulphide, pyrite bodies, magnetite skarn, and massive to vein-hosted Pb-Zn sulphides.

Figure 26: Simplified cross section through the Bor copper-gold deposit. Note the near-surface Tiva Ros high sulphidation epithermal ore-body and the Borska Reka porphyry deposit. The top of the Borska Reka mineralization is 400 m below surface — mineralization has a vertical extent of at least 1000 m. Modified after Jelenković et al. (2016).

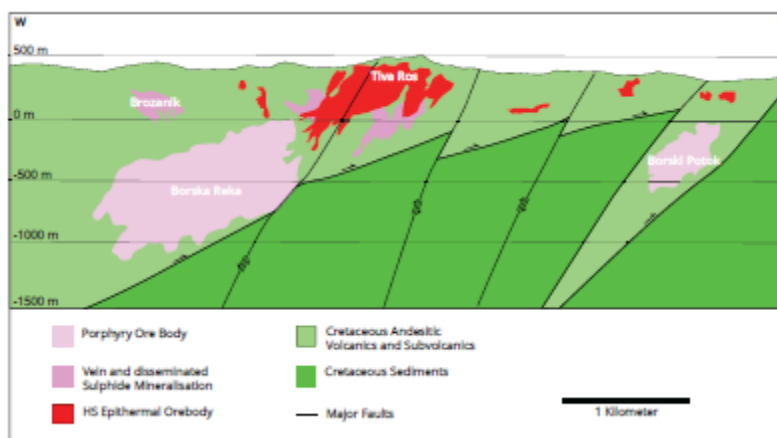
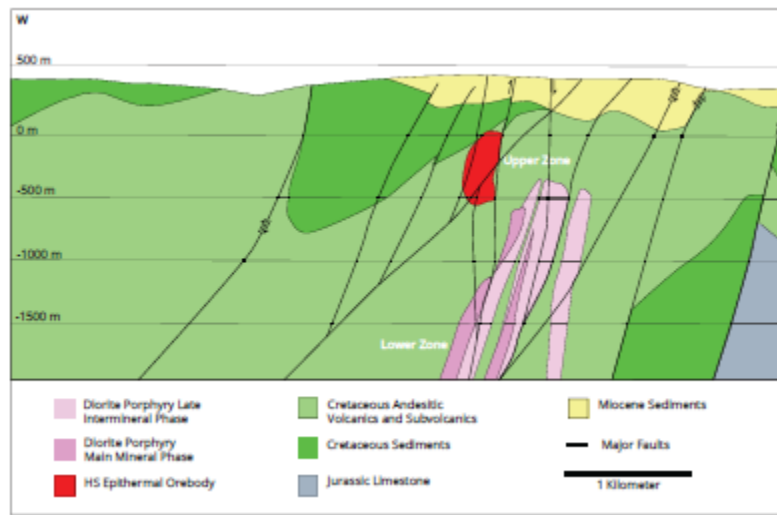


Figure 27: Simplified cross section through the Čukaru Peki and underlying Timok Lower Zone Deposit. The top of the high sulphidation orebody is approximately 400 m below surface. Mineralization has been defined over a vertical interval of almost 2 km. Modified after Hatch (2018).



Mineral Exploration Trends in the Bor District

Economic copper-gold mineralization was first discovered in the Bor district in 1902 when the copper- and gold-rich Coka Dulkan and Tilva Ros deposits were discovered by Franjo Sistek. Mining commenced in 1907. The Serbian investors sold their interests to a French group (Society of the Bor Mines) who controlled the mines until 1941. The mines and smelter were rehabilitated after the Second World War, and were operated until the 1990's by the Yugoslav State, and thereafter by the state-owned Rudarsko-Topioničarski Basen Bor (RTB Bor).

Exploration by the Yugoslav State focused on outcropping alteration and/or mineralization with drilling to maximum depth of ~700 m. During this time the Majdanpek, Bor River, Valja Strz, Veliki Krivelj, Cerovo/Cementation and Dimitri Potok porphyry deposits and the Lipa, Choka Marin, Choka Kuruga and Kraku Bugaresku high sulphidation deposits were discovered. Many of these deposits have become mines (Janković et al., 2002). Despite being near surface discoveries — mining and exploration at these deposits has defined mineralization over vertical extents of between 450 to 750 m (Figure 28). Many deposits remain open at depth (Figure 28).

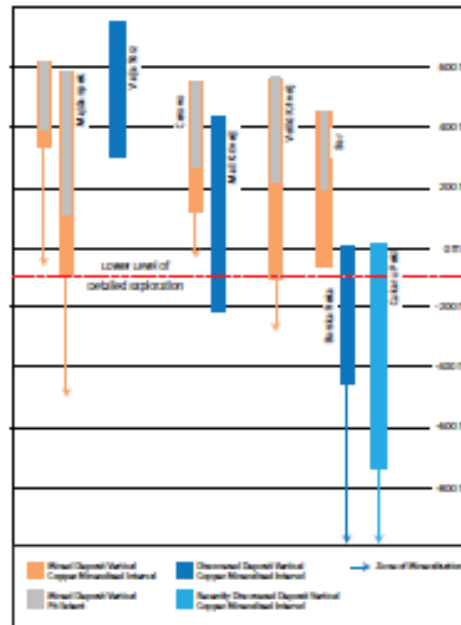
The depth potential of mineralization within the eastern TMC is exemplified at Bor, where the Tilva Ros high sulphidation epithermal deposit has been mined to a vertical depth of ~300 m and ~250 m of mineralization remains. Significantly, near-mine exploration at Bor defined the Borska Reka porphyry deposit, which is horizontally off set to the northeast of Tilva Ros, was discovered 400 m below the surface, and has a vertical extent of at least 1000 m (Figure 26).

More recent exploration has targeted buried mineralized systems as demonstrated by the discovery of Čukaru Peki (Hatch, 2018). Historical drilling in the 1970's reported gold mineralization. In 2004, Southeast, a 100% owned subsidiary of Eurasian Minerals, drilled a number of diamond holes — one of which intercepted gold and copper mineralization in the upper 60 m (including 22.4 m @ 4.51 g/t Au). Drilling by Reservoir in 2007 and 2008 intercepted a massive sulphide zone with 24.8 m @ 0.33% copper and 0.16 g/t gold — evidence that epithermal gold mineralization graded downwards into a copper-rich zone. The discovery hole was drilled in 2012 and intersected an upper zone of high sulphidation epithermal mineralization which included 266 m @ 1.23% Cu Eq. (598 to 864 m) above porphyry style Lower Zone mineralization at depth.

Southeast and Reservoir completed a number of geophysical surveys including gravity, magnetics, induced polarization and resistivity, and a large-scale controlled source audio magnetotelluric (CSAMT) survey. The CSAMT survey defined the base of Miocene sediments, the location of high/low resistivity zones, and potential structural zones. CSAMT data was used extensively for exploration targeting and contributed significantly to the initial drill success.

The Čukaru Peki deposit (Figure 27) is hosted within Phase 1 Upper Cretaceous andesitic volcanic rocks (Timok andesite) — which are conformably overlain by ~250 m of Oštrej Formation sediments and conglomerates/sandstones of the Bor Clastic Formation. A poorly consolidated sequence of Miocene clastic sedimentary rocks (~400 to 500 m thick) unconformably overlies the Oštrej and Bor Formations. The discovery of the Čukaru Peki deposit demonstrates the potential for discovery of high grade Cu-Au mineralization with significant vertical extent — beneath thick post-mineralization cover units. The discovery of Čukaru Peki is a case study in future exploration trends within the TMC and for Cu-Au porphyry mineralization worldwide.

Figure 28: Vertical interval of copper-mineralization in selected copper-gold deposits. Note recent discoveries beneath deep cover. Modified after Jelenković et al. (2016).



Deposit Models — Implications for Exploration at the Timok East Project

Jelenković et al. (2016) presented a schematic model and cross section through the TMC showing the location of the different types of metallic mineral deposits. Jelenković (op. cit.) notes a genetic relationship between all deposits types, from deeper porphyry Cu-Au, outwards and upwards to high-sulfidation epithermal Au-Ag. Skarn and Pb-Zn-Au-Ag replacement deposits form both proximal to, and more distal from, the magmatic-hydrothermal porphyry centres, where major structures intersect limestones. In the northwest of the TMC, recently discovered sediment-hosted and Carlin-style gold deposits, have also been spatially linked to the deeper magmatic hydrothermal systems (Knaak et al., 2016).

Jelenković et al. (2016) cites the importance of basin-scale reverse faults as a principal control on porphyry emplacement and fluid pathways for the more distal skarn and epithermal deposits. The model proposed by Jelenković (op. cit.) is relevant to the Luka and Markavište exploration licences (Figure 29) and confirms that deep, porphyry and high sulphidation targets, and skarn targets where limestones are bounded by basin margin faults, are valid.

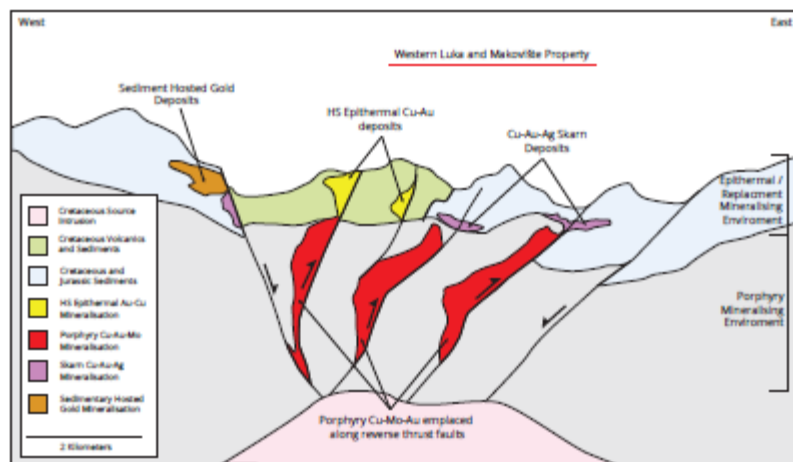
Porphyry, high sulphidation epithermal, and skarn deposits display a consistent, broad-scale pattern of zoned alteration and mineralization, that often presents as well defined variations in geochemical and geophysical characteristics. Geochemical and geophysical signatures can thus be used as vectors when drill targeting — especially for mineralized systems lacking significant surface expression — as is evidenced in the discovery of deep mineralization at Čukaru Peki.

Geochemical Techniques

Stream, soil and rock-chip geochemistry provides important vectors to mineralization in systems with surface expression of alteration and/or mineralization. Geochemistry is less effective in deeply buried systems and mineralized systems beneath thick post mineral cover. However, porphyry, high sulphidation epithermal, and skarn deposits typically have a large alteration/mineralization footprint, and geochemical signatures may have surface expression along regional structures.

Grid soil geochemistry of copper and gold, and associated path-finder elements such as arsenic, molybdenum, lead, zinc and silver, may assist with target vectoring. Even low tenor anomalism should be considered significant.

Figure 29: Schematic cross section through the Timok Magmatic Complex showing the location of different types of metallic mineral deposits. The western parts of the Luka and Makovište exploration licences — where TMC Metavonica epiclastites and Jurassic/Cretaceous Limestones crop out — is shown. Modified after Jelenković et al. (2016).



Geophysical Techniques

Porphyry, high sulphidation epithermal and skarn deposits often show well defined contrasts in magnetic, resistivity, chargeability and gravity responses (Hoschke, 2011).

- The more oxidized porphyry systems, characterized by abundant primary (host rock) and secondary (hydrothermal) magnetite, typically express a central magnetic high, with an annular low or zone of subdued magnetic response. Systems that are less oxidized, characterized by a smaller abundance of magnetite, may show a central magnetic low with an annular magnetic high that is related to a pyrrhotite-bearing halo surrounding the porphyry centre. Linear zones of demagnetization, due to the replacement of magnetite by pyrite, may delineate structurally-controlled, feldspar-destructive clay-mica alteration zones that coalesce with proximity to the porphyry centre.

High sulphidation epithermal systems — characterized by development of vuggy silica and intense silica alteration, which passes outwards into advanced argillic alteration (quartz, alunite, kaolinite, dickite, pyrophyllite, diaspore) and argillic alteration (quartz, kaolinite, illite, sericite, and smectite), is magnetite destructive. Localized magnetic lows are important vectors.

Magnetite or other magnetic minerals such as high temperature pyrrhotite may be an important element in skarns — resulting in an anomalous magnetic high response.

- Induced polarization-resistivity results may indicate a chargeability (IP) anomaly that typically coincides with elevated pyrite and lower chalcopyrite-pyrite ratios. Elevated chargeability may also occur in porphyry centres that are characterized by abundant copper sulphide minerals (Garwin, 2002) — but this IP response is generally lower than that expressed by the pyrite-rich halo.

Pyrite and enargite (and its low-temperature dimorph luzonite) are the dominant sulphides in high sulphidation deposits — with pyrite often forming extensive halos that surrounds high grade mineralization. Elevated chargeability is common within the broader alteration zone that may surround high grade mineralization within vuggy silica.

Disseminated and/or massive sulphide mineralization is common in skarn deposits and may give a strong IP or EM response. However, the electrical response of skarns must be interpreted carefully since metasomatism of carbonate rocks necessarily involves redistribution of carbon (Meinert, 1992) which can also result in strong IP or EM response.

- Resistivity measurements are often elevated in the prophylic halo and potassic core. In contrast, resistivity lows are more common in the surrounding and overlying mica- and clay-rich, phyllic and argillic zones. Silica-rich zones of advanced argillic alteration can be highly resistive.

Resistivity is an effective exploration technique in high sulphidation epithermal deposits given the close association between high grade copper and copper-gold mineralization and pervasive development of vuggy silica.

- Intrusions typically show a density contrast to adjacent wall-rocks — although the gravity signature of porphyry systems is variable. In some systems, the intrusions are denser than the wall-rocks, producing a gravity high, and in others, the intrusions are less dense, resulting in a gravity low. The geological basement is typically denser than overlying volcanic sequences and is expressed as a gravity high in horst blocks and anticlines — allowing basement topography, and location of controlling structures, to be imaged.

Almost all skarns are significantly denser than surrounding rocks and may thus form a gravity anomaly. This is particularly evident in skarns that contain magnetite.

- Techniques such as deep sensing magnetotellurics (“MT”) and audio frequency magnetotellurics (“AMT”), and CSAMT, are increasingly used for exploration of deeply buried porphyry targets, high sulphidation epithermal, and skarn targets.

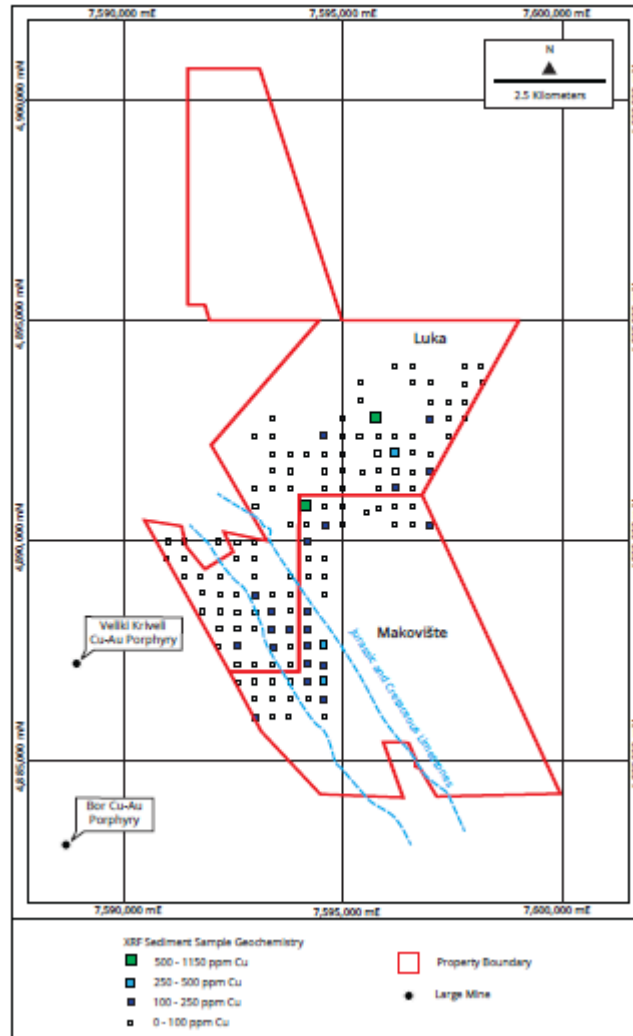
Exploration

BMC completed a soil sampling program within the Luka exploration licence. A total of 84 soil samples (Figure 30) were taken and assayed by hand-held XRF (“pXRF”). Ten samples assayed between 100 to 250 ppm Cu and define a copper anomaly, over a strike length of ~2.5 km and width of ~500 m, that is coincident with outcropping limestones. This supports the possibility of skarn targets within the exploration licences. BMC spent CAD 5380 on the soil pXRF program.

Samples were placed in individually labelled calico bags, air dried, sieved to < 1 mm, and analysed by BMC using pXRF.

The Timok East Report Author notes that pXRF analysis was conducted by BMC and samples were not submitted to an Independent ISO-rated laboratory. XRF results — and especially pXRF results — are influenced by the sample itself. The sample container and presentation, films used, particle size, sample moisture, heterogeneity, and sample matrix can all influence the results. BMC did not calibrate the pXRF unit using pXRF Certified Reference Materials. For these reasons, and the fact that the Timok East Report Author has not been able to verify the pXRF assays results, the Timok East Report Author cautions that the results should not be relied upon.

Figure 30: Map showing pXRF copper assay results for soil samples taken by Golden Age. Map by the Timok East Report Author dated 23 March 2023.



Drilling

BMC drilled a single diamond hole (LKDD22-1) in the south western part of the Luka exploration licence in October 2022. The hole was collared at 7,591,978 mE and 4,888,350 mN (datum MGI 1901 / Balkans Zone 7) at an azimuth of 150° and dip of -85°. The hole was drilled in PQ to 57 m and then in HQ (Figure 31) to a total depth of 425.6 m.

The hole was designed to target the Phase 1 Timok Andesite below Metavonica Epiclastites. Due to drilling difficulties the hole did not reach target and remained within hanging wall (cover units). For this reason the core was not assayed. The total cost of this hole, including site preparation and remediation, drilling, and geological and geotechnical logging, was CAD 104,189 — equating to an all in cost without assays of CAD 245/metre.

Figure 31: Example of HQ diameter diamond drill core from hole LKDD-21. Note excellent core recovery. Core blocks are logged in place to prevent core moving within slots. Core mark-up follows industry-recognized standards of best practice.



Sample Preparation, Analysis and Security

BMC collected 82 soil samples. Samples were placed in individually labelled calico bags, air dried, sieved to < 1 mm, and analysed by BMC using pXRF. Sample preparation, analysis and security followed industry recognized standards of best practice — for the type of sample, type of analysis and stage of exploration.

The Timok East Report Author notes that samples were not submitted to an Independent ISO-rated laboratory. XRF results — and especially pXRF results — are influenced by the sample itself. BMC did not calibrate the pXRF unit using pXRF Certified Reference Materials. As such, pXRF assay results should be considered semi-quantitative only.

Data Verification

In addition to verification of data provided by the Golden Age and BMC, the Timok East Report Author visited the Timok East Project on January 20, 2023.

- The Timok East Report Author used a Google Earth satellite base image over-printed with Property boundaries to verify the location of the Luka and Makovište exploration licences with respect to geographic features observed in the field. The Timok East Report Author is satisfied that the Timok East Project boundaries outlined in Table 15, and referenced in Independent Legal Opinion, coincide with the geographic field area covered in this report.
- Land access agreements with land-owners as out in “Social Licence and Surface Rights” were reviewed — access has been granted consistent with the representations of the Golden Age.
- The Timok East Report Author reviewed the geological mapping completed by the Golden Age and is satisfied it follows industry recognized standards of best practice — appropriate for the stage of the project and style of mineralization.

- The Timok East Report Author visited the site of the diamond hole drilled in the Luka exploration licence by Golden Age. The Timok East Report Author used a handheld Garmin GPS to confirm the location. The Timok East Report Author noted that the drill pad has been fully re-mediated.
- The Timok East Report Author reviewed the diamond core from the Luka drill hole. Whilst the hole failed to reach target and was not sampled or assayed — core quality and recovery was excellent. Core mark-up and core logging followed industry recognized standards of best practice.

The Timok East Report Author was not able to verify the methodology used by First Quantum in their regional stream sediment and soil sample program, or the subsampling and assay protocol used, and could not verify the historical stream sediment and soil sample assay results of First Quantum. The Timok East Report Author was not able to verify methodology used in the soil sample program of Golden Age and notes that the pXRF technique used by Golden Age to assay the soils samples is a semiquantitative technique. Historical work by First Quantum and Golden Age is discussed in “History” of the Timok East Technical Report.

Beyond the Timok East Report Author’s inability to verify historical soil sampling by First Quantum and Golden Age, the Timok East Report Author is not aware of any other limitations to the verification outlined above.

Mineral Processing and Metallurgical Testing

There has been no Mineral Processing or Metallurgical Testing of samples from the Timok East Project. This section is not relevant.

Mineral Resource Estimate

There are no mineral resource estimates with respect to the Timok East Project — either prepared historically or by BMC. This section is not relevant.

Adjacent Properties

The Luka licence is bounded to the north by Appalachian Resources LLC to the north. The Makovište exploration licence is bounded by Bor Copper Mines (“**BCM**”) to the west and by the Padina licence of Mundoro Capital Inc (“**Mundoro**”) to the South (Figure 32).

Mundoro Capital Inc.

The Padina Project is an early-stage exploration project located within a licence that shares the southern boundary of the Makovište property. Mundoro has used historical geochemical, geophysical and structural data to define copper porphyry and high sulphidation epithermal targets. <https://mundoro.com/projects/padina-project-vale/> Mundoro has other exploration licences within the TMC to the west of the Padina exploration licence — but these exploration licences are too far from the Timok East Project to be considered adjacent.

Bor Copper Mines

Zijin Mining Group Co. owns 63% of BCM properties. The BMC property shares the western boundary of the Luka and Makovište exploration licences (Figure 32) — and hosts the copper-gold porphyry Bor Mine and high sulphidation epithermal Viliki Krivelj Mine. Zijin Mining Group is currently expanding the two mines. <https://www.zijinmining.com/global/program-detail-71737.htm>.

Appalachian Resources LLC

Other than basic licence information presented in the cadastre — the Timok East Report Author could not find any publicly available information with respect to this licence.

The Timok East Report Author has been unable to verify the information with respect to the above properties. The Timok East Report Author further cautions that the styles of mineralization described on Mundoro and Zijin Minings Group’s properties is not necessarily indicative of the styles of mineralization on the Timok East Project.

Figure 32: Licence map showing BMC's Luka and Makovište exploration licences and adjacent exploration licences. Map by the Timok East Report Author dated March 23, 2023.



Other Relevant Data and Information

The Timok East Report Author is not aware of any other information or data that may be relevant to the Timok East Technical Report — other than that already disclosed in previous sections.

Interpretations and Conclusions

Timok East Project is located at the eastern margin of the TMC. The TMC is a lenticular, northerly oriented, ~85 km long and up to ~25 km wide, volcanic-intrusive complex in eastern Serbia that has undergone a Cretaceous and Cenozoic polyphase magmatic, metallogenic and deformation history. The TMC hosts major and world-class copper, copper-gold and gold deposits — it has one of the highest concentrations of copper mineralization in the Eurasian Tethyan Belt.

The eastern margin of the Complex hosts world-class high-sulphidation Cu-Au (e.g. Bor and Čukaru Peki) and porphyry Cu-Au deposits (e.g. the Veliki Krivelj, Majdanpek and Borska Reka deposits) that constitute the Bor metallogenic zone (Jelenković et al., 2016). Smaller porphyry Cu-Au, high sulphidation, polymetallic replacement and skarn-type deposits occur elsewhere in the Complex (Janković, 1990a and b; Karamata et al., 1997a; Janković

et al., 2002; Jelenković and Koželj, 2002; Koželj, 2002; Monthel et al., 2002; Armstrong et al., 2005; van der Toorn et al., 2013).

The Luka and Makovište exploration licences straddle the eastern margin of the TMC — in this respect the eastern parts of the Timok East Project is well positioned for the exploration of porphyry, high sulphidation and skarn styles of mineralization.

The Bor metallogenic zone is one of the most important metallogenic zones in the Republic of Serbia — the large porphyry Cu-Au and high-sulphidation Cu-Au deposits in the eastern part of the Complex have formed the basis of significant mining activity for over 100 years. Whilst the geology of the TMC has been well documented, there is currently no unifying geologic model that places the varied deposits within a pre-, syn-, and post-mineral geologic and tectonic history of the TMC.

Jelenković et al. (2016) presented a schematic model and cross section through the TMC showing the location of the different types of metallic mineral deposits and notes a genetic relationship between deposits types — from deeper porphyry Cu-Au, outwards and upwards to high-sulphidation epithermal Au-Ag. Skarn and Pb-Zn-Au-Ag replacement deposits form both proximal to, and more distal from, the magmatic-hydrothermal porphyry centres, where major structures intersect limestones. The model cites the importance of basin-scale reverse faults as a principal control on porphyry emplacement (and thus magmatic-hydrothermal centres) and as the major control of fluid pathways for more distal skarn and epithermal deposits.

Exploration in the TMC since 2000 has led to new discoveries of massive sulphide and porphyry Cu-Au systems at Čukaru Peki in the eastern part of the Complex (Banješević et al., 2014), and porphyry Cu-Au, polymetallic replacement, and sedimentary hosted Au deposits in the northwest part of the Complex (van der Toorn et al., 2013). Recent exploration has focused increasingly on deeper discoveries based on geochemical and geophysical exploration in areas lacking surface expression of mineralization — especially in areas where productive volcanic facies occur beneath post-mineralization sedimentary cover and basin margin faults contact calcareous lithologies.

The model proposed by Jelenković (op. cit.) is relevant for the exploration of porphyry, high sulphidation and skarn targets within the Luka and Makovište exploration licences. Jelenković (op. cit.) also highlights the excellent depth potential of deposits within the Bor metallogenic zone.

The historical soil sampling by First Quantum and soil sampling by BMC was of limited nature and there has been no geophysical exploration — in this respect the Luka and Makovište exploration licences are under-explored. There are two principal target types within the western parts of the Luka and Makovište exploration licences:

- The Phase 1 Timok Andesite is the principal host of porphyry and high sulphidation mineralization in the eastern TMC. The Metavonica epiclastites — which crop out along the western margin of the Timok East Project — are temporarily coincident with, and later than, the Phase 1 Timok andesite. Deep porphyry and high sulphidation systems are valid targets beneath Metavonic epiclastites.
- Historical soil sampling by First Quantum and soil sampling by BMC defined a broadly north-northwest and south-southeast trending copper anomaly that is ~6 km long and up to ~400 m wide. This anomaly is broadly coincident with thick Jurassic and Cretaceous limestones which are bounded by basin margin faults. The anomaly, in conjunction with limestones and major faults at the edge of the TMC, validates the potential for skarn targets on the Timok East Project.

The Timok East Report Author considers the Timok East Project to be a project of merit that warrants further exploration for porphyry, high sulphidation and skarn styles of mineralization. The Timok East Report Author further considers that BMC has a well planned geochemical and geophysical field program. Exploration focus should be on the western parts of both licences and initially comprise detailed field mapping, infill soil geochemistry and geophysics. Specifically:

- Soil and rock-chip geochemistry is an important vector to mineralization in systems with surface expression of alteration and/or mineralization — geochemistry is less effective in deeply buried systems and systems beneath thick post mineral cover. However, porphyry, high sulphidation epithermal and skarn styles of

mineralization typically have a large footprint and geochemical signatures may have surface expression along regional structures.

The combination of a soil copper geochemical anomaly, coincident with limestones that are bounded by basin margin faults at the Timok East Project, provides a possible vector to skarn targets. An infill soil sampling program is recommended.

- Primary magnetite in intrusives, secondary hydrothermal magnetite, magnetite destructive alteration, and magnetite in skarns, results in magnetitic signatures that have been well documented in porphyry and skarn systems worldwide. It is recommended that a magnetic survey be conducted across the western parts of both licences.
- Induced polarization is a proven technique in the exploration for porphyry, high sulphidation and skarn deposits. Elevated chargeability is associated with pyritic alteration haloes, copper sulphide minerals in porphyry and skarn deposits, and with pyrite and enargite/luzonite in high sulphidation deposits. An induced polarization survey should be conducted over the western parts of both licences to identify any such anomalies.
- A gravity survey may provide information that can be used in target generation. Magnetite is a common mineral in base metal skarns — given its high specific gravity a positive gravity response may accompany skarn mineralization. Density contrasts between intrusions and wall rocks, and different intrusive phases within an intrusive complex, may define the location of intrusive centres.
- Techniques such as MT and AMT, and CSAMT, are increasingly being used for exploration of deeply buried porphyry targets, high sulphidation epithermal, and skarn targets.

To the best of the Timok East Report Author's knowledge the Timok East Project is in good standing and BMC has in place appropriate access agreements. The Timok East Report Author concurs that further work is justified as outlined in "Recommendations".

The Timok East Project is an early stage project. Other than soil copper anomaly which is coincident with Jurassic and Cretaceous limestones, there is no outcropping mineralization and/or associated alteration. That Company's exploration strategy is to target buried porphyry, high sulphidation and skarn styles of mineralization, with targeting based on a combination of geochemical and geophysical techniques (Phase 1 target generation: Section 20).

There is a risk that Phase 1 target generation does not define anomalies or drill targets. This would significantly downgrade the merit of the Tlaminio Project. If drill targets are defined by Phase 1 — then the Company may proceed to Phase 2 diamond drilling (Section 20). Exploration drilling carries inherent risks including the possibility that drilling does not intercept mineralization, or if mineralization is intercepted, it may not be of sufficient grade or type to warrant further exploration.

Recommendations

The Timok East Report Author comprises the Luka and Makovište exploration licences. The Timok East Project is located at the eastern margin of the Timok Magmatic Complex — a prolifically mineralized section of the Apuseni-Banat-Timok-Srednogorie magmatic arc. Economic copper-gold mineralization was first discovered in the TMC in 1902 and since then there has been a long history of discovery and mine development — with a focus in the eastern part of the TMC on copper-gold porphyry and associated high sulphidation and skarn deposits.

More recent exploration trends — as exemplified by the discovery of the Čukaru Peki copper-gold porphyry and high sulphidation system — has focused on under cover, deeper exploration targets, using geochemical and especially geophysical techniques. BMC has a well planned two stage exploration programme. Phase 1 is a target generation phase which will be followed — if warranted — by Phase 2 diamond drilling.

Phase 1 — Target Generation

Phase 1 is a multi-faceted exploration program designed to generate primarily porphyry, high sulphidation and/or skarn targets beneath cover units. BMC has designed a staged program comprising data review, field mapping,

geochemical sampling and geophysics — appropriate for the target type and stage of exploration. The Phase 1 budget is estimated at C\$536,600 (Table 16).

- GIS / Database: BMC has commenced compilation of all available historical data in order to generate an integrated, layer-based GIS database.
- Field Mapping: 1:100,000 and 1:25,000 geological maps cover both exploration licences. BMC has allocated approximately 30 days to ground-truth existing geological maps — in conjunction with rock-chip sampling of key outcrops.
- Soil Geochemistry: Grid-based soil geochemical sampling of high priority areas in the west of the exploration licences is planned. Historical reconnaissance stream sediment and soil sampling by First Quantum defined a broadly northeast-southwest trending corridor of samples with anomalous gold and copper geochemistry. More detailed work is required in these areas.
- Geophysics: Deep penetrating geophysical techniques are critical to effective targeting of deep porphyry targets and associated styles of mineralization. Field magnetic data provides important information on intrusive centres, alteration haloes and major structures. Natural source audio-frequency magnetotelluric is a deep penetrating magnetotelluric technique with demonstrated application to generation of deep exploration targets. It is well suited to target generation within the Luka and Makovište exploration licences.

Phase 1 — Item Cost	Cost / C\$
GIS / Database (40 days @ CAD 360/day)	14,400
Geological Mapping / Rock Chip Sampling (30 days @ CAD 440/day)	13,200
Rock Chip Assay (100 samples @ CAD 100/sample)	10,000
Soil Sampling Field Program (50 days @ CAD 440/day)	22,000
Soil Sample Assays (1000 samples @ CAD 100/sample)	100,000
Field Magnetic Survey (Drone)	35,000
NSAMT (160 stations @ CAD 1900/station)	304,000
Field Logistics (4WD/Fuel/Accommodation)	38,000
Total Phase 1 Exploration:	C\$536,600

Table 16: Phase 1 exploration costs.

Phase 2 — Diamond Drilling

Contingent upon the results of Phase 1 exploration and targeting — BMC is planning an initial diamond drill program comprising 3 holes each of average depth 600 m. An all in drilling costs (site preparation and rehabilitation, drilling, geological logging and sampling, and sample assay) is CAD 261/metre. The expected cost of Phase 2 is CAD 556,000.

Phase 2 — Item Cost	Cost / C\$
Three by 600 m deep diamond drill holes (All in cost @ CAD 261/metre)	504,000
Field Logistics (4WD/Fuel/Accommodation)	52,000
Total Phase 2 Drilling:	C\$556,000

Table 17: Phase 2 exploration costs.

The Timok East Report Author is of the opinion that the exploration potential of the Luka and Makovište exploration licences justifies the work program proposed by BMC. Moreover, the work program is stage of the exploration program, style of mineralization and target type, and the costs cited are reasonable estimations for a project in Serbia. The Timok East Report Author concurs that a two phase approach is warranted.

Selected Consolidated Financial Information For BMC

Selected Financial Information

The following table sets out selected historical financial information for BMC for the years ended December 31, 2022 and December 31, 2021, and unaudited interim three-month periods ended March 31, 2023 and March 31, 2022 and should be read in conjunction with those financial statements. See Schedule “B” for copies of the BMC Financial Statements.

	3 month period ended March 31, 2023	Financial year ended December 31, 2022 (\$)	Financial year ended December 31, 2021⁽¹⁾ (\$)
Net sales/total revenues	nil	nil	nil
Net Loss and other comprehensive loss	(147,869)	(472,618)	(56,962)
Income from continuing operations	nil	nil	nil
Basic and diluted loss per share	(0.01)	(0.02)	(0.01)
Total assets	1,663,045	1,060,626	375,436
Total long term financial liabilities	nil	nil	nil
Deficit	(673,743)	(523,906)	(56,962)
Cash dividends declared	nil	nil	nil

Note:

(1) BMC was incorporated on May 22, 2021.

MD&A

BMC’s MD&A for the years ended December 31, 2022 and 2021 and the interim three-month periods ended March 31, 2023 and March 31, 2022 are attached hereto as Schedule “J”.

Trends

See “Information Concerning BMC – Narrative Description of the Business” for a discussion of trends reasonably expected to have a material effect on BMC’s business, financial condition, or results of operations.

Description of Securities

BMC’s authorized share structure consists of an unlimited number of common shares. Immediately before the Closing, there will be 29,799,424 BMC Shares outstanding. BMC Shareholders are entitled to dividends, if, as and when declared by BMC’s board of directors, to one vote per share at meetings of the Shareholders and, upon liquidation, to participate equally in such assets of BMC as are distributable to the Shareholders.

Consolidated Capitalization

Designation of Security	Amount Authorized or to be Authorized	Amount Outstanding as of December 31, 2022	Amount Outstanding as of July 13, 2023 (before giving effect to the Proposed Transaction)
Common Shares	Unlimited	24,264,266	29,799,424 ⁽¹⁾
Warrants	Unlimited	390,016	3,370,627

Note:

(1) Including BMC Shares issued pursuant to the BMC Debt Conversion.

Prior Sales

The following table summarizes the sale of BMC Shares by BMC since incorporation.

Date	Reason for Issuance	Number of Securities	Issue Price Per BMC Share	Consideration Received
May 22, 2021	Allotment	100	\$1.00	\$100.00
September 26, 2021	Founders Shares	10,800,000	\$0.001	\$10,800.00
September 27, 2021	Seed Share Issuance	1,000,000	\$0.005	\$5,000.00
September 28, 2021	Private Placement	4,242,503	\$0.10	\$424,250.30
August 5, 2022	Private Placement	2,350,000	\$0.10	\$235,000.00
September 14, 2022	Private Placement	2,100,000	\$0.10	\$210,000.00
September 14, 2022	Private Placement	1,571,663	\$0.10	\$157,166.30
January 6, 2022	SPA Consideration Shares	2,200,000	\$0.10 (deemed)	N/A
January 16, 2023	Private Placement	1,035,158	\$0.15	\$155,273.70
January 18, 2023	Private Placement	166,667	\$0.15	\$25,000.05
January 18, 2023	SPA Milestone Shares	1,000,000	\$0.15 (deemed)	N/A
April 24, 2023	Private Placement	833,333	\$0.15	\$124,999.95
July 12, 2023	Private Placement	833,333	\$0.15	\$124,999.95
	TOTAL:	28,132,757		\$1,472,590.25

Notes:

- (1) These BMC Shares were issued as consideration for the acquisition of Golden Age Resources d.o.o. pursuant to the Golden Age Agreement.
- (2) These BMC Shares were issued as consideration pursuant to the Golden Age Agreement in connection with converting certain permit application into exploration permits.

In addition to the above share issuances, BMC has issued 3,370,627 BMC Warrants as shown in the below table:

Date	Reason for Issuance	Number of Warrants	Exercise Price	Expiry Date
August 5, 2022	Finder Warrants	133,000	\$0.10	August 5, 2023
September 14, 2022	Finder Warrants	147,000	\$0.10	September 14, 2023
September 14, 2022	Finder Warrants	110,016	\$0.10	September 14, 2023
January 16, 2023	Finder Warrants	49,128	\$0.10	January 16, 2024
January 16, 2023	PCF Warrants	1,035,158	\$0.25	January 16, 2025
January 18, 2023	Finder Warrants	11,666	\$0.15	January 18, 2024
January 18, 2023	PCF Warrants	166,667	\$0.25	January 18, 2025
April 24, 2023	PCF Warrants	833,333	\$0.25	April 24, 2025
April 24, 2023	Finder Warrants	23,326	\$0.15	April 24, 2024
July 12, 2023	PCF Warrants	833,333	\$0.25	July 12, 2025
July 12, 2023	Finder Warrants	28,000	\$0.15	July 12, 2024
	TOTAL:	3,370,627		

Following Closing, the BMC Warrants will be assumed by the Resulting Issuer and adjusted in accordance with their terms to receive the same number of Resulting Issuer Shares upon exercise of such warrants.

Stock Exchange Price

BMC Shares are not posted for trading on any stock exchange.

Executive Compensation

The objective of this disclosure is to communicate the compensation that BMC has paid, makes payable, awards, grants, gives or otherwise provides to the NEO, for the period.

Director and Named Executive Officer Compensation, Excluding Compensation Securities

During the year ended December 31, 2022, BMC had one NEO, being Elena Clarici, the Executive Chairman and Chief Executive Officer.

The following table sets forth all direct and indirect compensation paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, by BMC or any subsidiary thereof to Elena Clarici and each director of BMC, in any capacity, including, for greater certainty, all plan and non-plan compensation, direct and indirect pay, remuneration, economic or financial award, reward, benefit, gift or perquisite paid, payable, awarded, granted, given or otherwise provided to the NEO or director for services provided and for services to be provided, directly or indirectly, to BMC or any subsidiary thereof:

Name and position	Year	Salary, consulting fee, retainer or commission ⁽¹⁾ (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Elena Clarici Executive Chairman, CEO and Director	2022	\$150,000	Nil	Nil	Nil	Nil	\$150,000
	2021	\$5,000	Nil	Nil	Nil	Nil	\$5,000
Michael Thomsen Director	2022	\$9,000	Nil	Nil	Nil	Nil	\$9,000
	2021	Nil	Nil	Nil	Nil	Nil	Nil
Eric Rasmussen Director	2022	Nil	Nil	Nil	Nil	Nil	Nil
	2021	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

(1) Elena Clarici has accrued a salary of \$150,000 in her position as Executive Chairman and CEO and was paid nil in her position as director. This amount has not been paid to Dr. Clarici and is to be settled as part of the BMC Debt Conversion.

No director of BMC who is not an NEO has received, during the most recently completed financial year, compensation pursuant to:

- (a) any standard arrangement for the compensation of directors for their services in their capacity as directors, including any additional amounts payable for committee participation or special assignments;
- (b) any other arrangement, in addition to, or in lieu of, any standard arrangement, for the compensation of directors in their capacity as directors; or
- (c) any arrangement for the compensation of directors for services as consultants or expert.

Stock Options and Other Compensation Securities

BMC has no stock options or other compensation securities outstanding.

Compensation Discussion and Analysis

Philosophy and Objectives

BMC's executive compensation is predominantly based on prevailing industry compensation practices for mining companies of similar size and scope and BMC's performance in achieving certain goals.

To date, the board of directors of BMC has not established a compensation committee. It is the responsibility of BMC's board of directors as a whole to make decisions regarding executive compensation matters. BMC's compensation program supports its commitment to delivering strong performance for shareholders. BMC's overall objective of its compensation philosophy is the attraction, motivation and retention of quality, experienced people to achieve BMC's strategic objectives and to align the interests of its executive officers and employees with the long-term interest of BMC Shareholders.

All of the components of BMC's executive compensation program is reviewed and confirmed by its board of directors.

Base Compensation

The base salary component is intended to provide a fixed level of pay that reflects each NEO's primary duties and responsibilities. While base salaries are an important element of NEO's compensation, the size and stage of BMC prevents it from paying base salaries which are comparable to those of larger companies in the mining industry and, accordingly, performance-based compensation elements are an integral component of the executive compensation package.

In setting base compensation levels for executive officers, consideration is given to objective factors such as level of responsibility, experience and expertise as well as subjective factors such as leadership.

Pension Plan Benefits

No pension or retirement benefit plans have been instituted by BMC and none are proposed at this time.

Termination and Change of Control benefits

Other than as disclosed above, there were no other contracts, agreements or plans of arrangement that provide for payment to an NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of BMC or a change in a NEO's responsibilities.

Management Contracts

No management contracts have been entered into by BMC.

Non-Arm's-Length Party Transactions

BMC has entered into certain Related Party Transactions in the normal course of operations. Such transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The Proposed Transaction is an Arm's-Length Transaction.

Legal Proceedings

The management of BMC are not aware of any material litigation outstanding, threatened, or pending as at the date of this Circular, by or against BMC.

Material Contracts

The following are the material contracts entered into by BMC:

1. Golden Age Agreement; and
2. Amalgamation Agreement.

Copies of the above-noted agreements will be available for inspection at the head office of BMC at any time during ordinary business hours until the Meeting and for a period of 30 days thereafter.

INFORMATION REGARDING THE RESULTING ISSUER

Corporate Structure

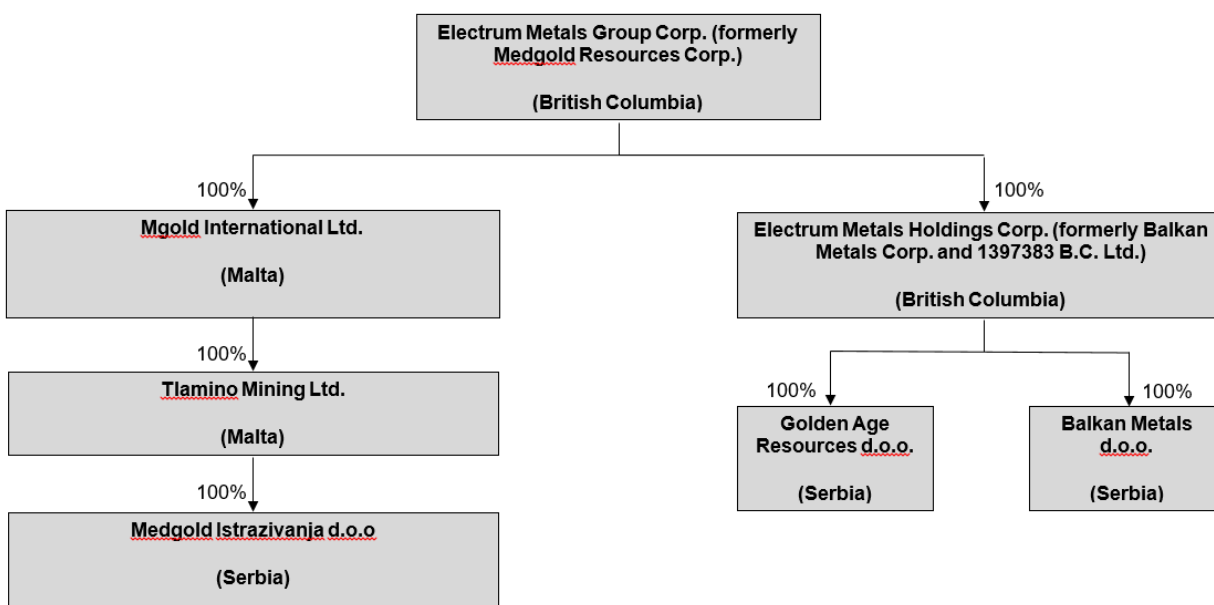
Name and Incorporation

The corporate name of the Resulting Issuer is expected to be "Electrum Metals Group Corp.". The Resulting Issuer will be a company existing under the provisions of the BCBCA, with Amalco as its wholly-owned subsidiary.

It is expected that the Resulting Issuer's registered and records offices will be located at 820 – 1130 W Pender Street, Vancouver, British Columbia, V6E 4A4 and its head office will be located at 820 – 1130 W Pender Street, Vancouver, British Columbia, V6E 4A4.

Intercompany Relationships

Following the completion of the Amalgamation, the Resulting Issuer Shares will be held by the existing Medgold Shareholders and the former BMC Shareholders (which will include the holders of BMC shares issued in the Equity Financing and Pre-Closing Financing). The intercompany relationship among the Resulting Issuer's subsidiaries after giving effect to the Amalgamation is set out below:



Narrative Description of Business

The business of the Resulting Issuer will primarily be BMC's business. See "Information Regarding BMC – General Development of the Business".

Business Objectives and Milestones

After Closing, the Resulting Issuer will continue to be a mineral resource company engaged in the exploration, development and operation of mineral properties, with its focus on the Timok East Project.

Medgold expects that the Resulting Issuer will use its available working capital to finance the exploration and development of the Timok East Project, to identify, evaluate and acquire other economic mineral resource opportunities, pursue business development opportunities, and for general working capital. Medgold expects that the Resulting Issuer will conduct the recommended work program for the Timok East Project. See section titled "Information Regarding BMC – Information Concerning the Timok East Project" in this Circular for additional information. The Resulting Issuer may, in the future, seek to complete additional property acquisitions.

The Resulting Issuer will own the following mineral properties, with only the Timok East Project under active exploration.

The Timok East Project

The Timok East Project is comprised of two contiguous exploration licences known as Luka and Makovište. The Timok East Project is located in the eastern part of the Republic of Serbia approximately 10 km to the southeast of the city of Bor – a major mining centre with a population of approximately 50,000. Luka covers an area of 42.63 km² (4263 hectares) and Makovište covers an area of 31.1 km² (3100 hectares). For more information on the Timok East Project, see “Information Regarding BMC – Information Concerning the Timok East Project”.

The Tlamino Project

The Tlamino Project is located in southern Serbia, and includes three prospects: Barje, Liska and Karamanica. In January 2021, Medgold completed a Preliminary Economic Assessment for the Barje Project. For more information on the Tlamino Project, please see “Information Regarding Medgold – General Development of Business – Information Concerning the Tlamino Project”.

Other Permits

In addition to the Timok East Project and the Tlamino Project, the Resulting Issuer will hold several other exploration permits for properties located in Serbia. For more information on these permits see “Information Concerning BMC – Narrative Description of the Business”.

Description of Securities

Following the adoption of the New Articles, upon completion of the Proposed Transaction, the authorized share capital of the Resulting Issuer will continue to be the same as the authorized share structure of Medgold and consist of an unlimited number of Common Shares without par value. See “Information Regarding Medgold – Description of the Securities” and “Particulars of Matters to be Acted On – Approval and Adoption of the New Articles”. Amalco will be a wholly-owned subsidiary of the Resulting Issuer.

Pro Forma Consolidated Capitalization

The following table sets forth the pro forma share and loan capital of the Resulting Issuer, on a consolidated basis, after giving effect to the Consolidation and the Amalgamation:

Designation of Security	Amount Authorized or to be Authorized	Amount outstanding after giving effect to the Consolidation and Amalgamation and Pre-Closing Financing	Amount outstanding after giving effect to the Consolidation, Amalgamation, Pre-Closing Financing and Equity Financing
Common Shares	Unlimited	39,873,739 ⁽¹⁾	49,873,739 ⁽²⁾
Stock Options	10%	443,125 ⁽³⁾	443,125 ⁽³⁾
Warrants	Unlimited	3,370,627 ⁽⁴⁾	13,370,627 ⁽⁴⁾
Shareholders' (deficit) equity	n/a	(23,105)	1,906,895

Note:

- (1) This figure includes issuance of shares pursuant to the BMC Debt Conversion and Medgold Debt Conversion.
- (2) This figure assumes the maximum amount is raised in the Equity Financing and also includes issuance of shares pursuant to the BMC Debt Conversion and Medgold Debt Conversion.
- (3) Medgold options outstanding following the Consolidation. This figure does not include Resulting Issuer Options to be granted at Closing.
- (4) This figure does not include the Medgold Warrants as all Medgold Warrants are expiring on July 14, 2023.

Fully Diluted Share Capital

The following table sets forth the fully diluted share capital of the Resulting Issuer after giving effect to the Proposed Transaction:

Designation of Security – Resulting Issuer Shares	Outstanding After Giving Effect to the Proposed Transaction	
	Amount	Percentage
Medgold Shares outstanding prior to the Proposed Transaction (post-Consolidation)	8,424,315	12.72%
Resulting Issuer Shares issued under the Amalgamation Agreement to former BMC Shareholders ⁽¹⁾	28,132,757	42.47%
BMC Shares to be issued pursuant to the Equity Financing ⁽²⁾	10,000,000	15.10%
BMC Shares to be issued pursuant to the BMC Debt Conversion	1,666,667	2.52%
Medgold Shares to be issued pursuant to the Medgold Debt Conversion	1,650,000	2.49%
Resulting Issuer Shares reserved for issuance upon exercise of the BMC Warrants	3,370,627	5.09%
Resulting Issuer Shares reserved for issuance upon exercise of the Financing Warrants	10,000,000	15.10%
Resulting Issuer Shares reserved for issuance upon exercise of the Medgold Warrants (post-Consolidation) ⁽³⁾	2,554,375	3.86%
Resulting Issuer Shares reserved for issuance upon exercise of the Medgold Options (post-Consolidation) ⁽⁴⁾	443,854	0.67%
Total Number of Securities (fully-diluted)	66,242,595	100%

Notes:

- (1) Including BMC Shares issued in connection with the Pre-Closing Financing and not including the BMC Shares to be issued in connection with the BMC Debt Conversion.
- (2) Assuming the maximum amount of the Equity Financing is raised.
- (3) Medgold Warrants are exercisable at \$1.60 per Resulting Issuer Share until July 14, 2023.
- (4) 5,000 are exercisable at \$2.40 per Resulting Issuer Share until February 23, 2024, 31,250 are exercisable at \$1.76 per Resulting Issuer Share until June 18, 2024, 3,750 are exercisable at \$2.40 per Resulting Issuer Share until June 28, 2026, and 403,854 are exercisable at \$1.60 per Resulting Issuer Share until March 1, 2031.

Available Funds and Principal Purposes

Funds Available

As at May 31, 2023, the pro forma consolidated working capital deficit of Medgold and BMC was \$(305,324), assuming net proceeds of the Equity Financing of \$1,930,000. It is anticipated that the available funds will be sufficient to meet the Resulting Issuer's exploration activities and administrative costs for the following 12 months and to achieve the Resulting Issuer's principal purposes as described in this Circular.

	Medgold	BMC	Combined ⁽¹⁾
Working Capital (deficiency)	\$(156,171)	\$(149,153)	\$(305,324)

	Medgold	BMC	Combined⁽¹⁾
Estimated net proceeds of the final tranche of the Pre-Closing Financing ⁽²⁾	N/A	\$125,000	\$125,000
Estimated net proceeds of Equity Financing	N/A	\$1,930,000 ⁽³⁾	\$1,930,000
Total			\$1,749,676

Notes:

(1) Canadian Dollars.

(2) The final tranche of the Pre-Closing Financing closed on July 12, 2023.

(3) Assumes the closing of \$2,000,000 Equity Financing with net proceeds of \$1,930,000. If the amount raised in such financings is less than this amount, the unallocated working capital will be reduced accordingly.

Principal Purposes of Funds

The following table summarizes the expenditures anticipated by the Resulting Issuer required to achieve its business objectives during the 12 months following completion of the Proposed Transaction:

Use of Working Capital	Amount (\$)⁽¹⁾
Expenditures on the Timok East Project Phase 1	\$536,600
Remaining Cost of the Proposed Transaction ⁽²⁾	\$291,331
Expenditures on other Serbian properties	\$112,500
General and Administrative Expenses ⁽³⁾	\$579,834
Unallocated Working Capital ⁽⁴⁾	\$229,411
Total	\$1,749,676

Notes:

(1) Canadian Dollars.

(2) Includes estimated remaining legal, accounting and TSXV fees to be incurred in connection with the Amalgamation and Equity Financing.

(3) Includes salaries of the CEO, CFO, director fees, accounting, audit and legal fees for 2023.

(4) Assumes the closing of \$2,000,000 Equity Financing with net proceeds of \$1,930,000. If the amount raised in such financings is less than this amount, the unallocated working capital will be reduced accordingly.

There may be circumstances where, for sound business reasons, the reallocation of funds may be necessary in order for the Resulting Issuer to achieve its stated business objectives.

Dividends

There will be no restrictions in the Resulting Issuer's charter documents or elsewhere which would prevent the Resulting Issuer from paying dividends following the completion of the RTO. All of the Resulting Issuer Shares are entitled to an equal share in any dividends declared and paid. It is anticipated that all available funds will be invested to finance the exploration and development of the Resulting Issuer's properties and accordingly, it is not contemplated that any dividends will be paid on the Resulting Issuer Shares in the immediate or foreseeable future. The directors of the Resulting Issuer will determine if, and when, dividends will be declared and paid in the future from funds properly applicable to the payment of dividends based on the Resulting Issuer's financial position at the relevant time.

Principal Securityholders

To the knowledge of the management of Medgold and BMC, no persons or corporations will, as at the completion of the Amalgamation, beneficially own, directly or indirectly, or exercise control or direction over, shares carrying more than 10% of the voting rights attaching to all the outstanding Resulting Issuer Shares.

Directors, Officers and Promoters

Name, Address, Occupation and Security Holdings

The names, municipalities of residence, the number of voting securities beneficially owned, directly or indirectly, or over which each exercises control or direction, following the Closing of the Proposed Transaction, and the offices to be held by each in the Resulting Issuer and the principal occupation of the proposed directors and senior officers of the Resulting Issuer during the past five years are as follows:

Name, Municipality of Residence and Positions and Offices to be Held with the Resulting Issuer	Principal Occupation within the Five Preceding Years	Resulting Issuer Shares Beneficially Owned or Controlled Assuming Completion of the Consolidation and the RTO	
		Number	Percentage ⁽¹⁾
Dr. Elena Clarici <i>London, UK</i> Chief Executive Officer, President and Director	Executive Chairman and Chief Executive Officer of BMC. Chairman of Pan Pacific Resource Investments, a private venture capital firm focused on energy transition. Previously was Chief Investment Officer at OCIM, a precious-metals focused Swiss investment firm and before that, Dr. Clarici was responsible for the mining investments of Meridian Equity Partners following her role as a portfolio co-manager of the Scipion Mining and Resources Fund.	4,880,965 ⁽³⁾	9.79%
Michael Thomsen⁽²⁾ <i>Texas, USA</i> Director	Executive Chairman and director of North American Strategic Minerals Inc., 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).	1,100,000	2.21%
Eric Rasmussen⁽²⁾ <i>London, UK</i> Director	Diversified career at the European Bank for Reconstruction and Development Bank ("EBRD") spanning 27 years.	Nil	Nil%
Ralph Rushton⁽²⁾ <i>British Columbia, Canada</i> Director	President & CEO of Aftermath Silver Ltd. (mineral exploration)	13,833	0.03%

Name, Municipality of Residence and Positions and Offices to be Held with the Resulting Issuer	Principal Occupation within the Five Preceding Years	Resulting Issuer Shares Beneficially Owned or Controlled Assuming Completion of the Consolidation and the RTO	
		Number	Percentage ⁽¹⁾
Kevin Bales <i>British Columbia, Canada</i> Chief Financial Officer	Chief Financial Officer of Medgold, Rackla Metals Inc., Radius Gold Inc. and Volcanic Gold Mines Inc. (mineral exploration), over five years; Chief Financial Officer of Metallum Resources Inc. (mineral exploration), December 2008 to September 2022; Chief Financial Officer of Western Pacific Resources Corp. (mineral exploration), August 2013 to October 2018.	3,438	0.01%
Brett Kagetsu <i>British Columbia, Canada</i> Corporate Secretary	Partner at Gowling WLG (Canada) LLP	Nil	Nil%
	TOTAL	5,998,235	12.03%

Notes:

- (1) This number is based on 49,873,739 Resulting Issuer Shares being outstanding, on a non-diluted basis, after the completion of the Consolidation, the RTO, the Pre-Closing Financing and Equity Financing.
- (2) Proposed member of the Audit Committee.
- (3) 3,028,290 are owned indirectly through Commodity Energy Capital Limited and 1,050,000 are held by Pan Pacific Resource Investments Ltd., which is a company under Dr. Clarici's direction and control.

These persons will become directors and/or officers of the Resulting Issuer effective on completion of the RTO. The term of office of each director will expire at the end of the first annual meeting of shareholders of the Resulting Issuer.

The directors and officers of the Resulting Issuer, as a group, will own 5,998,235 Resulting Issuer Shares, being 12.03% of the Resulting Issuer Shares, assuming completion of the RTO and maximum Equity Financing.

Committees of the Board of Directors

Upon completion of the RTO, the board of directors of the Resulting Issuer will have one standing committee, being the Audit Committee.

The Audit Committee of the Resulting Issuer will adopt the audit committee charter of Medgold, which is attached hereto as Appendix "A" to Schedule "D". The Audit Committee will oversee the retention, performance and compensation of the Resulting Issuer's independent auditors, and oversee and establish procedures concerning systems of internal accounting and control. The Audit Committee will be comprised of Eric Rasmussen, Ralph Rushton and Michael Thomsen with Mr. Rasmussen as the chair of the Audit Committee.

Management and Directors

Dr. Elena Clarici (Age: 58) – Chief Executive Officer, President and Director

A Serbian national, Dr. Clarici is a co-founder of BMC 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 investing in critical minerals required for the energy transition. Prior to that she was the Chief Investment Officer at OCIM, a precious-metals focused Swiss investment firm and before that, Elena was responsible for the mining investments of Meridian Equity Partners following her role as a portfolio co-

manager of the Scipion Mining and Resources Fund. Elena acts as an independent director to a number of private and public international mining companies, most recently with TSXV listed silver producer, Aya Gold & Silver Corp (TSXV:AYA). Elena has a PhD in mining and environmental engineering from the Royal School of Mines, Imperial College, London and B.Eng in Mining Engineering from University of Belgrade.

It is expected that Ms. Clarici will commit approximately 50% of her time in connection with the Resulting Issuer. Ms. Clarici will be an independent contractor to the Resulting Issuer.

Kevin Bales (Age: 56) – Chief Financial Officer

Mr. Bales has over 20 years of financial reporting experience in mining and information technology industries. He currently serves as CFO for several public junior exploration companies with operations in Canada, the U.S., Latin America, and Europe. Mr. Bales serves as CFO of Medgold Resources since March 2009. He holds a Bachelor of Management degree with a major in accounting.

It is expected that Mr. Bales will commit approximately 25% of his time in connection with the Resulting Issuer. Mr. Bales will be an independent contractor to the Resulting Issuer.

Brett Kagetsu (Age: 53) – Corporate Secretary

Mr. Kagetsu is a partner in Gowling WLG's Vancouver office and is the head of the Business Department of the Vancouver office. He previously served as former vice-chair of the firm's Corporate Finance, M&A and Private Equity Practice Group. He has over 20 years' experience in leading the successful completion of financings, stock exchange listings and merger transactions.

Mr. Kagetsu assists his public company clients with all legal aspects of their businesses, including securities law and stock exchange policy compliance, as well as with the conduct of shareholder meetings. He has also provided strategic advice to dissident shareholders in connection with contested shareholder meetings.

It is expected that Mr. Kagetsu will commit approximately 5% of his time in connection with the Resulting Issuer.

Michael Thomsen - (Age: 71) – Director

Mr. Thomsen has an extensive career in mineral exploration spanning his +40 years in the mining sector. He has held senior exploration management positions with major companies: Newmont Mining, Freeport McMoRan and Gold Fields Mining. Mr. Thomsen directed exploration efforts in two of the world's major mining districts as Director of International Exploration for Newmont at the Yanacocha, Peru high sulphidation gold district and as Chief Geologist for Freeport Indonesia at the Ertzberg-Grasberg porphyry copper-gold district. Michael is now directing his attention to the challenge of discovering the next major Rare Earth Elements deposit in the United States.

Eric Rasmussen - (Age: 58) – Director

Mr. Rasmussen holds a master degree in commercial law and finance from Aarhus Business School (Denmark) and added diplomas in international management, ESG action planning in energy and mining. He is a certified teacher and served over the past decade as a part-time lecturer for mining students at the University of Liege, Belgium.

Mr. Rasmussen joined the EBRD in 1995 with a focus on project development in Russia and the Baltics. In 2003 he was appointed deputy of operations in Russia and assumed the role as Director of Industry, Commerce and Agribusiness in 2006. He has served on numerous boards of joint ventures with prominent partners such as Toyota, Solvay, Danone or Carlsberg and, as chairman of the board, of a fast-growing vaccine start-up over six years. Eric was appointed EBRD's global Director of Natural Resources in 2013, where he spearheaded a new EBRD mining strategy and innovative finance structures for exploration companies. He designed and launched effective policy dialogues on mining reform in various emerging market countries. Eric has since May 2022 been acting as Chief Advisor on Renewables and Project Finance to Rio Tinto. Eric is highly experienced in assisting industrial partners in counter-party due diligence and problem solving in difficult emerging markets.

Ralph Rushton - (Age: 60) – Director

Mr. Rushton holds a BSc in geology (Portsmouth University, UK), an MSc. in economic geology (University of Alberta, Canada) and a certificate in business communications from Simon Fraser University. He has significant exploration and mining experience in a number of geological settings and terrains working for Anglo American PLC and Rio Tinto. Since 2016 he has worked in business development and marketing for a number of junior resource companies. He is a director of 4 TSX.V companies, and an adviser to two other exploration companies. He has helped to raise over \$400-million through equity financings to finance exploration and development programs in Latin America, Scandinavia and Eastern Europe.

None of the foregoing persons has entered into a non-competition or non-disclosure agreement with BMC or proposes to enter into such an agreement with the Resulting Issuer.

Promoters

Dr. Elena Clarici will be considered a Promoter of the Resulting Issuer as defined under applicable Securities Laws. Dr. Clarici will own, directly or indirectly, or will exercise control and/or direction over 4,880,965 Resulting Issuer Shares and 500,000 Resulting Issuer Warrants (9.79% of the total outstanding shares and 8.13% on a fully-diluted basis). It is expected that Dr. Clarici will also hold options to purchase 1,250,000 Resulting Issuer Shares assuming completion of the RTO. These options will have an exercise price of \$0.27 and an expiry date of five (5) years from the date of grant. See “Executive Compensation” and “Options to Purchase Securities”, below.

Corporate Cease Trade Orders or Bankruptcies

To the best knowledge of the Resulting Issuer’s management, no individual who will be a director, officer or Promoter of the Resulting Issuer is, or has been within the past ten years, a director, officer or Promoter of any other Issuer that, while such Person was acting in that capacity, was:

- (a) the subject of a cease trade or similar order or an order that denied the Issuer access to any statutory exemptions for a period of more than 30 consecutive days;
- (b) was subject to an event that resulted, after the director or proposed management nominee ceased to be a director or officer of the relevant company in the relevant company being the subject of a cease trade order or similar order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
- (c) within a year of the director or proposed management nominee ceasing to be a director or officer of the relevant company, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement, or compromise with creditors, or had a receiver, receiver manager, or trustee appointed to hold its assets.

Penalties or Sanctions

Save and except for the below, no proposed director, officer or Promoter of the Resulting Issuer nor a securityholder anticipated to hold a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, has

- (a) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or
- (b) been subject to any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body, which would likely be considered important to a reasonable securityholder in making a decision about the Amalgamation.

Brett Kagetsu previously served as a director of Finore Mining Inc. (“**Finore**”). On May 2, 2016, the British Columbia Securities Commission (the “**BCSC**”) issued a Management Cease Trade Order (the “**MCTO**”) in respect of Finore as a result of Finore not having filed annual audited financial statements for the year ended December 31, 2015 and Management’s Discussion and Analysis in respect thereof. Mr. Kagetsu resigned as a director of Finore in July, 2016. The BCSC subsequently revoked the MCTO on August 18, 2016.

Personal Bankruptcies

No individual who will be a director, officer or Promoter of the Resulting Issuer is, or, within the ten years before the date of this Circular, has been declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

Conflicts of Interest

Conflicts of interest may arise as a result of the directors, officers and Promoters of the Resulting Issuer also holding positions as directors or officers of other companies. Some of the individuals who will be directors and officers of the Resulting Issuer have been and will continue to be engaged in the identification and evaluation of assets, businesses and Companies on their own behalf and on behalf of other Companies, and situations may arise where the directors and officers of the Resulting Issuer will be in direct competition with the Resulting Issuer. See “Information Regarding BMC – Non-Arm’s Length Party Transactions”. Conflicts, if any, will be subject to the procedures and remedies provided under the BCBCA. Directors who are in a position of conflict will abstain from voting on any matters relating to the conflicting company.

Other Reporting Issuer Experience

The following table sets out the proposed directors, officers and Promoters of the Resulting Issuer that are, or have been within the last five years, directors, officers or Promoters of other reporting issuers, and the jurisdictions in which such reporting issuers were reporting:

Name	Name and Jurisdiction(s) of Reporting Issuer	Name of Exchange or Market (if applicable)	Position	From	To
Elena Clarici	Aya Gold & Silver Inc.	TSXV	Director	June 2018	June 2022
Ralph Rushton	Revelo Resources Corp. Keon Capital Inc. Metallum Resources Inc. Aftermath Silver Ltd.	TSXV TSXV TSXV TSXV	Director Senior Officer Director Director & President & CEO	March 2011 July 2016 October 2009 September 2019	February 2021 October 2020 December 2021 Present
Kevin Bales	Rackla Metals Inc. Radius Gold Inc. Volcanic Gold Mines Inc. Metallum Resources Inc. Western Pacific Resources Corp.	TSXV TSXV TSXV TSXV TSXV	CFO CFO CFO CFO CFO	October 2011 July 2009 March 2017 December 2008 August 2013	Present Present Present September 2021 October 2018
Brett Kagetsu	Abasca Resources Inc.	TSXV	Director	September 2019	Present

Executive Compensation

The following disclosure on proposed executive compensation has been prepared and presented in accordance with Form 51-102F6 Statement of Executive Compensation, on a prospective basis for the twelve (12) month period after completion of the Proposed Transaction.

Compensation Discussion and Analysis

One of the mandates of the board of the Resulting Issuer will be to determine the executive compensation payable for the officers of the Resulting Issuer. Going forward, compensation will be aimed at aligning incentives and compensation with the pursuit of the Resulting Issuer's goals and growth strategies. In part, this will be achieved by integrating a performance bonus and/or a grant of stock options into the compensation packages for the Resulting Issuer's NEOs. The performance bonus will be payable upon achievement of performance targets to be set by the directors of the Resulting Issuer following completion of the Proposed Transaction.

Initially, the Resulting Issuer expects that the compensation for its NEOs and directors will be comprised of salary, performance bonus and grants of new Resulting Issuer Options and other awards. Salary is necessary to attract and retain the talent necessary for the success of the Resulting Issuer's business, and the performance bonus and option grants help align the incentives of management with the achievement of business objectives and the creation of shareholder value.

The directors of the Resulting Issuer may choose to appoint a compensation committee, but until such time as such a committee is formed, the directors as a whole will make decisions on executive compensation. The directors are all experienced in the oversight of executive and operational management teams as a result of their experience with various private and public sector businesses. It is expected that the Resulting Issuer Board will review compensation policies of similar companies when making determinations about executive compensation.

The directors of the Resulting Issuer will consider implications of the risks associated with its compensation practices and policies as part of its oversight and stewardship of its affairs, and will consider previous grants of Resulting Issuer Options and Awards when making new grants.

The proposed NEOs and directors will not be permitted to purchase financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in the market value of equity securities, granted as compensation, or held directly or indirectly by such individuals.

Pursuant to the Amended and Restated Option Plan and the Equity Plan, the Resulting Issuer Board may from time to time, in its discretion, and in accordance with Exchange Requirements, grant Resulting Issuer Options to directors, officers, NEOs, other employees and consultants to the Resulting Issuer.

Details of Employment and Consulting Agreements with NEOs

Upon completion of the Proposed Transaction, the Resulting Issuer intends to enter into a consulting agreement with Dr. Clarici pursuant to which Dr. Clarici would act as the Chief Executive Officer of the Resulting Issuer effective the completion of the Proposed Transaction. Under the terms of the consulting agreement, Dr. Clarici will be entitled to a gross salary of \$150,000 per annum. In addition, Dr. Clarici will be awarded 1,250,000 in Resulting Issuer Options at an exercise price of \$0.27 and will be exercisable for a period of five (5) years from the date of grant. Dr. Clarici may also be awarded options through the Amended and Restated Option Plan.

Upon completion of the Proposed Transaction, it is expected that the Gold Group Agreement (as defined in Schedule "E" to this Circular) will remain in place and continue in effect with the Resulting Issuer. Pursuant to the Gold Group Agreement dated effective July 1, 2012, as amended January 1, 2020, Gold Group will be reimbursed by the Resulting Issuer on a monthly basis for certain shared costs and other business related expenses paid by Gold Group on behalf of the Resulting Issuer, including the services of the Resulting Issuer's CFO. The Gold Group Agreement may be terminated by the Resulting Issuer without cause on 12 months' notice and by Gold Group on three months' notice.

Summary Compensation Table

The following table sets forth the annual salary and grants of Resulting Issuer Options which are currently expected to be paid to each of the NEOs of the Resulting Issuer during the 12 months following Closing:

COMPENSATION EXCLUDING COMPENSATION SECURITIES							
Name and Position	Year	Salary, Consulting Fee, Retainer or Commission (\$)	Bonus (\$)	Committee or Meeting Fees (\$)	Value of Perquisites (\$)	Value of All Other Compensation (\$)	Total Compensation (\$)
Dr. Elena Clarici Chief Executive Officer, President and Director	2023	150,000 ⁽¹⁾	Nil	Nil	Nil	Nil	150,000
Kevin Bales CFO	2023	32,500 ⁽²⁾	Nil	Nil	Nil	Nil	32,500
Brett Kagetsu Corporate Secretary	2023	Nil	Nil	Nil	Nil	Nil	Nil
Ralph Rushton Director	2023	18,000 ⁽³⁾	Nil	Nil	Nil	Nil	18,000
Michael Thomsen Director	2023	18,000 ⁽³⁾	Nil	Nil	Nil	Nil	18,000
Eric Rasmussen Director	2023	18,000 ⁽³⁾	Nil	Nil	Nil	Nil	18,000

Notes:

- (1) It is expected that the Resulting Issuer will enter into a consulting agreement with Dr. Clarici following the completion of the Proposed Transaction.
- (2) Pursuant to the Gold Group Agreement for the services of the CFO.
- (3) It is anticipated that the non-executive directors of the Resulting Issuer receive a fee of \$1,500 per month for their services.

Compensation Securities

The following table sets forth all Resulting Issuer Options held by NEOs that are expected to be outstanding upon completion of the Proposed Transaction (see also “Options to Purchase Securities”):

COMPENSATION SECURITIES							
Name and Position	Type of Compensation Security	No. of Compensation Securities, No. of Underlying Securities (Post-Consolidation, and Percentage of Class)	Date of Issue or Grant	Issue, Conversion or Exercise Price (\$)	Closing Price of Security or Underlying Security on Date of Grant (\$)	Closing Price of Security or Underlying Security at Year End (\$)	Expiry Date
Dr. Elena Clarici Chief Executive Officer, President and Director	Stock Option	1,250,000 ⁽¹⁾ 25.1%	Post closing	0.27	N/A	N/A	5 years following the grant

COMPENSATION SECURITIES							
Name and Position	Type of Compensation Security	No. of Compensation Securities, No. of Underlying Securities (Post-Consolidation, and Percentage of Class)	Date of Issue or Grant	Issue, Conversion or Exercise Price (\$)	Closing Price of Security or Underlying Security on Date of Grant (\$)	Closing Price of Security or Underlying Security at Year End (\$)	Expiry Date
Kevin Bales CFO	Stock Option	350,000 ⁽¹⁾ 7% 21,875 ⁽²⁾ 0.4%	Post closing March 2, 2021	0.27 1.60	N/A	N/A	5 years following the grant March 1, 2031
Ralph Rushton Director	Stock Option	500,000 ⁽¹⁾ 10% 46,875 ⁽²⁾ 0.9%	Post closing March 2, 2021	0.27 1.60	N/A	N/A	5 years following the grant March 1, 2031
Michael Thomsen Director	Stock Option	500,000 ⁽¹⁾ 10%	Post closing	0.27	N/A	N/A	5 years following the grant
Eric Rasmussen Director	Stock Option	500,000 ⁽¹⁾ 10%	Post closing	0.27	N/A	N/A	5 years following the grant

Notes:

(1) These options are proposed to be granted following the completion of the Proposed Transaction by the board of directors of the Resulting Issuer.

(2) Post-Consolidation.

Equity Based Compensation Plans

The Amended and Restated Option Plan being approved at this Meeting will remain in place following Closing of the Proposed Transaction. A full copy of the Amended and Restated Option Plan will be available at the Meeting for review by Shareholders and a copy is attached as Schedule “G” to this Circular. A summary of the material terms of the Amended and Restated Option Plan is set out under “Particulars of Matters to Be Acted Upon – Approval of the Amended and Restated Option Plan”.

The Equity Plan being approved at this Meeting will remain in place following Closing of the Proposed Transaction. A full copy of the Equity Plan will be available at the Meeting for review by Shareholders and a copy is attached as Schedule “H” to this Circular. A summary of the material terms of the Equity Plan is set out under “Particulars of Matters to Be Acted Upon – Approval of the Equity Incentive Compensation Plan”.

Termination and Change of Control Benefits

Other than as summarized in the descriptions of the employment agreements with the NEOs described above, the Resulting Issuer will not be party to any agreements whereby it may be required to make payments to an NEO in connection with any termination, resignation or change in control.

Director Compensation

Upon completion of the Proposed Transaction, it is anticipated that the non-executive directors of the Resulting Issuer will be paid \$1,500 per month for their services in their capacity as directors. The directors may also receive additional awards under the Amended and Restated Option Plan and the Equity Plan. For additional information see above table under “Compensation Securities”.

Incentive Plan Awards

The Resulting Issuer may decide to grant option-based awards to its directors during the twelve (12) month period following completion of the Transaction. Details of such grants will be announced by the Resulting Issuer in the event such determination is made.

Indebtedness of Directors and Officers

As of the completion of the RTO, no proposed director or officer of the Resulting Issuer or any Associate thereof, will be indebted to the Resulting Issuer or any of its subsidiaries, or has been at any time during the preceding financial year.

Investor Relations Arrangements

The Resulting Issuer has not arranged any investor relations agreements nor does it have any understanding regarding investor relations arrangements; however, the Resulting Issuer may enter into investor relations arrangements in the future.

Options to Purchase Securities

Following the closing of the Proposed Transaction, the Resulting Issuer intends on granting stock options under the Amended and Restated Option Plan to purchase an aggregate of 3,100,000 Resulting Issuer Shares. It is expected that at Closing, there will be 3,543,125 Resulting Issuer Options and 49,873,739 Resulting Issuer Shares outstanding.

Additionally, there will be 3,370,627 outstanding warrants to purchase Resulting Issuer Shares. See “Information Regarding BMC - Description of Securities - Warrants” above for more detail.

Other than the foregoing, no other securities will be outstanding which are convertible into, or exchangeable for, Resulting Issuer Shares following the completion of the Transactions.

Following closing of the Proposed Transaction, following lists the expected outstanding options to purchase securities of the Resulting Issuer, including the terms of those options.

Optionee Group	Number of Securities	Exercise Price	Grant Date	Expiration Date
Proposed Officers of the Resulting Issuer– Elena Clarici and Kevin Bales.	1,600,000 21,875	\$0.27 \$1.60	Post-closing March 2, 2021	5 years from date of grant March 1, 2031
Proposed Directors of the Resulting Issuer (who are not also officers) ⁽¹⁾ – Michael Thomsen, Eric Rasmussen and Ralph Rushton.	1,500,000 ⁽¹⁾	\$0.27	Post-closing	5 years from date of grant
Officers of all subsidiaries of the Resulting Issuer, who are not officers of the Resulting Issuer ⁽²⁾	Nil	N/A	N/A	N/A

Optionee Group	Number of Securities	Exercise Price	Grant Date	Expiration Date
Directors of all subsidiaries of the Resulting Issuer (who are not also officers of the subsidiaries)	Nil	N/A	N/A	N/A
All other employees of the Resulting Issuer	5,000 3,750 15,625	\$2.40 \$2.40 \$1.60	February 24, 2014 June 29, 2016 March 2, 2021	February 24, 2024 February 28, 2024 March 1, 2031
All Consultants of the Resulting Issuer	31,250 31,250	\$1.60 \$1.76	March 2, 2021 June 19, 2019	March 1, 2031 June 18, 2024
All other persons	356,250 ⁽²⁾	\$1.60	March 2, 2021	March 1, 2031
TOTAL:	3,543,125			

Note:

(1) These Options are expected to be granted following the Closing Date by the Resulting Issuer.

(2) As a result of their resignation as a director on the Closing Date, all options held by these former directors expire within 90 days from the date of resignation.

Escrowed Securities

As required by the TSXV, the shareholders listed below (the “**Escrowed Securityholders**”) will enter into the Escrow Agreement with Computershare acting as escrow agent. The Escrow Agreement will be a Form 5D Value Security Escrow agreement which provides for escrow releases on the date of the Final Exchange Bulletin and the 6, 12, 18, 24, 30 and 36 month anniversaries of the date of the Final Exchange Bulletin.

The release of securities held under the Escrow Agreement may be accelerated in certain circumstances, including if the Resulting Issuer becomes a Tier 1 Issuer under the policies of the TSXV or if it becomes listed on the Toronto Stock Exchange.

Name and Municipality of Residence	Designation of Securities	Number of Escrowed Shares	Percentage of Class ⁽¹⁾
Commodity Energy Capital Limited London, UK ⁽²⁾	Common Shares	3,028,290	6.07%
Michael Thomsen Colorado, USA	Common Shares	1,100,000	2.21%
Ralph Rushton British Columbia, Canada	Common Shares Stock Options	13,833 46,875 ⁽³⁾	0.03% 0.9% ⁽⁸⁾
Kevin Bales British Columbia, Canada	Common Shares Stock Options	3,438 21,875 ⁽³⁾	0.1% 0.4% ⁽⁸⁾
Jutland Capital Management Ltd. ⁽⁴⁾ British Columbia, Canada	Common Shares	1,016,166	2.04%
Milan Parivodic Serbia	Common Shares	3,000,000	6.02%
Dejan Kozelj Serbia	Common Shares	1,000,000	2.01%

Name and Municipality of Residence	Designation of Securities	Number of Escrowed Shares	Percentage of Class ⁽¹⁾
Dragan Milosevic Serbia	Common Shares	250,000	0.50%
Rory John Harding Surrey, UK	Common Shares	200,000	0.40%
Emily Anaik Harding NSW, Australia	Common Shares	500,000	1.00%
Douglas Hinckley Heathfield, UK	Common Shares	150,000	0.30%
Christopher Corson Norfolk, UK	Common Shares	150,000	0.30%
Upstream Opportunities Ltd. ⁽⁵⁾ Belize	Common Shares	550,000	1.10%
Pan Pacific Resource Investments Ltd. ⁽⁶⁾ British Columbia, Canada	Common Shares Warrants	1,050,000 500,000	2.11% 3.75% ⁽⁷⁾
Elena Clarici London, UK	Common Shares	802,675	1.61%
Nenad Protic Serbia	Common Shares	733,400	1.47%
	TOTAL:	13,547,802	27.16%

Notes:

- (1) This number assumes there will be 49,873,739 Resulting Issuer Shares outstanding after giving effect to the RTO, on a non-diluted basis, assuming completion of the Consolidation and the Equity Financing.
- (2) This company is controlled by Elena Clarici.
- (3) Stock options to be adjusted post-Consolidation on 16:1 basis such that Ralph Rushton will receive up to 46,875 Resulting Issuer Shares if exercised in full and Kevin Bales will receive up to 21,875 Resulting Issuer Shares if exercised in full.
- (4) This company is controlled by Fred Jones.
- (5) This company is controlled by Francis Boule.
- (6) This company is controlled by Elena Clarici.
- (7) This number assumes there will be 13,370,627 Resulting Issuer Warrants outstanding after giving effect to the RTO, assuming completion of the Equity Financing.

The schedule of release of the Resulting Issuer Escrow Shares that are Value Shares (as that term is defined in the policies of the TSXV) is as follows:

Release Dates	Percentage of Total Resulting Issuer Escrow Shares to be Released
at the time of the Final Exchange Bulletin	10%
6 months after the Final Exchange Bulletin	15%
12 months after the Final Exchange Bulletin	15%
18 months after the Final Exchange Bulletin	15%
24 months after the Final Exchange Bulletin	15%
30 months after the Final Exchange Bulletin	15%
36 months after the Final Exchange Bulletin	15%

Where shares subject to escrow are to be held by a company or trust, such company or trust will be required to agree not to carry out, while its shares are in escrow, any transaction that would result in the change of control of the Resulting Issuer. Any such company will be required to further undertake to the TSXV that, to the extent reasonably possible, it will not permit or authorize any issuance or transfer of securities which could reasonably result in a change of control of the Resulting Issuer.

All holders of Resulting Issuer Escrow Shares must obtain TSXV consent to transfer such shares, other than in specified circumstances set out in the Resulting Issuer Escrow Agreement.

Resale Restrictions

In addition 419,685 Resulting Issuer Shares that were originally issued by BMC at a price of \$0.005 will be subject to resale restriction and will be legended with releases on the date of the Final Exchange Bulletin and the 6, 12, 18, 24, 30 and 36 month anniversaries of the date of the Final Exchange Bulletin in accordance with the above table.

641,400 Resulting Issuer Shares are subject to a pooling arrangement with releases on the date of the Final Exchange Bulletin and the 6, 12, 18, 24, 30 and 36 month anniversaries of the date of the Final Exchange Bulletin in accordance with the above table.

Auditor, Transfer Agent and Registrar

Auditor

The Resulting Issuer's auditor will be MNP LLP of Suite 2200 – 1201 West Hastings Street, MNP Tower, Vancouver, BC V6E 0C3.

The Resulting Issuer will be exempt from the change of auditor reporting requirements in accordance with section 4.11(3)(a) of NI 51-102.

Transfer Agent and Registrar

The Resulting Issuer's transfer agent and registrar will be Computershare Investor Services Inc.

GENERAL MATTERS

Sponsorship and Agent Relationship

Medgold intends to rely on a waiver from the sponsorship requirements of Exchange Policy 2.2.

Experts

Vladimir Stojić of the Vladimir Stojić Law Firm is responsible for the Title Opinions.

Except as disclosed in this Circular, no Person or company whose profession or business gives authority to a statement made by the Person and who is named as having prepared or certified a part of this Circular or as having prepared or certified a report or valuation described or included in this Circular holds any beneficial interest, direct or indirect, in any securities or property of Medgold or BMC or of an Associate or Affiliate of Medgold or BMC and no such person is expected to be elected, appointed or employed as a director, senior officer or employee of Medgold or BMC or of an Associate or Affiliate of Medgold or BMC and no such Person is a Promoter of Medgold or BMC or an Associate or Affiliate of Medgold or BMC.

OTHER MATERIAL FACTS

Management of Medgold knows of no other matters to come before the Meeting other than those referred to in the Notice of Meeting for Medgold. Should any other matters properly come before the Meeting, the shares represented by the Proxy solicited hereby will be voted on such matter in accordance with the best judgment of the persons voting by proxy. There are no material facts about Medgold, BMC, the Resulting Issuer or the Amalgamation which are not otherwise disclosed in this Circular.

BOARD APPROVAL

Medgold's Board of Directors has approved the delivery of this Circular to the Shareholders. BMC has provided the information contained in this Circular concerning BMC and its business, including its financial information and financial statements and Medgold assumes no responsibility for the adequacy or accuracy of such information.

ADDITIONAL INFORMATION

Additional information about Medgold is located on SEDAR at www.sedar.com. Financial information is provided in Medgold's comparative financial statements and MD&A. Shareholders may contact Medgold to request copies of the applicable financial statements and MD&A at the following address:

MEDGOLD RESOURCES CORP.
Suite 650 - 200 Burrard Street
Vancouver, BC V6C 3L6

Phone: (604) 801-5432

CERTIFICATE OF MEDGOLD RESOURCES CORP.

The foregoing document constitutes full, true and plain disclosure of all material facts relating to the securities of Medgold Resources Corp. assuming completion of the reverse takeover transaction described in this circular.

By order of the Board of Directors

DATED this 14th day of July, 2023.

(signed) "Jeremy Crozier"
JEREMY CROZIER
President and Chief Executive Officer

(signed) "Kevin Bales"
KEVIN BALES
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

(signed) "Ralph Rushton"
RALPH RUSHTON
Director

(signed) "David Hall"
DAVID HALL
Director

CERTIFICATE OF BALKAN METALS CORP.

The foregoing document constitutes full, true and plain disclosure of all material facts relating to the securities of Balkan Metals Corp. assuming completion of the reverse takeover transaction described in this Circular.

By order of the Board of Directors

DATED this 14th day of July, 2023.

(signed) "Elena Clarici"

ELENA CLARICI

Chief Executive Officer, Director

ON BEHALF OF THE BOARD OF DIRECTORS

(signed) "Michael Thomsen"

MICHAEL THOMSEN

Director

(signed) "Eric Rasmussen"

ERIC RASMUSSEN

Director

ACKNOWLEDGEMENT – PERSONAL INFORMATION

“Personal Information” means any information about an identifiable individual, and includes information contained in any Items in the attached information circular that are analogous to Items 4.2, 11, 13.1, 16, 18.2, 19.2, 24, 25, 27, 32.3, 33, 34, 35, 36, 37, 38, 39, 41 and 42 of this Form 3D1, as applicable.

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

- (a) the disclosure of Personal Information by the undersigned to the TSXV (as defined in Appendix 6B) pursuant to this Form 3D1; and
- (b) the collection, use and disclosure of Personal Information by the Exchange for the purposes described in Appendix 6B or as otherwise identified by the TSXV, from time to time.

(signed) “Jeremy Crozier”

JEREMY CROZIER

President and Chief Executive Officer

Medgold Resources Corp.

SCHEDULE "A"

Audited annual consolidated financial statements of Medgold for the years ended December 31, 2022 and December 31, 2021, audited annual consolidated financial statements of Medgold for the years ended December 31, 2021 and December 31, 2020, and interim consolidated financial statements of Medgold for the 3 month period ended March 31, 2023



(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2022 and 2021

(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF MEDGOLD RESOURCES CORP.

Opinion

We have audited the consolidated financial statements of Medgold Resources Corp. and its subsidiaries (the "Company"), which comprise:

- ♦ the consolidated statements of financial position as at December 31, 2022 and 2021;
- ♦ the consolidated statements of loss and comprehensive loss for the years then ended;
- ♦ the consolidated statements of changes in shareholders' equity (deficiency) for the years then ended;
- ♦ the consolidated statements of cash flows for the years then ended; and
- ♦ the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2022 and 2021, and its consolidated financial performance and consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss of \$693,952 during the year ended December 31, 2022 and, as of that date, the Company's current liabilities exceeded its current assets by \$290,342. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined that there are no key audit matters to communicate in our auditors' report.

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Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditors' report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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- ◆ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ◆ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ◆ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ◆ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ◆ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report Michelle Chi Wai So.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia

April 24, 2023

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Medgold Resources Corp.

(Exploration Stage Company)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at December 31, 2022 and 2021

(Expressed in Canadian Dollars)

	2022	2021
ASSETS		
Current assets		
Cash	\$ 87,009	\$ 396,825
Amounts receivable	6,526	4,280
Prepaid expenses and deposits	2,087	5,599
Total current assets	95,622	406,704
Non-current assets		
Long-term deposits	61,000	61,000
Property and equipment (Note 5)	14,072	42,240
Deferred acquisition costs (Note 15)	32,888	-
Exploration and evaluation assets (Note 6)	43,020	43,020
Total non-current assets	150,980	146,260
	\$ 246,602	\$ 552,964
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current liabilities		
Accounts payable and accrued liabilities	\$ 150,785	\$ 25,528
Due to related party (Note 11)	235,179	50,227
Total liabilities	385,964	75,755
Shareholders' equity (deficiency)		
Share capital (Note 7)	15,751,347	15,751,347
Other equity reserves (Note 7)	1,726,467	1,649,086
Accumulated other comprehensive loss	(157,952)	(157,952)
Deficit	(17,459,224)	(16,765,272)
Total shareholders' equity (deficiency)	(139,362)	477,209
	\$ 246,602	\$ 552,964

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

"Jeremy Crozier"
Jeremy Crozier, Director

"Ralph Rushton"
Ralph Rushton, Director

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

Medgold Resources Corp.

(Exploration Stage Company)

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the years ended December 31, 2022 and 2021

(Expressed in Canadian Dollars)

	2022	2021
Exploration expenditures (Notes 9 and 11)	\$ 311,104	\$ 487,081
General and administrative expenses		
Depreciation (Note 5)	26,628	32,809
Foreign exchange gain (loss)	(1,367)	3,418
Legal and accounting	38,092	75,327
Management fees (Note 11)	108,750	89,000
Office and administration (Note 11)	52,147	64,316
Salaries and benefits (Note 11)	80,151	75,373
Shareholder communications (Note 11)	2,015	69,688
Share-based payments (Notes 8 and 11)	77,381	127,165
Transfer agent and regulatory fees	14,952	20,802
Travel and accommodation (Note 11)	11,668	25,666
	410,417	583,564
	(721,521)	(1,070,645)
Interest and other income (Note 6)	27,569	93,098
Net loss and comprehensive loss for the year	\$ (693,952)	\$ (977,547)
Loss per share, basic and diluted	\$(0.01)	\$(0.01)
Weighted average number of shares outstanding	134,789,032	134,789,032

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

Medgold Resources Corp.

(Exploration Stage Company)

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)

For the years ended December 31, 2022 and 2021

(Expressed in Canadian Dollars)

			Other equity reserves				
	Number of common shares	Share capital	Warrants reserve	Share-based payment reserve	Accumulated other comprehensive loss	Deficit	Total shareholders' equity (deficiency)
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 year	-	-	-	-	-	(977,547)	(977,547)
Share-based payments	-	-	-	127,165	-	-	127,165
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 year	-	-	-	-	-	(693,952)	(693,952)
Share-based payments	-	-	-	77,381	-	-	77,381
Balance, December 31, 2022	134,789,032	\$ 15,751,347	\$ 88,743	\$ 1,637,724	\$ (157,952)	\$ (17,459,224)	\$ (139,362)

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

Medgold Resources Corp.

(Exploration Stage Company)

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2022 and 2021

(Expressed in Canadian Dollars)

	2022	2021
Cash provided by (used in):		
OPERATING ACTIVITIES		
Net loss for the year	\$ (693,952)	\$ (977,547)
Items not involving cash:		
Depreciation	26,628	32,809
Share-based payments	77,381	127,165
Foreign exchange	1,540	-
	(588,403)	(817,573)
Changes in non-cash working capital balances:		
Amounts receivable	(2,246)	6,987
Prepaid expenses and deposits	3,512	703
Accounts payable and accrued liabilities	92,369	(85,247)
Due to related party	184,952	4,812
Net cash used in operating activities	(309,816)	(890,318)
Decrease in cash	(309,816)	(890,318)
Cash, beginning of year	396,825	1,287,143
Cash, end of year	\$ 87,009	\$ 396,825

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

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2022 and 2021

(Expressed in Canadian Dollars)

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 consolidated financial statements of the Company as at December 31, 2022 and for the year then ended include the accounts of the Company and its subsidiaries (Note 3(a)).

These 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 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 December 31, 2022, the Company has not yet achieved profitable operations, has accumulated losses of \$17,459,224 (2021: \$16,765,272) since its inception, and expects to incur further losses in the development of its business. For the year December 31, 2022, the Company incurred a net loss of \$693,952 (2021: \$977,547). 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 financial statements were prepared, the COVID-19 pandemic continued to cause disruptions to the global economy; however, it did not significantly impact the Company's operations during the year ended December 31, 2022.

2. BASIS OF PREPARATION

Statement of Compliance

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

Basis of Measurement

These 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 consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

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

The preparation of 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 consolidated financial statements, are disclosed in Note 4.

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2022 and 2021

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements.

a) Basis of Consolidation

These 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 December 31, 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

b) 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. Translation adjustments for certain inactive and formerly held subsidiaries whose functional currency was previously determined to be other than that of the Canadian dollar are included in the consolidated statements of comprehensive loss.

c) Cash and Cash Equivalents

Cash and cash equivalents include cash at banks and on hand, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and are subject to an insignificant risk of change of value. The Company had no cash equivalents as at December 31, 2022 and 2021.

d) Exploration and Evaluation Assets

The Company capitalizes the acquisition cost of exploration and evaluation assets and expenses all other exploration expenditures. Acquisition costs include the cash consideration paid and the fair value of common shares issued on acquisition, based on the date of issuance of the shares if the fair value of the mineral property is not reliably measurable. Exploration and evaluation assets are classified as intangible assets.

Recoveries for option payments or shares received are recorded on receipt, as the payments or shares received under the agreement are made at the sole discretion of the optionee. Proceeds from the sale of minerals recovered during the exploration stage are recorded when title to the minerals passes, the proceeds are reasonably determinable and the collectability is assured.

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2022 and 2021

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Exploration and Evaluation Assets (continued)

Where the Company has entered into option agreements to acquire interests in mineral properties that provide for periodic payments or periodic share issuances, amounts unpaid and unissued are not recorded as liabilities since they are payable and issuable entirely at the Company's option. Option payments are capitalized when the payments are made or received and the share issuances are capitalized using the fair market value of the Company's common shares at the earlier of the date the counterparty's performance is complete or the issuance date.

The Company is in the exploration stage and is in the process of determining whether its exploration and evaluation assets contain ore reserves that are economically recoverable. The recoverability of amounts recorded as exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, maintenance of the Company's legal interests in its mineral claims, obtaining further financing for exploration and development of its mineral claims and commencement of future profitable production, or receiving proceeds from the sale of all or an interest in its mineral properties. Management reviews the carrying value of exploration and evaluation assets on a periodic basis and will recognize impairment in value based upon current exploration results, the prospect of further work being carried out by the Company, the assessment of future probability of profitable revenues from the property or from the sale of the property. Amounts shown for exploration and evaluation assets represent costs incurred, net of write-downs and recoveries, and are not intended to represent present or future values.

Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations and which do not contribute to current or future revenue generation are expensed. Liabilities are recorded when environmental assessments and/or remedial efforts are probable, and the costs can be reasonably estimated. Generally, the timing of these accruals coincides with the earlier of completion of a feasibility study or the Company's commitment to a plan of action based on the then known facts.

e) Property, Equipment and Depreciation

Recognition and Measurement

Property and equipment are recorded at cost less accumulated depreciation and any impairment losses.

Depreciation

Depreciation is recognized in profit or loss, and property and equipment are amortized over their estimated useful lives using the following methods:

Vehicles	4 - 8 years straight-line
Furniture and equipment	6% - 25% declining-balance
Computer equipment	25% declining-balance

f) Impairment of Non-financial Assets

Non-financial assets, including exploration and evaluation assets, are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2022 and 2021

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Impairment of Non-financial Assets (continued)

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

An impairment loss is charged to profit or loss, except to the extent they reverse gains previously recognized in other comprehensive income (loss).

g) Provisions

Rehabilitation Provision

The Company recognizes and measures the liabilities for obligations associated with the retirement of mineral properties when those obligations result from the acquisition, construction, development, or normal operation of the asset. The obligation is measured at fair value and the related costs are recorded as part of the carrying value of the related asset. In subsequent periods, the liability is adjusted for the change in present value and any changes in the discount rate or in the amount or timing of the underlying future cash flows required to settle the obligation. Actual costs to retire mineral properties are deducted from the accrued liability, as these costs are incurred.

As at December 31, 2022 and 2021, the Company had no asset retirement or rehabilitation obligations.

Other Provisions

Provisions are recognized where a legal or constructive obligation has been incurred as a result of past events, it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. If material, provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in any provision due to passage of time is recognized as accretion expense.

h) Income Taxes

Income tax expense comprises current and deferred tax. Current and deferred tax are recognized in net loss, except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income (loss).

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2022 and 2021

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Share Capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share warrants and options are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Warrants issued by the Company typically accompany an issuance of shares in the Company (a "unit") and entitle the warrant holder to exercise the warrants for a stated price and a stated number of common shares in the Company. The fair value of units issued is measured using the residual value approach, with the allocation of proceeds first to shares based on the fair value of the shares on the date of issuance and the remainder to warrants.

j) Earnings/Loss Per Share

Basic earnings/loss per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant year.

Diluted earnings/loss per share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

k) Share-based Payments

Where equity-settled share options or equity instruments are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period using the graded vesting method. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in profit or loss. Options or warrants granted related to the issuance of shares are recorded as a reduction of share capital.

When the fair value of goods or services received in exchange for the share-based payment cannot be reliably estimated, they are measured by use of a valuation model.

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2022 and 2021

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Share-based Payments (continued)

All equity-settled share-based payments are reflected in other equity reserve until exercised. Upon exercise, shares are issued and the amount reflected in other equity reserve is credited to share capital, adjusted for any consideration paid. For those unexercised options and share purchase warrants that expired, the recorded value remains in other equity reserve.

Where a grant of options is cancelled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest, except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

l) Financial Instruments

Financial Assets

The Company recognizes a financial asset when it becomes a party to the contractual provisions of the instrument. The Company classifies financial assets at initial recognition as financial assets: measured at amortized cost, measured at fair value through other comprehensive income, or measured at fair value through profit or loss.

Financial assets measured at amortized cost

A financial asset that meets both of the following conditions is classified as a financial asset measured at amortized cost:

- The Company's business model for such financial assets is to hold the assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value plus transaction costs directly attributable to the asset. After initial recognition, the carrying amount of the financial asset measured at amortized cost is determined using the effective interest method, net of impairment loss, if any.

Financial assets measured at fair value through other comprehensive income ("FVTOCI")

A financial asset measured at fair value through other comprehensive income is recognized initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, the asset is measured at fair value with changes in fair value included as "financial asset at fair value through other comprehensive income" in other comprehensive income.

Financial assets measured at fair value through profit or loss ("FVTPL")

A financial asset measured at fair value through profit or loss is recognized initially at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial asset is re-measured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Financial Instruments (continued)

Financial Assets (continued)

The Company derecognizes a financial asset if the contractual rights to the cash flows from the asset expire, or the Company transfers substantially all the risks and rewards of ownership of the financial asset. Any interests in transferred financial assets that are created or retained by the Company are recognized as a separate asset or liability. Gains and losses on derecognition are generally recognized in profit or loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

Financial Liabilities

Financial liabilities are classified as amortized cost, based on the purpose for which the liability was incurred. These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statements of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemptions, as well as any interest or coupon payable while the liability is outstanding.

Accounts payable and accrued liabilities and amounts due to related party represent liabilities for goods and services provided to the Company prior to the end of the period, which are unpaid. Accounts payable and accrued liabilities are unsecured and are usually paid within 45 days of recognition.

The Company has made the following designations of its financial instruments:

Cash	FVTPL
Deposits	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Due to related party	Amortized cost

m) Business Combinations and Asset Acquisitions

At the time of an acquisition, the Company considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. The Company accounts for an acquisition as a business combination where an integrated set of activities and assets is acquired. More specifically, consideration is given to the extent to which significant processes are acquired.

When the acquisition of subsidiaries does not represent a business combination, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognized.

Costs related to an acquisition are classified as deferred acquisition costs until the acquisition is completed. Deferred acquisition costs related to acquisition transactions that do not complete are written off and recognized in profit or loss.

n) New Standards and Interpretations Not Yet Adopted

The Company has reviewed upcoming policies and determined that none are expected to have an impact on the Company's consolidated financial statements.

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4. 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 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) 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.
- f) Judgment is required in the assessment of whether a proposed transaction (Note 15) 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.

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4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

The key estimates applied in the preparation of the 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.

5. PROPERTY AND EQUIPMENT

	Vehicles	Computer equipment	Furniture and equipment	Total
Cost				
Balance, December 31, 2020 and 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
Accumulated amortization				
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 year	22,235	-	4,393	26,628
Disposal	(44,761)	-	-	(44,761)
Balance, December 31, 2022	\$ 102,054	\$ 26,280	\$ 28,781	\$ 157,115
Carrying amounts				
At December 31, 2021	\$ 31,165	\$ -	\$ 11,075	\$ 42,240
At December 31, 2022	\$ 7,390	\$ -	\$ 6,682	\$ 14,072

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6. EXPLORATION AND EVALUATION ASSETS

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

Serbia

a) Exploration Licences

As of December 31, 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.

During the 2021 fiscal year, the Company received a non-refundable option fee of \$91,442 (AUD\$100,000) relating to a proposed transaction to sell the Company's interest in the Tlamino Project. The transaction did not proceed and the \$91,442 was recorded as other income.

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 year ended December 31, 2022, the Company entered into two agreements with Fortuna to acquire Fortuna's Interest in the Project. The first agreement terminated the Option and the second converted the Interest to a 1% net smelter return royalty (the "Royalty") in favour of Fortuna. All obligations under the terms of the Option were extinguished. The Royalty may be purchased at any time by the Company for a cash consideration of \$3.0 million.

b) Geological Data Sale

During the year ended December 31, 2022, the Company sold geological data pertaining to previously held Serbian properties to a third party for proceeds of \$25,804, which is recorded in other income.

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 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 could have been 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. Subsequent to December 31, 2022, the Company decided to terminate this agreement.

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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 years ended December 31, 2022 and 2021.

Share Purchase Warrants

There were no share purchase warrants activity during the years ended December 31, 2022 and 2021.

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

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 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 year ended December 31, 2022:

Expiry date	Exercise price	Opening balance	During the year			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)	-	-
March 1, 2031*	\$0.10	6,485,000	-	-	(23,334)	6,461,666	4,311,666
		7,625,000	-	-	(523,334)	7,101,666	4,951,666
Weighted average exercise price		\$0.10	-	-	\$0.15	\$0.10	\$0.10

* Subsequent to December 31, 2022, these options became fully vested.

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8. SHARE-BASED PAYMENTS (continued)

The following is a summary of changes in options for the year ended December 31, 2021:

Expiry date	Exercise price	Opening balance	During the year			Closing balance	Vested and exercisable
			Granted	Exercised	Expired / forfeited		
February 23, 2024	\$0.15	1,480,000	-	-	(1,400,000)	80,000	80,000
June 18, 2024	\$0.11	500,000	-	-	-	500,000	500,000
June 28, 2026	\$0.15	960,000	-	-	(900,000)	60,000	60,000
July 24, 2027	\$0.20	100,000	-	-	(100,000)	-	-
February 7, 2028	\$0.20	100,000	-	-	(100,000)	-	-
January 15, 2029	\$0.15	2,025,000	-	-	(1,525,000)	500,000	500,000
June 2, 2029	\$0.15	480,000	-	-	(480,000)	-	-
March 1, 2031	\$0.10	-	6,485,000	-	-	6,485,000	-
		5,645,000	6,485,000	-	(4,505,000)	7,625,000	1,140,000
Weighted average exercise price		\$0.15	\$0.10	-	\$0.15	\$0.10	\$0.13

Fair Value of Options Issued During the Year

There were no options granted during the year ended December 31, 2022.

The weighted average fair value at grant date of options granted during the year ended December 31, 2021 was \$0.05 per option.

The weighted average remaining contractual life of the options outstanding at December 31, 2022 is 7.58 (2021: 8.48) years.

There were no options exercised during the years ended December 31, 2022 and 2021.

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.

The model inputs for options granted during the year ended December 31, 2021 included expected volatility factor of 92%, risk-free interest rate of 1.39%, expected life of ten years, and expected dividend yield of 0%. The weighted average model inputs for options cancelled and replaced during the year ended December 31, 2021 by options granted during the year ended December 31, 2021 included a risk-free interest rate of 0.96%, dividend yield of 0%, volatility of 89%, and expected life of 6.2 years. Companies are required to utilize an estimated forfeiture rate when calculating the expense for the reporting period. Based on the best estimate, management applied the estimated forfeiture rate of 0% in determining the expense recorded in the accompanying consolidated statements of comprehensive loss.

Medgold Resources Corp.

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8. SHARE-BASED PAYMENTS (continued)

Fair Value of Options Issued During the Year (continued)

The expected volatility is based on the historical volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information. The risk-free rate of return is the yield on a zero-coupon Canadian Treasury Bill of a term consistent with the assumed option life. The expected average option term is the average expected period to exercise, based on the historical activity patterns for each individually vesting tranche.

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate.

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 year ended December 31, 2022 were \$77,381 (2021: \$127,165).

9. EXPLORATION EXPENDITURES

During the year ended December 31, 2022, the Company incurred the following exploration expenditures:

	Tlamino Project
Assaying	\$ 10,767
Geological and other consulting (Note 11)	121,732
Legal and accounting	52,328
Licenses, rights and taxes	24,202
Office and administration	51,596
Salaries and benefits	38,090
Travel	12,389
	\$ 311,104

During the year ended December 31, 2021, the Company incurred the following exploration expenditures:

	Tlamino Project	Other	Total
Assaying	\$ 1,589	\$ -	\$ 1,589
Geological and other consulting (Note 11)	185,017	43,219	228,236
Legal and accounting	105,569	-	105,569
Licenses, rights and taxes	24,946	-	24,946
Office and administration	67,048	-	67,048
Salaries and benefits	45,361	-	45,361
Travel	21,271	-	21,271
	450,801	43,219	494,020
Expense recovery	-	(6,939)	(6,939)
	\$ 450,801	\$ 36,280	\$ 487,081

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10. INCOME TAXES

The following table reconciles the amount of income tax recoverable on application of the statutory income tax rates:

	2022	2021
Net loss for the year	\$ (693,952)	\$ (977,547)
Statutory income tax rate	27.00%	27.00%
Expected income tax recovery	(187,367)	(263,938)
Decrease (increase) resulting from:		
Non-deductible expenses and others	21,149	35,406
Differences between Canadian and foreign tax rates	34,399	(3,606)
Change in timing differences	6,753	(37,205)
Impact of foreign exchange on tax assets and liabilities	(11,654)	255,052
Over (under) provided in prior years	144,298	(88,945)
Unused tax losses and tax offsets not recognized	(7,578)	103,236
Income tax recovery	\$ -	\$ -

The tax rates represent the federal and provincial statutory rate applicable for the 2022 taxation year, 27% for Canada, and 15% for Serbia.

The Company recognizes tax benefits on losses or other deductible amounts where it is probable the Company will generate sufficient taxable income for the recognition of deferred tax assets. The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

	2022	2021
Non-capital loss carry-forwards	\$ 12,356,297	\$ 15,603,111
Exploration and evaluation assets	10,225,930	10,225,930
Property and equipment	214,699	224,859
Unrecognized deductible temporary differences	\$ 22,796,926	\$ 26,053,900

Subject to certain restrictions, the Company has non-capital losses of \$7,794,188 (2021: \$7,415,995) available to reduce future Canadian taxable income. The non-capital losses expire as follows:

Year	
2026	\$ 1,505,389
2028	57,142
2029	184,122
2032	263,577
2033	485,883
2034	539,445
2035	680,434
2036	462,708
2037	522,527
2038	596,487
2039	992,081
2040	618,345
2041	507,855
2042	378,193
	\$ 7,794,188

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10. INCOME TAXES (continued)

The Company also has non-capital losses for income tax purposes of \$4,562,109 (2021: \$5,226,367) available to reduce future Serbian taxable income. The Serbian non-capital losses expire in five years as follows:

Year	
2023	\$ 1,864,762
2024	1,456,773
2025	623,458
2026	402,107
2027	215,009
	<u>\$ 4,562,109</u>

11. RELATED PARTY TRANSACTIONS AND BALANCES

The Company's related parties with transactions during the years ended December 31, 2022 and 2021 consist of directors, officers and the following companies controlled by directors and/or officers:

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

Balances and transactions with related parties not disclosed elsewhere in these 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
	<u>\$ 9,273</u>

Medgold Resources Corp.

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11. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

- b) The amount due to related party as of December 31, 2022 consists of \$235,179 (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 years ended December 31, 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.

	2022	2021
Management fees	\$ 108,750	\$ 89,000
Geological fees	65,250	87,000
Salaries and benefits	29,251	25,549
Value of stock option grants recorded as share-based payments	18,232	29,961
	\$ 221,483	\$ 231,510

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.

12. 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 consolidated financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies, and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in the notes.

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.

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12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

General Objectives, Policies and Processes (continued)

a) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market prices are comprised of three types of risk: foreign currency risk, interest rate risk, and equity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. As at December 31, 2022, the Company is exposed to foreign currency risk and interest rate risk.

Foreign Currency Risk

As at December 31, 2022 and 2021, the Company is exposed to currency risk through the following financial assets and liabilities denominated in currencies other than the Canadian dollar:

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)
Net exposure	\$ (490)	\$ 5,437	\$ (6,934)	\$ (27,710)

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)
Net exposure	\$ (5,869)	\$ 5,158	\$ 2,279

Based on the above net exposures at December 31, 2022, a 10% depreciation or appreciation of the above currencies against the Canadian dollar would result in approximately a \$3,000 (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 December 31, 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.

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12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

General Objectives, Policies and Processes (continued)

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 December 31, 2022, the Company had a working capital deficiency of \$290,342 (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 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.

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 December 31, 2022 were calculated as follows:

	Balance at December 31, 2022	Level 1	Level 2	Level 3
Financial Asset:				
Cash	\$ 87,009	\$ 87,009	\$ -	\$ -

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13. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its properties and to maintain flexible capital structure for its projects for the benefit of its stakeholders. In the management of capital, the Company includes the components of shareholders' equity. There were no changes in the Company's capital management approach during the year ended December 31, 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 December 31, 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 entered into a proposed reverse take-over transaction agreement that will provide additional capital (Note 15). 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.

14. 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.

Year ended December 31, 2022	Canada	Serbia	Other	Total
Exploration expenditures	\$ -	\$ 311,104	\$ -	\$ 311,104
Interest and other income	1,765	25,804	-	27,569
Net loss	(395,649)	(284,200)	(14,103)	(693,952)

Year ended December 31, 2021	Canada	Serbia	Other	Total
Exploration expenditures	\$ -	\$ 450,801	\$ 36,280	\$ 487,081
Interest and other income	93,098	-	-	93,098
Net loss	(306,233)	(601,739)	(69,575)	(977,547)

As at December 31, 2022	Canada	Serbia	Other	Consolidated
Total current assets	\$ 88,490	\$ 7,132	\$ -	\$ 95,622
Total non-current assets	93,888	57,092	-	150,980
Total assets	\$ 182,378	\$ 64,224	\$ -	\$ 246,602
Total liabilities	\$ 354,976	\$ 30,988	\$ -	\$ 385,964

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2022 and 2021

(Expressed in Canadian Dollars)

14. SEGMENTED REPORTING (continued)

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

15. EVENTS AFTER THE REPORTING DATE

Subsequent to December 31, 2022, the following event which has not been disclosed elsewhere in these consolidated financial statements has occurred:

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 subsequently, an amalgamation agreement dated January 27, 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 will reimburse certain of the Company's expenses related to the Transactions, of which \$123,534 has been advanced.
- 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 expects to 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 Transactions will constitute a "reverse takeover" pursuant to the policies of the TSX-V and are subject to receipt of TSX-V acceptance and receipt of approval of the shareholders of the Company to be sought at a shareholders' meeting.

As of December 31, 2022, transaction costs of \$32,888 relating to the Acquisition were incurred and recorded as a deferred acquisition cost.



(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2021 and 2020

(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF MEDGOLD RESOURCES CORP.

Opinion

We have audited the consolidated financial statements of Medgold Resources Corp. (the "Company"), which comprise:

- the consolidated statements of financial position as at December 31, 2021 and 2020;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in shareholders' equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2021 and 2020, and its consolidated financial performance and consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss of \$977,547 during the year ended December 31, 2021. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditors' report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ♦ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ♦ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ♦ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ♦ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ♦ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- ♦ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditors' report is Michelle Chi Wai So.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia

April 21, 2022

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Medgold Resources Corp.

(Exploration Stage Company)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at December 31, 2021 and 2020

(Expressed in Canadian Dollars)

	2021	2020
ASSETS		
Current assets		
Cash	\$ 396,825	\$ 1,287,143
Amounts receivable	4,280	11,267
Prepaid expenses and deposits	5,599	6,302
Total current assets	406,704	1,304,712
Non-current assets		
Long-term deposits (Note 12)	61,000	61,000
Property and equipment (Note 6)	42,240	75,049
Exploration and evaluation assets (Note 7)	43,020	43,020
Total non-current assets	146,260	179,069
	\$ 552,964	\$ 1,483,781
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 25,528	\$ 110,775
Due to related parties (Note 12)	50,227	45,415
Total liabilities	75,755	156,190
Shareholders' equity		
Share capital (Note 8)	15,751,347	15,751,347
Other equity reserves (Note 8)	1,649,086	1,521,921
Accumulated other comprehensive loss	(157,952)	(157,952)
Deficit	(16,765,272)	(15,787,725)
Total shareholders' equity	477,209	1,327,591
	\$ 552,964	\$ 1,483,781

APPROVED ON BEHALF OF THE BOARD ON APRIL 21, 2022:

"Jeremy Crozier"
Jeremy Crozier, Director

"Ralph Rushton"
Ralph Rushton, Director

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

Medgold Resources Corp.

(Exploration Stage Company)

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the years ended December 31, 2021 and 2020

(Expressed in Canadian Dollars)

	2021	2020
Exploration expenditures (Notes 10 and 12)	\$ 487,081	\$ 915,452
General and administrative expenses		
Consulting	-	16,083
Depreciation (Note 6)	32,809	33,758
Foreign exchange loss	3,418	725
Legal and accounting	75,327	93,766
Management fees (Note 12)	89,000	99,750
Office and administration (Note 12)	64,316	81,214
Salaries and benefits (Note 12)	75,373	84,561
Shareholder communications (Note 12)	69,688	80,424
Share-based payments (Notes 9 and 12)	127,165	-
Transfer agent and regulatory fees (Note 12)	20,802	15,010
Travel and accommodation (Note 12)	25,666	29,161
	583,564	534,452
Loss before other item	(1,070,645)	(1,449,904)
Other item		
Interest and other income (Note 7)	93,098	1,731
Net loss and comprehensive loss for the year	\$ (977,547)	\$ (1,448,173)
Loss per share, basic and diluted	\$(0.01)	\$(0.01)
Weighted average number of shares outstanding	134,789,032	113,258,977

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

Medgold Resources Corp.

(Exploration Stage Company)

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the years ended December 31, 2021 and 2020

(Expressed in Canadian Dollars)

			Other equity reserves				
	Number of common shares	Share capital	Warrants reserve	Share-based payment reserve	Accumulated other comprehensive loss	Deficit	Total shareholders' equity
Balance, December 31, 2019	94,789,032	\$ 13,829,198	\$ 65,949	\$ 1,433,178	\$ (157,952)	\$ (14,339,552)	\$ 830,821
Loss for the year	-	-	-	-	-	(1,448,173)	(1,448,173)
Shares issued for private placement	40,000,000	2,000,000	-	-	-	-	2,000,000
Share issuance costs	-	(77,851)	22,794	-	-	-	(55,057)
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 year	-	-	-	-	-	(977,547)	(977,547)
Share-based payments	-	-	-	127,165	-	-	127,165
Balance, December 31, 2021	134,789,032	\$ 15,751,347	\$ 88,743	\$ 1,560,343	\$ (157,952)	\$ (16,765,272)	\$ 477,209

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

Medgold Resources Corp.

(Exploration Stage Company)

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2021 and 2020

(Expressed in Canadian Dollars)

	2021	2020
Cash provided by (used in):		
OPERATING ACTIVITIES		
Net loss for the year	\$ (977,547)	\$ (1,448,173)
Items not involving cash:		
Depreciation	32,809	33,758
Share-based payments	127,165	-
	(817,573)	(1,414,415)
Changes in non-cash working capital balances:		
Amounts receivable	6,987	73,060
Prepaid expenses and deposits	703	5,705
Accounts payable and accrued liabilities	(85,247)	6,700
Due to related parties	4,812	(32,977)
Net cash used in operating activities	(890,318)	(1,361,927)
FINANCING ACTIVITY		
Net proceeds from issuance of common shares	-	1,944,943
Net cash provided by financing activity	-	1,944,943
Increase (decrease) in cash	(890,318)	583,016
Cash, beginning of year	1,287,143	704,127
Cash, end of year	\$ 396,825	\$ 1,287,143

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

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020

(Expressed in Canadian Dollars)

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 consolidated financial statements of the Company as at December 31, 2021 and for the year then ended include the accounts of the Company and its subsidiaries (Note 3(a)).

These 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 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 December 31, 2021, the Company has not yet achieved profitable operations, has accumulated losses of \$16,765,272 since its inception, and expects to incur further losses in the development of its business. For the year December 31, 2021, the Company incurred a net loss of \$977,547. 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 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 2021 fiscal year, 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 consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

Basis of Measurement

These 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 consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

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

The preparation of 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 consolidated financial statements, are disclosed in Note 4.

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements.

a) Basis of Consolidation

These 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 December 31, 2021 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

b) 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.

c) Cash and Cash Equivalents

Cash and cash equivalents include cash at banks and on hand, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and are subject to an insignificant risk of change of value. The Company had no cash equivalents as at December 31, 2021 and 2020.

d) Exploration and Evaluation Assets

The Company capitalizes the acquisition cost of exploration and evaluation assets and expenses all other exploration expenditures. Acquisition costs include the cash consideration paid and the fair value of common shares issued on acquisition, based on the date of issuance of the shares if the fair value of the mineral property is not reliably measurable. Exploration and evaluation assets are classified as intangible assets.

Recoveries for option payments or shares received are recorded on receipt, as the payments or shares received under the agreement are made at the sole discretion of the optionee. Proceeds from the sale of minerals recovered during the exploration stage are recorded when title to the minerals passes, the proceeds are reasonably determinable and the collectability is assured.

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Exploration and Evaluation Assets (continued)

Where the Company has entered into option agreements to acquire interests in mineral properties that provide for periodic payments or periodic share issuances, amounts unpaid and unissued are not recorded as liabilities since they are payable and issuable entirely at the Company's option. Option payments are capitalized when the payments are made or received and the share issuances are capitalized using the fair market value of the Company's common shares at the earlier of the date the counterparty's performance is complete or the issuance date.

The Company is in the exploration stage and is in the process of determining whether its exploration and evaluation assets contain ore reserves that are economically recoverable. The recoverability of amounts recorded as exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, maintenance of the Company's legal interests in its mineral claims, obtaining further financing for exploration and development of its mineral claims and commencement of future profitable production, or receiving proceeds from the sale of all or an interest in its mineral properties. Management reviews the carrying value of exploration and evaluation assets on a periodic basis and will recognize impairment in value based upon current exploration results, the prospect of further work being carried out by the Company, the assessment of future probability of profitable revenues from the property or from the sale of the property. Amounts shown for exploration and evaluation assets represent costs incurred, net of write-downs and recoveries, and are not intended to represent present or future values.

Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations and which do not contribute to current or future revenue generation are expensed. Liabilities are recorded when environmental assessments and/or remedial efforts are probable, and the costs can be reasonably estimated. Generally, the timing of these accruals coincides with the earlier of completion of a feasibility study or the Company's commitment to a plan of action based on the then known facts.

e) Property, Equipment and Depreciation

Recognition and Measurement

Property and equipment are recorded at cost less accumulated depreciation and any impairment losses.

Depreciation

Depreciation is recognized in profit or loss, and property and equipment are amortized over their estimated useful lives using the following methods:

Vehicles	4 - 8 years straight-line
Furniture and equipment	6% - 25% declining-balance
Computer equipment	25% declining-balance

f) Impairment of Non-financial Assets

Non-financial assets, including exploration and evaluation assets, are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Impairment of Non-financial Assets (continued)

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

An impairment loss is charged to profit or loss, except to the extent they reverse gains previously recognized in other comprehensive income (loss).

g) Provisions

Rehabilitation Provision

The Company recognizes and measures the liabilities for obligations associated with the retirement of mineral properties when those obligations result from the acquisition, construction, development or normal operation of the asset. The obligation is measured at fair value and the related costs are recorded as part of the carrying value of the related asset. In subsequent periods, the liability is adjusted for the change in present value and any changes in the discount rate or in the amount or timing of the underlying future cash flows required to settle the obligation. Actual costs to retire mineral properties are deducted from the accrued liability, as these costs are incurred.

As at December 31, 2021 and 2020, the Company had no asset retirement or rehabilitation obligations.

Other Provisions

Provisions are recognized where a legal or constructive obligation has been incurred as a result of past events, it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. If material, provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in any provision due to passage of time is recognized as accretion expense.

h) Income Taxes

Income tax expense comprises current and deferred tax. Current and deferred tax are recognized in net loss, except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income (loss).

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Share Capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share warrants and options are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Warrants issued by the Company typically accompany an issuance of shares in the Company (a "unit") and entitle the warrant holder to exercise the warrants for a stated price and a stated number of common shares in the Company. The fair value of units issued is measured using the residual value approach, with the allocation of proceeds first to shares based on the fair value of the shares on the date of issuance and the remainder to warrants.

j) Earnings/Loss Per Share

Basic earnings/loss per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant year.

Diluted earnings/loss per share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

k) Share-based Payments

Where equity-settled share options or equity instruments are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period using the graded vesting method. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in profit or loss. Options or warrants granted related to the issuance of shares are recorded as a reduction of share capital.

When the fair value of goods or services received in exchange for the share-based payment cannot be reliably estimated, they are measured by use of a valuation model.

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Share-based Payments (continued)

All equity-settled share-based payments are reflected in other equity reserve until exercised. Upon exercise, shares are issued and the amount reflected in other equity reserve is credited to share capital, adjusted for any consideration paid. For those unexercised options and share purchase warrants that expired, the recorded value remains in other equity reserve.

Where a grant of options is cancelled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest, except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

l) Financial Instruments

Financial Assets

The Company recognizes a financial asset when it becomes a party to the contractual provisions of the instrument. The Company classifies financial assets at initial recognition as financial assets: measured at amortized cost, measured at fair value through other comprehensive income, or measured at fair value through profit or loss.

Financial assets measured at amortized costs

A financial asset that meets both of the following conditions is classified as a financial asset measured at amortized cost.

- The Company's business model for the such financial assets, is to hold the assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value plus transaction costs directly attributable to the asset. After initial recognition, the carrying amount of the financial asset measured at amortized cost is determined using the effective interest method, net of impairment loss, if any.

Financial assets measured at fair value through other comprehensive income ("FVTOCI")

A financial asset measured at fair value through other comprehensive income is recognized initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, the asset is measured at fair value with changes in fair value included as "financial asset at fair value through other comprehensive income" in other comprehensive income.

Financial assets measured at fair value through profit or loss ("FVTPL")

A financial asset measured at fair value through profit or loss is recognized initially at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial asset is re-measured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Financial Instruments (continued)

Financial Assets (continued)

The Company derecognizes a financial asset if the contractual rights to the cash flows from the asset expire, or the Company transfers substantially all the risks and rewards of ownership of the financial asset. Any interests in transferred financial assets that are created or retained by the Company are recognized as a separate asset or liability. Gains and losses on derecognition are generally recognized in profit or loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

Financial Liabilities

Financial liabilities are classified as amortized cost, based on the purpose for which the liability was incurred. These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statements of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemptions, as well as any interest or coupon payable while the liability is outstanding.

Accounts payable and accrued liabilities and amounts due to related parties represent liabilities for goods and services provided to the Company prior to the end of the period, which are unpaid. Accounts payable and accrued liabilities are unsecured and are usually paid within 45 days of recognition.

The Company has made the following designations of its financial instruments:

Cash	FVTPL
Amounts receivable	Amortized cost
Deposits	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Due to related parties	Amortized cost

m) New Standards and Interpretations Not Yet Adopted

The Company has reviewed upcoming policies and determined that none are expected to have an impact on the Company's consolidated financial statements.

Medgold Resources Corp.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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4. 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 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 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.

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020

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4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

- 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.

5. FORMER CONTINGENCY

In early 2015, the Company entered into an agreement whereby its former subsidiary, MedgoldMinas Unipessoal Lda. ("MedgoldMinas"), proposed to acquire, subject to certain conditions, an interest in a mineral property located in Portugal, in consideration for the assumption of certain debts owing by the property owner. The conditions were not met, and the transaction did not proceed. However, one of the creditors of the property owner subsequently filed a claim in Portugal against the owner for approximately €1.17 million. Upon request by the creditor, the court then added the Company and MedgoldMinas to be defendants in the event the property owner was found to be not liable to the creditor. The Company vigorously contested being brought into this proceeding as the Company and MedgoldMinas did not consummate the transaction with the property owner, did not acquire any interest in the property, and therefore did not assume any liabilities of the owner. In June 2019, the court held that the Company was not responsible for the debts owing by the property owner. This judicial decision was appealed by the plaintiff; however, in February 2020, the Court of Appeal upheld the original court decision in favour of the Company, and the Company was entitled to receive partial reimbursement of its court/legal fees. The plaintiff did not submit a counter-appeal. On November 12, 2020, the Supreme Court made a final and binding decision to confirm the Court of Appeal's decision, thereby closing the case and acquitting the Company from the lawsuit.

6. PROPERTY AND EQUIPMENT

	Vehicles	Computer equipment	Furniture and equipment	Total
Cost				
Balance, December 31, 2019 and 2020	\$ 155,745	\$ 26,280	\$ 35,463	\$ 217,488
Balance, December 31, 2021	\$ 155,745	\$ 26,280	\$ 35,463	\$ 217,488
Accumulated depreciation				
Balance, December 31, 2019	\$ 73,337	\$ 18,942	\$ 16,402	\$ 108,681
Charge for year	26,032	3,487	4,239	33,758
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
Carrying amounts				
At December 31, 2020	\$ 56,376	\$ 3,851	\$ 14,822	\$ 75,049
At December 31, 2021	\$ 31,165	\$ -	\$ 11,075	\$ 42,240

Medgold Resources Corp.

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7. EXPLORATION AND EVALUATION ASSETS

Capitalized acquisition costs as of December 31, 2021 consist of \$43,020 (2020: \$43,020) relating to its Serbian mineral property interests.

Serbia

a) Exploration Licences

As of December 31, 2021, the Company held three granted exploration licences, including the Donje Tlamino and Surlica-Dukat licences which comprise the Tlamino Project.

During 2020, the Ljubata and Radovnica licences which comprised the Ljubata Project were allowed to lapse and a new exploration licence called Zuti Kamen which adjoins the southern border of the Tlamino Project's Surlica Dukat licence was granted.

During the year ended December 31, 2021, the Company received a non-refundable option fee of \$91,442 (AUD\$100,000) relating to a transaction to sell the Company's interest in the Tlamino Project. The agreement was terminated and as a result, \$91,442 was recorded as other income.

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.

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 51% interest in the Project for a cash consideration of US\$3.468 million. The Option is exercisable for up to three years but must 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.

If the Option is not exercised within the term of the Option, the Company will transfer its 49% interest in the Project to Fortuna for no consideration, such that Fortuna will then hold a 100% interest in the Project.

If the Company completes a sale of the Project or corporate merger as described above and receives consideration attributable to 100% of the Project in excess of US\$8,840,000 or enters into a third party option in which the consideration payable by the third party is greater than US\$8,840,000, the consideration payable to Fortuna will be an amount equal to 10.2% of the difference between the Project value and US\$8,840,000, less all reasonable and documented costs incurred by the Company to complete the sale or merger.

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.

Medgold Resources Corp.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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8. 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 year ended December 31, 2021.

During the year ended December 31, 2020, the Company closed a private placement of 40,000,000 units at \$0.05 per unit for gross proceeds of \$2,000,000. Each unit consists of one common share and one share purchase warrant entitling the holder to purchase an additional common share exercisable for three years at a price of \$0.10. Of the total gross proceeds, \$2,000,000 was allocated to share capital and \$Nil to warrants. In connection with this financing, the Company paid finders' fees totaling \$43,500 cash and issued a total of 870,000 warrants which have the same terms as the unit warrants. The fair value of the finders' fee warrants was \$22,794 and was recorded as share issuance costs and an offset to other equity reserve. The fair value of each finders' fee warrant has been estimated as of the date of the issuance using the Black-Scholes pricing model with the following assumptions: risk-free interest rate of 0.27%, dividend yield of 0%, volatility of 88%, and expected life of three years. Other share issuance costs associated with this financing totalled \$11,557.

Share Purchase Warrants

A summary of share purchase warrants activity for the years ended December 31, 2021 and 2020 is as follows:

	Number of warrants	Weighted average exercise price
Balance, December 31, 2019	4,902,800	\$0.40
Issued on private placement	40,000,000	\$0.10
Issued for finance fee	870,000	\$0.10
Expired	(4,902,800)	\$0.40
Balance, December 31, 2020	40,870,000	\$0.10
Balance, December 31, 2021	40,870,000	\$0.10

Details of share purchase warrants outstanding as of December 31, 2021 are:

Expiry date	Number of warrants	Exercise price
July 14, 2023	40,870,000	\$0.10

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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9. 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 year ended December 31, 2021:

Expiry date	Exercise price	Opening balance	During the year			Closing balance	Vested and exercisable
			Granted	Exercised	Expired / forfeited		
February 23, 2024	\$0.15	1,480,000	-	-	(1,400,000)	80,000	80,000
June 18, 2024	\$0.11	500,000	-	-	-	500,000	500,000
June 28, 2026	\$0.15	960,000	-	-	(900,000)	60,000	60,000
July 24, 2027	\$0.20	100,000	-	-	(100,000)	-	-
February 7, 2028	\$0.20	100,000	-	-	(100,000)	-	-
January 15, 2029	\$0.15	2,025,000	-	-	(1,525,000)	500,000	500,000
June 2, 2029	\$0.15	480,000	-	-	(480,000)	-	-
March 1, 2031*	\$0.10	-	6,485,000	-	-	6,485,000	-
		5,645,000	6,485,000	-	(4,505,000)	7,625,000	1,140,000
Weighted average exercise price		\$0.15	\$0.10	-	\$0.15	\$0.10	\$0.13

* 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 Tlaminio Project.

The following is a summary of changes in options for the year ended December 31, 2020:

Expiry date	Exercise price	Opening balance	During the year			Closing balance	Vested and exercisable
			Granted	Exercised	Expired / forfeited		
February 23, 2024	\$0.15	1,930,000	-	-	(450,000)	1,480,000	1,480,000
June 18, 2024	\$0.11	500,000	-	-	-	500,000	500,000
June 28, 2026	\$0.15	1,290,000	-	-	(330,000)	960,000	960,000
July 24, 2027	\$0.20	200,000	-	-	(100,000)	100,000	100,000
February 7, 2028	\$0.20	100,000	-	-	-	100,000	100,000
January 15, 2029	\$0.15	2,025,000	-	-	-	2,025,000	2,025,000
June 2, 2029	\$0.15	570,000	-	-	(90,000)	480,000	480,000
		6,615,000	-	-	(970,000)	5,645,000	5,645,000
Weighted average exercise price		\$0.15	-	-	\$0.16	\$0.15	\$0.15

Medgold Resources Corp.

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9. SHARE-BASED PAYMENTS (continued)

Fair Value of Options Issued During the Year

The weighted average fair value at grant date of options granted during the year ended December 31, 2021 was \$0.05 per option. There were no options granted during the year ended December 31, 2020.

The weighted average remaining contractual life of the options outstanding at December 31, 2021 is 8.48 (2020: 5.91) years.

There were no options exercised during the years ended December 31, 2021 and 2020.

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.

The model inputs for options granted during the year ended December 31, 2021 included expected volatility factor of 92%, risk-free interest rate of 1.39%, expected life of ten years, and expected dividend yield of 0%. The weighted average model inputs for options cancelled and replaced during the year ended December 31, 2021 by options granted during the year ended December 31, 2021 included a risk-free interest rate of 0.96%, dividend yield of 0%, volatility of 89%, and expected life of 6.2 years. Companies are required to utilize an estimated forfeiture rate when calculating the expense for the reporting period. Based on the best estimate, management applied the estimated forfeiture rate of 0% in determining the expense recorded in the accompanying consolidated statements of comprehensive loss.

The expected volatility is based on the historical volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information. The risk-free rate of return is the yield on a zero-coupon Canadian Treasury Bill of a term consistent with the assumed option life. The expected average option term is the average expected period to exercise, based on the historical activity patterns for each individually vesting tranche.

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate.

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 year ended December 31, 2021 were \$127,165 (2020: \$Nil).

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10. EXPLORATION EXPENDITURES

During the year ended December 31, 2021, the Company incurred the following exploration expenditures:

	Tlamino Project	Other	Total
Assaying	\$ 1,589	\$ -	\$ 1,589
Geological and other consulting (Note 12)	185,017	43,219	228,236
Legal and accounting	105,569	-	105,569
Licenses, rights and taxes	24,946	-	24,946
Office and administration	67,048	-	67,048
Salaries and benefits	45,361	-	45,361
Travel	21,271	-	21,271
	450,801	43,219	494,020
Expense recovery	-	(6,939)	(6,939)
	\$ 450,801	\$ 36,280	\$ 487,081

During the year ended December 31, 2020, the Company incurred the following exploration expenditures:

	Tlamino Project	Other	Total
Assaying	\$ 47,717	\$ -	\$ 47,717
Community relations and promotional	68,694	-	68,694
Field expenses	5,813	-	5,813
Geological and other consulting (Note 12)	342,045	107,851	449,896
Legal and accounting	241,308	-	241,308
Licenses, rights and taxes	17,312	-	17,312
Office and administration	104,004	-	104,004
Salaries and benefits	92,974	-	92,974
Travel	17,379	5,675	23,054
	937,246	113,526	1,050,772
Expense recoveries*	(135,320)	-	(135,320)
	\$ 801,926	\$ 113,526	\$ 915,452

* Expense recoveries for the Tlamino Project during the 2020 fiscal year consist of funding from Fortuna per its option agreement with the Company (Note 7(b)).

Medgold Resources Corp.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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11. INCOME TAXES

The following table reconciles the amount of income tax recoverable on application of the statutory income tax rates:

	2021	2020
Net loss for the year	\$ (977,547)	\$ (1,448,173)
Statutory income tax rate	27.00%	27.00%
Expected income tax recovery	(263,938)	(391,007)
Decrease (increase) resulting from:		
Non-deductible expenses and others	35,406	368
Differences between Canadian and foreign tax rates	(3,606)	154,221
Change in timing differences	(37,205)	121,834
Impact of foreign exchange on tax assets and liabilities	255,052	28,790
Under provided in prior years	(88,945)	(54,692)
Unused tax losses and tax offsets not recognized	103,236	140,486
Income tax recovery	\$ -	\$ -

The tax rates represent the federal and provincial statutory rate applicable for the 2021 taxation year, 27% for Canada, 15% for Serbia, and 19% for the United Kingdom.

The Company recognizes tax benefits on losses or other deductible amounts where it is probable the Company will generate sufficient taxable income for the recognition of deferred tax assets. The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

	2021	2020
Non-capital loss carry-forwards	\$ 15,603,111	\$ 16,506,953
Exploration and evaluation assets	10,225,930	10,225,930
Property and equipment	224,859	214,702
Share issuance cost	-	1,070
Unrecognized deductible temporary differences	\$ 26,053,900	\$ 26,948,655

Subject to certain restrictions, the Company has non-capital losses of \$7,305,665 (2020: \$6,908,140) available to reduce future Canadian taxable income. The non-capital losses expire as follows:

Year	
2026	\$ 1,505,389
2028	57,142
2029	184,122
2032	263,577
2033	485,883
2034	539,445
2035	680,434
2036	462,708
2037	522,527
2038	596,487
2039	992,081
2040	618,345
2041	397,525
	\$ 7,305,665

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11. INCOME TAXES (continued)

The Company also has non-capital losses for income tax purposes of \$3,071,079 (2020: \$3,496,566) available to reduce future UK taxable income, non-capital losses for income tax purposes of \$5,226,367 (2020: \$4,916,358) available to reduce future Serbian taxable income. The UK non-capital losses do not expire, and the Serbian non-capital losses expire in five years as follows:

Year	
2022	\$ 1,013,238
2023	1,841,254
2024	1,438,408
2025	623,458
2026	310,009
	\$ 5,226,367

12. RELATED PARTY TRANSACTIONS AND BALANCES

The Company's related parties with transactions during the years ended December 31, 2021 and 2020 consist of directors, officers and the following companies controlled by directors and/or officers:

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

Balances and transactions with related parties not disclosed elsewhere in these 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:

	2021	2020
General and administrative expenses:		
Office and administration	\$ 3,660	\$ 62,662
Salaries and benefits	5,310	84,561
Shareholder communications	250	3,642
Transfer agent and regulatory fees	-	2,515
Travel and accommodation	53	5,294
	\$ 9,273	\$ 158,674

Long-term deposits as of December 31, 2021 consist of \$61,000 (2020: \$61,000) paid to Gold Group as a deposit pursuant to its shared costs agreement with Gold Group.

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12. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

- b) Amounts due to related parties as of December 31, 2021 consists of \$50,227 (2020: \$21,938) 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 and \$Nil (2020: \$23,477) owing to Gold Group.

Key Management Compensation

The Company has identified certain of its directors and senior officers as its key management personnel. Included for the years ended December 31, 2021 and 2020 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.

	2021	2020
Management fees	\$ 89,000	\$ 99,750
Geological fees	87,000	131,750
Salaries and benefits	25,549	25,024
Value of stock option grants recorded as share-based payments	29,961	-
	\$ 231,510	\$ 256,524

Key management compensation includes management and geological fees paid to Virv, and 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 CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020

(Expressed in Canadian Dollars)

13. 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 consolidated financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in the notes.

General Objectives, Policies and Processes

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies, and whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Board of Directors receives periodic reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

a) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market prices are comprised of three types of risk: foreign currency risk, interest rate risk, and equity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. As at December 31, 2021, the Company is exposed to foreign currency risk and interest rate risk.

Foreign Currency Risk

As at December 31, 2021 and 2020, the Company is exposed to currency risk through the following financial assets and liabilities denominated in currencies other than the Canadian dollar:

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)
Net exposure	\$ (5,869)	\$ 5,158	\$ 2,279

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020

(Expressed in Canadian Dollars)

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

a) Market Risk (continued)

Foreign Currency Risk (continued)

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

Based on the above net exposures at December 31, 2021, a 10% depreciation or appreciation of the above currencies against the Canadian dollar would result in approximately a \$200 (2020: \$4,100) increase or decrease in profit or loss, respectively.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. As at December 31, 2021, 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 December 31, 2021, the Company had working capital of \$330,949 (2020: \$1,148,522). 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 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.

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020

(Expressed in Canadian Dollars)

13. 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 December 31, 2021 were calculated as follows:

	Balance at December 31, 2021	Level 1	Level 2	Level 3
Financial Asset:				
Cash	\$ 396,825	\$ 396,825	\$ -	\$ -

14. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its properties and to maintain flexible capital structure for its projects for the benefit of its stakeholders. In the management of capital, the Company includes the components of shareholders' equity. There were no changes in the Company's capital management approach during the year ended December 31, 2021.

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 December 31, 2021 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 will need to raise additional capital and believes it will be able to do so, but recognizes the uncertainty attached thereto. Actual funding requirements may vary from those planned due to a number of factors, including potential property acquisitions and exploration activity.

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020

(Expressed in Canadian Dollars)

15. 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.

Year ended December 31, 2021	Canada	Serbia	Other	Total
Exploration expenditures	\$ -	\$ 450,801	\$ 36,280	\$ 487,081
Interest and other income	93,098	-	-	93,098
Net loss	(306,233)	(601,739)	(69,575)	(977,547)

Year ended December 31, 2020	Canada	Serbia	Other	Total
Exploration expenditures	\$ -	\$ 915,452	\$ -	\$ 915,452
Interest and other income	1,731	-	-	1,731
Net loss	(481,423)	(949,210)	(17,540)	(1,448,173)

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

As at December 31, 2020	Canada	Serbia	Other	Consolidated
Total current assets	\$ 1,272,741	\$ 31,418	\$ 553	\$ 1,304,712
Total non-current assets	61,000	118,069	-	179,069
Total assets	\$ 1,333,741	\$ 149,487	\$ 553	\$ 1,483,781
Total liabilities	\$ 124,679	\$ 11,123	\$ 20,388	\$ 156,190



(An Exploration Stage Company)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Three Months Ended March 31, 2023

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

Medgold Resources Corp.

(Exploration Stage Company)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

(Expressed in Canadian Dollars)

	March 31, 2023	December 31, 2022
ASSETS		
Current assets		
Cash	\$ 64,182	\$ 87,009
Amounts receivable	10,274	6,526
Prepaid expenses and deposits	12,153	2,087
Total current assets	86,609	95,622
Non-current assets		
Long-term deposits	61,000	61,000
Property and equipment (Note 4)	10,049	14,072
Deferred acquisition costs (Note 1)	142,132	32,888
Exploration and evaluation assets (Note 5)	43,020	43,020
Total non-current assets	256,201	150,980
	\$ 342,810	\$ 246,602
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 293,250	\$ 150,785
Due to related party (Note 10)	284,279	235,179
Total current liabilities	577,529	385,964
Non-current liability		
Convertible debenture – liability component (Note 6)	62,208	-
Total liabilities	639,737	385,964
Shareholders' deficiency		
Share capital (Note 7)	15,751,347	15,751,347
Other equity reserves (Note 6)	1,739,121	1,726,467
Accumulated other comprehensive loss	(157,952)	(157,952)
Deficit	(17,629,443)	(17,459,224)
Total shareholders' deficiency	(296,927)	(139,362)
	\$ 342,810	\$ 246,602

APPROVED ON BEHALF OF THE BOARD ON MAY 26, 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 March 31,	
	2023	2022
Exploration expenditures (Notes 9 and 10)	\$ 42,031	\$ 93,952
General and administrative expenses		
Accretion expense (Note 6)	1,440	-
Depreciation (Note 4)	4,023	7,002
Foreign exchange loss	216	4,375
Legal and accounting	1,191	3,231
Management fees (Note 10)	43,500	21,750
Office and administration	26,219	17,081
Salaries and benefits (Note 10)	32,278	17,870
Shareholder communications	1,365	235
Share-based payments (Notes 8 and 10)	5,513	19,362
Transfer agent and regulatory fees	6,970	7,123
Travel and accommodation	5,781	1,633
	128,496	99,662
	(170,527)	(193,614)
Interest and other income (Note 5)	308	25,975
Net loss and comprehensive loss for the period	\$ (170,219)	\$ (167,639)
Loss per share, basic and diluted	\$ (0.00)	\$ (0.00)
Weighted average number of shares outstanding	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 three months ended March 31, 2023 and 2022

(Expressed in Canadian Dollars)

			Other equity reserves					
	Number of common shares	Share capital	Warrants reserve	Share-based payment reserve	Equity portion of convertible debenture reserve	Accumulated other comprehensive loss	Deficit	Total shareholders' equity (deficiency)
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	-	-	-	-	-	-	(167,639)	(167,639)
Share-based payments	-	-	-	19,362	-	-	-	19,362
Balance, March 31, 2022	134,789,032	15,751,347	88,743	1,579,705	-	(157,952)	(16,932,911)	328,932
Loss for the period	-	-	-	-	-	-	(526,313)	(526,313)
Share-based payments	-	-	-	58,019	-	-	-	58,019
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	-	-	-	-	-	-	(170,219)	(170,219)
Convertible debenture equity component	-	-	-	-	7,141	-	-	7,141
Share-based payments	-	-	-	5,513	-	-	-	5,513
Balance, March 31, 2023	134,789,032	\$ 15,751,347	\$ 88,743	\$ 1,643,237	\$ 7,141	\$ (157,952)	\$ (17,629,443)	\$ (296,927)

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 March 31,	
	2023	2022
Cash provided by (used in):		
OPERATING ACTIVITIES		
Net loss for the period	\$ (170,219)	\$ (167,639)
Items not involving cash:		
Depreciation	4,023	7,002
Convertible debenture accretion expense	1,440	-
Share-based payments	5,513	19,362
	(159,243)	(141,275)
Changes in non-cash working capital balances:		
Amounts receivable	(3,748)	1,139
Prepaid expenses and deposits	(10,066)	229
Accounts payable and accrued liabilities	26,130	5,897
Due to related parties	49,100	45,100
Net cash used by operating activities	(97,827)	(88,910)
FINANCING ACTIVITY		
Proceeds on convertible debenture	75,000	-
Net cash provided by financing activity	75,000	-
Decrease in cash	(22,827)	(88,910)
Cash, beginning of period	87,009	396,825
Cash, end of period	\$ 64,182	\$ 307,915
Supplemental cash flow information:		
Deferred acquisition cost in accounts payable and accrued liabilities	\$ 109,244	\$ -
Convertible debenture share issuance costs in accounts payable and accrued liabilities	\$ 7,091	\$ -

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 three months ended March 31, 2023

(Expressed in Canadian Dollars)

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 subsequently, 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 will reimburse certain of the Company’s expenses related to the Transactions, of which \$75,000 was advanced during the period ended March 31, 2023 and an additional \$48,534 advanced subsequently.
- 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.
- 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 38,966,091 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 (“TSX-V”) and are subject to receipt of TSX-V acceptance and receipt of approval of the shareholders of the Company to be sought at a shareholders’ meeting.

As of March 31, 2023, transaction costs of \$142,132 relating to the Acquisition were incurred and recorded as a deferred acquisition cost.

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months ended March 31, 2023

(Expressed in Canadian Dollars)

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 March 31, 2023, the Company had not yet achieved profitable operations, has accumulated losses of \$17,629,443 since its inception, and expects to incur further losses in the development of its business. For the three-month period ended March 31, 2023, the Company incurred a net loss of \$170,219. The Company has been financed primarily through the issuance of equity instruments, but management cannot be certain it will continue to be able to 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 three months ended March 31, 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 March 31, 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:

- 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.
- 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 three months ended March 31, 2023

(Expressed in Canadian Dollars)

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 three months ended March 31, 2023

(Expressed in Canadian Dollars)

4. PROPERTY AND EQUIPMENT

	Vehicles	Computer equipment	Furniture and equipment	Total
Cost				
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)
Balance, March 31, 2023	\$ 109,444	\$ 17,351	\$ 29,003	\$ 155,798
Accumulated amortization				
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	2,909	-	1,114	4,023
Disposal	-	(8,929)	(6,460)	(15,389)
Balance, March 31, 2023	\$ 104,963	\$ 17,351	\$ 23,435	\$ 145,749
Carrying amounts				
At December 31, 2022	\$ 7,390	\$ -	\$ 6,682	\$ 14,072
At March 31, 2023	\$ 4,481	\$ -	\$ 5,568	\$ 10,049

5. EXPLORATION AND EVALUATION ASSETS

Capitalized acquisition costs as of March 31, 2023 consist of \$43,020 (December 31, 2022: \$43,020) relating to its Serbian mineral property interests.

Serbia

a) Exploration Licences

As of March 31, 2023, 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. In November 2022, the Company submitted to the Ministry an application to terminate the Zuti Kamen exploration license.

b) Geological data sale

During the period ended March 31, 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 three months ended March 31, 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. Subsequent to March 31, 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.

During the period ended March 31, 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.

Issuance costs of \$7,091 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 debenture. During the period ended March 31, 2023, accretion of interest of \$1,440 was charged to profit or loss.

	Liability component	Equity component
Face value of debenture at date of issue, January 27, 2023	\$ 67,150	\$ 7,850
Issuance costs allocated	(6,382)	(709)
Accretion of discount	1,440	-
Balance, March 31, 2023	\$ 62,208	\$ 7,141

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months ended March 31, 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 March 31, 2023 and 2022.

Share Purchase Warrants

There was no share purchase warrant activity during the periods ended March 31, 2023 and 2022.

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

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 March 31, 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	-	-	-	6,461,666	6,461,666
		7,101,666	-	-	-	7,101,666	7,101,666
Weighted average exercise price		\$0.10	-	-	-	\$0.10	\$0.10

There were no options granted or exercised during the periods ended March 31, 2023 and 2022.

The weighted average remaining contractual life of the options outstanding at March 31, 2023 is 7.33 (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 three months ended March 31, 2023

(Expressed in Canadian Dollars)

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 March 31, 2023 was \$5,513 (2022: \$19,362).

9. EXPLORATION EXPENDITURES

During the three months ended March 31, 2023 and 2022, the Company incurred the following exploration expenditures on the Tlamino Project:

	Three months ended March 31,	
	2023	2022
Assaying	\$ 2,633	\$ -
Geological and other consulting	12,646	29,557
Legal and accounting	9,899	15,605
Licenses, rights and taxes	19,706	24,816
Office and administration	14,055	12,009
Salaries and benefits	10,007	9,491
Travel	3,085	2,474
	72,031	93,952
Expense recovery	(30,000)	-
	\$ 42,031	\$ 93,952

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months ended March 31, 2023

(Expressed in Canadian Dollars)

10. RELATED PARTY TRANSACTIONS AND BALANCES

The Company had transactions during the periods ended March 31, 2023 and 2022 with related parties who consisted of directors, officers and the following company controlled by Jeremy Crozier, a Director and the Chief Executive Officer of the Company:

Related party	Nature of transactions
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 March 31, 2023 consists of \$284,279 (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 March 31, 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.

	Three months ended March 31,	
	2023	2022
Management fees	\$ 43,500	\$ 21,750
Geological and other consulting fees (included in exploration expenditures)	-	21,750
Salaries and benefits	9,961	6,500
Value of stock option grants recorded as share-based payments	1,299	4,562
	\$ 54,760	\$ 54,562

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 three months ended March 31, 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 March 31, 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	March 31, 2023	
	US Dollars (CDN equivalent)	Serbian Dinars (CDN equivalent)
Cash	\$ 5,408	\$ 6,378
Accounts payable and accrued liabilities	-	(34,835)
Net exposure	\$ 5,408	\$ (28,457)

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months ended March 31, 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)
Net exposure	\$ (490)	\$ 5,437	\$ (6,934)	\$ (27,710)

Based on the above net exposures at March 31, 2023, a 10% depreciation or appreciation of the above currencies against the Canadian dollar would result in approximately a \$2,300 (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 March 31, 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 March 31, 2023, the Company had a working capital deficiency of \$490,920 (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 three months ended March 31, 2023

(Expressed in Canadian Dollars)

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).

The fair values of the Company's financial assets measured at fair value on a recurring basis as of March 31, 2023 were calculated as follows:

	Balance at March 31, 2023	Level 1	Level 2	Level 3
Financial Asset:				
Cash	\$ 64,182	\$ 64,182	\$ -	\$ -

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 March 31, 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 March 31, 2023 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 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.

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months ended March 31, 2023

(Expressed in Canadian Dollars)

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.

SCHEDULE "B"

Audited annual financial statements of BMC for the financial years ended December 31, 2022 and December 31, 2021 and interim financial statements for the 3 month periods ended March 31, 2023 and March 31, 2022, and the audited annual financial statements of Golden Age for the financial year ended December 31, 2021

BALKAN METALS CORP.

CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended December 31, 2022 And

For The Period from Inception on May 22, 2021 to December 31, 2021

(Expressed in Canadian Dollars)

Independent Auditor's Report

To the Shareholders of Balkan Metals Corp.:

Opinion

We have audited the consolidated financial statements of Balkan Metals Corp. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2022 and December 31, 2021, and the consolidated statements of loss and comprehensive loss, changes in equity and statement of cash flows for the year ended December 31, 2022 and for the period from May 22, 2021 (date of incorporation) to December 31, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2022 and December 31, 2021, and the results of its consolidated operations and its consolidated cash flows for the year ended December 31, 2022 and for the period from March 12, 2021 (date of incorporation) to December 31, 2021 in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audits of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audits evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred accumulated losses since inception. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audits of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audits conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audits in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audits. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audits. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Vancouver, British Columbia

July 13, 2023

MNP LLP
Chartered Professional Accountants

BALKAN METALS CORP.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

As at	December 31, 2022	December 31, 2021
Assets	\$	\$
<u>Current assets</u>		
Cash	117,687	224,639
Other receivables	282	4,831
Commodity tax receivables	14,736	4,345
Due from related parties (Note 9)	3,697	10,353
	<u>136,402</u>	<u>244,168</u>
Exploration and evaluation assets (Note 5)	818,502	76,177
Deferred costs (Note 13)	105,722	55,091
	<u>1,060,626</u>	<u>375,436</u>
Total Assets	1,060,626	375,436
Liabilities and Shareholders' Equity		
<u>Current liabilities</u>		
Accounts payable and accrued liabilities (Note 6)	237,718	46,694
Due to related parties (Note 9)	176,850	5,604
	<u>414,568</u>	<u>52,298</u>
<u>Shareholders' equity</u>		
Share capital (Note 8b)	1,129,901	380,100
Shares to be issued	25,000	-
Share reserves (Note 8c)	20,737	-
Deficit	(523,906)	(56,962)
Accumulated other comprehensive loss	(5,674)	-
Total shareholders' equity	<u>646,058</u>	<u>323,138</u>
Total liabilities and shareholders' equity	1,060,626	375,436

Nature of Operations and Going Concern (Note 1)
Subsequent Events (Note 13)

On behalf of the Board of Directors:

Director (signed by) "Elena Clarici"

Director (signed by) "Michael Thomsen"

The accompanying notes are an integral part of these consolidated financial statements.

BALKAN METALS CORP.
Statements of Operations and Comprehensive Loss
(Expressed in Canadian Dollars)

	Year ended December 31, 2022	For the Period from Inception on May 22, 2021 to December 31, 2021
	\$	\$
Expense		
Audit and accounting fees	80,864	25,995
Bank charges	8,228	533
Consulting fees	58,190	4,378
Due diligence fees	-	3,106
Legal fees	39,170	12,535
Management fees	159,000	5,000
Marketing and investor relation fees	28,518	2,764
Office and administration	29,434	3,166
Travel expenses	12,961	-
	(416,365)	(57,477)
Other income (expenses)		
Impairment expenses	(76,177)	-
Interest income	145	282
Foreign exchange gain	25,453	233
Total other income (expenses)	(50,579)	515
Net loss	(466,944)	(56,962)
Other comprehensive loss		
Foreign exchange translation loss	(5,674)	-
Other comprehensive loss	(5,674)	-
Total net loss and other comprehensive loss	(472,618)	(56,962)
Loss per common shares		
– basic and diluted	(0.02)	(0.01)
Weighted average number of common shares outstanding –		
basic and diluted	20,245,725	6,904,733

The accompanying notes are an integral part of these consolidated financial statements.

BALKAN METALS CORP.
Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Shares to Be Issued	Share Reserves	Accumulated Other Comprehensive Loss	Accumulate d Deficit	Total
		\$	\$	\$	\$	\$	\$
Opening Balance at May 22, 2021	-	-	-	-	-	-	-
Issuance of seed capital	100	100	-	-	-	-	100
Share issuance for cash \$0.001 (Note 4)	10,800,00	10,800	-	-	-	-	10,800
Share issuance for cash \$0.005	1,000,000	5,000	-	-	-	-	5,000
Share issuance for cash \$0.10	4,242,503	424,250	-	-	-	-	424,250
Share issuance cost	-	(60,050)	-	-	-	-	(60,050)
Net loss for the period	-	-	-	-	-	(56,962)	(56,962)
Balance at December 31, 2021	16,042,603	380,100	-	-	-	(56,962)	323,138
Share issuance for acquisition \$0.10	2,200,000	220,000	-	-	-	-	220,000
Share issuance for cash at \$0.10	6,021,663	602,166	-	-	-	-	602,166
Share issuance cost	-	(72,365)	-	-	-	-	(72,365)
Share reserves	-	-	-	20,737	-	-	20,737
Shares to be issued	-	-	25,000	-	-	-	25,000
Foreign currency translation adjustment	-	-	-	-	(5,674)	-	(5,674)
Net loss for the year	-	-	-	-	-	(466,944)	(466,944)
Balance at December 31, 2022	24,264,266	1,129,901	25,000	20,737	(5,674)	(523,906)	646,058

The accompanying notes are an integral part of these consolidated financial statements.

BALKAN METALS CORP.

Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

	Year Ended December 31, 2022	Period from Inception on May 22, 2021 to December 31, 2021
	\$	\$
Cash flows used in operating activities		
Net loss for the period	(466,944)	(56,962)
Adjustment for items not involving cash:		
Impairment expenses	76,177	-
Changes in non-cash operating working capital:		
Increase in commodity tax receivable	(10,391)	(4,345)
Decrease (increase) in share issuance receivables	4,550	(4,832)
Decrease (increase) in due from (to) related parties	160,051	(4,748)
Increase in accounts payable and accrued liabilities	191,024	46,694
Net cash used in operating activities	(45,534)	(24,193)
Cash flows used in investing activities		
Exploration and evaluation assets	(365,823)	(76,177)
Deferred acquisition costs	(105,722)	(55,091)
Net cash used in investing activities	(471,545)	(131,268)
Cash flows from financing activities		
Net proceeds from share issuances for cash	550,538	380,100
Shares to issued	25,000	-
Net proceeds from an acquisition	25	-
Debts paid off from acquisition of Golden Age	(159,763)	-
Net cash provided by financing activities	415,800	380,100
Cumulative translation adjustment	(5,673)	-
(Decrease) increase in cash during the period	(106,952)	224,639
Cash, beginning of the period	224,639	-
Cash, end of the period	117,687	224,639

The accompanying notes are an integral part of these consolidated financial statements.

BALKAN METALS CORP.

Notes to the Consolidated Financial Statements

For the Year ended December 31, 2022 and the period from inception on May 22, 2021 to December 31, 2021

(Expressed in Canadian Dollars - Audited)

1. NATURE OF OPERATIONS AND GOING CONCERN

Balkan Metals Corp. (“**Balkan**” or the “**Company**”) was incorporated under the Business Corporations Act (British Columbia) on May 22, 2021. The Company’s registered office and operating office is at 820 – 1130 West Pender Street, Vancouver, BC, V6E 4A4.

On October 1, 2021, the Company incorporated its wholly owned subsidiary, Balkan Metals Corporation D.O.O (“**Balkan Serbia**”) in Serbia. The share capital was registered and paid capital in an amount of \$13 (RSD 1,000) to own 100% shares of the Company.

On January 6, 2022, the Company acquired all of the shares of Golden Age Resources D.O.O (the “**Golden Age**” and/or “**GAR**”). Golden Age is a mineral exploration company incorporated as a limited liability company under the laws of Republic of Serbia and with its current office at 64/19 Dragoslava Srejskića Street, 11060, Palilula, Belgrade, Republic of Serbia.

The Company’s principal business activity is the acquisition and exploration of mineral properties in the natural resource sector with the long-term goal to advance them with further exploration to the point of development and/or divesting them at a profit. As of December 31, 2022, the Company has not yet achieved profitable operations and had an accumulated deficit of \$523,906. For the year ended December 31, 2022 and the period from incorporation on May 22, 2021 to December 31, 2021, the Company incurred \$466,944 and \$56,962 of net loss, respectively.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern. The proposed business of the Company involves a high degree of risk and there is no assurance that the Company will be successful in acquiring or advancing mineral assets. The Company’s ability to continue its operations is not assured and is dependent upon the ability of the Company to obtain necessary financing to meet the Company’s liabilities and commitments as they become due and the ability to identify and finance additional investments, generate future returns on investments and achieve future profitable operations or obtain sufficient proceeds from the disposition of its investments. The outcome of these matters cannot be predicted at this time. The consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

As of December 31, 2022, the Company has an accumulated deficit and expects to incur further loss in the development of its business. As a result, there is a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

These consolidated financial statements were authorized for issue by the Board of Directors of the Company on July 13, 2023.

BALKAN METALS CORP.

Notes to the Consolidated Financial Statements

For the Year ended December 31, 2022 and the period from inception on May 22, 2021 to December 31, 2021

(Expressed in Canadian Dollars - Audited)

2. BASIS OF PRESENTATION**Statement of compliance**

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) and International Accounting Standards (“IAS”), as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

The consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments measured at fair value, as set out in the accounting policies in Note 3.

Basis of consolidation

These consolidated financial statements include the financial statements of the Company and its subsidiaries. A subsidiary is an entity controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intercompany balances and transactions have been eliminated in preparing these consolidated financial statements.

Entity	Country of incorporation	Ownership
Balkan Metals Corporation D.O.O.	Republic of Serbia	100%
Golden Age Resources D.O.O.	Republic of Serbia	100%

Foreign currency translation

The functional currency for each entity consolidated with the Company is determined by the currency of the primary economic environment in which it operates. The consolidated financial statements are presented in Canadian dollars, which is the Company’s reporting currency. The functional currency of the Company is the Canadian dollar while the functional currency of its Serbian subsidiaries is the Serbian Dinar (RSD). The functional currency determinations were conducted through an analysis of the consideration factors identified in International Accounting Standard (“IAS”) 21 “The Effects of Changes in Foreign Exchange Rates”.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity’s functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at the rate on the date of transaction.

The financial results and position of foreign operations whose functional currency is different from the Company’s reporting currency are translated into the Company’s reporting currency at each reporting period with assets and liabilities translated at period-end exchange rates prevailing at that reporting date and income and expenses using average exchange rates during the period.

Exchange differences arising on translation of foreign operations are transferred directly to the Company’s exchange difference on translating foreign operations on the Consolidated Statements of Loss and Comprehensive Loss and are reported as a separate component of shareholders’ equity titled “Accumulated other comprehensive income (loss)”. These differences are recognized in the profit or loss in the year in which the operation is disposed of.

Accounting standards issued but not yet adopted

The new standards or amendments issued but not yet effective are either not applicable or not expected to have a significant impact on the Company’s consolidated financial statements.

BALKAN METALS CORP.

Notes to the Consolidated Financial Statements

For the Year ended December 31, 2022 and the period from inception on May 22, 2021 to December 31, 2021

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES**a) Cash and Cash Equivalents**

Cash and cash equivalents consist of cash on hand, deposits in banks and highly liquid investments with an original maturity of three months or less. As of December 31, 2022, the Company had \$117,687 deposit in the bank.

b) Exploration and evaluation assets

The Company is in the exploration stage with respect to its investment in mineral interests. Accordingly, once a right to explore an area has been obtained, the Company follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of exploration and evaluation assets. Such costs, include, but are not limited to, geological and geophysical studies, exploratory drilling and sampling. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable resources. The aggregate costs, related to abandoned exploration and evaluation assets are charged to operations at the time of any abandonment or when it has been determined that there is evidence of a permanent impairment.

c) Impairment of exploration and evaluation assets (E&E assets)

In accordance with the Company's accounting policy, the Company's E&E assets are evaluated every reporting period to determine whether there are any indications of impairment. If any such indication exists, which is often judgmental, a formal estimate of recoverable amount is performed and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset or cash generating group of assets is measured at the higher of fair value less costs to sell and value in use. The evaluation of asset carrying values for indications of impairment includes consideration of both external and internal sources of information, including such factors as market and economic conditions, metal prices, future plans for the Company's mineral properties and mineral resources and/or reserve estimates. Management has assessed for impairment indicators for the Company's E&E assets and has concluded that no indicators of impairment were identified.

d) Decommissioning and Restoration, Asset Retirement Obligation

The Company is subject to various governmental laws and regulations relating to the protection of the environment. The environmental regulations are continually changing and are generally becoming more restrictive. Decommissioning and restoration obligations encompass legal, statutory, contractual or constructive obligations associated with the retirement of a long-lived tangible asset (for example, mine reclamation costs) that results from the acquisition, construction, development and/or normal operation of a long-lived asset. The retirement of a long-lived asset is reflected by an other-than-temporary removal from service, including sale of the asset, abandonment or disposal in some other manner. The fair value of a liability for decommissioning and restoration is recorded in the period in which the obligation first arises. The Company records the estimated present value of future cash flows associated with site closure and reclamation as a long-term liability and increases the carrying value of the related assets for that amount. Over time, the liability is increased to reflect an interest element in the estimated future cash flows (accretion expense) considered in the initial measurement of fair value. The capitalized cost is depreciated on either the unit-of-production basis or the straight-line basis, as appropriate. The Company's estimates of its provision for decommissioning and restoration obligations could change as a result of changes in regulations, changes to the current market-based discount rate, the extent of environmental remediation required, and the means of reclamation or cost estimates. Changes in estimates are accounted for in the period in which these estimates are revised.

As at December 31, 2022 and 2021, the Company has determined that it does not have any decommissioning and restoration obligations related to current or former operations.

BALKAN METALS CORP.

Notes to the Consolidated Financial Statements

For the Year ended December 31, 2022 and the period from inception on May 22, 2021 to December 31, 2021

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**e) Financial Instruments**

The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). Financial assets are initially measured at fair value and are subsequently measured at either (i) amortized cost; (ii) fair value through other comprehensive income, or (iii) fair value through profit or loss.

- **Financial assets at amortized cost**
Financial assets classified and measured at amortized cost are those assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of the financial asset give rise to cash flows that are SPPI. Financial assets classified at amortized cost are measured using the effective interest method.
- **Financial assets at fair value through other comprehensive income ("FVTOCI")**
Financial assets classified and measured at FVTOCI are those assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise to cash flows that are SPPI. This classification includes certain equity instruments where IFRS 9 allows an entity to make an irrevocable election to classify the equity instruments, on an instrument-by-instrument basis, that would otherwise be measured at fair value through profit or loss ("FVTPL") to present subsequent changes in FVTOCI.
- **Financial assets at fair value through profit or loss ("FVTPL")**
Financial assets classified and measured at FVTPL are those assets that do not meet the criteria to be classified at amortized cost or at FVTOCI. This category includes debt instruments whose cash flow characteristics are not SPPI or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell the financial asset.
- **Financial liabilities at fair value through profit or loss ("FVTPL")**
This category comprises derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statements of loss and comprehensive loss.
- **Financial liabilities at amortized cost**
Financial liabilities are generally classified and measured at fair value at initial recognition and subsequently measured at amortized cost using effective interest method.

The following table summarizes the classification of the Company's financial instruments:

IFRS 9 Classification	
Financial Assets	
Cash	Amortized cost
Other receivables	Amortized cost
Due from related parties	Amortized cost
Financial Liabilities	
Accounts payable and accrued liabilities	Amortized cost
Due to related parties	Amortized cost

f) Share Capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share purchase options are recognized as a deduction from equity, net of any tax effects.

BALKAN METALS CORP.

Notes to the Consolidated Financial Statements

For the Year ended December 31, 2022 and the period from inception on May 22, 2021 to December 31, 2021

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**g) Share Based Payments**

Equity-settled share-based payment transactions with non-employees are measured at the fair value of the goods or services received. However, if the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or the services.

Share-based payments for employees and others providing similar services are determined based on the grant date fair value. Share-based payments for non-employees are determined based on the fair value of the goods/services received or fair value of the share-based payment measured at the date on which the Company obtains such goods/services. Compensation expense is recognized over each tranche's vesting period, in earnings or capitalized as appropriate, based on the number of awards expected to vest.

h) Income Taxes

Income tax on the profit or loss for the year presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

i) Loss per Share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted-average number of shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

j) Comprehensive Loss

Comprehensive loss is the overall change in the net assets of the Company for a period, other than changes attributable to transactions with shareholders. It is made up of net loss and other comprehensive loss. The historical make up of net loss has not changed. Other comprehensive loss includes gains or losses, which generally accepted accounting principles requires be recognizing in a period, but excluding from net loss for that period. The Company has no other comprehensive loss during the year ended December 31, 2022 and the period from inception on May 22, 2021 to December 31, 2021.

BALKAN METALS CORP.

Notes to the Consolidated Financial Statements

For the Year ended December 31, 2022 and the period from inception on May 22, 2021 to December 31, 2021

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**k) Related Party Transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

l) Significant Accounting Judgments, Estimates and Assumptions

The preparation of these financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Judgment is used mainly in determining how a balance or transaction should be recognized in the financial statements. Estimates and assumptions are used mainly in determining the measurement of recognized transactions and balances. Actual results may differ from these estimates.

Key sources of estimation uncertainty include the following:

- Provisions for restoration and environmental obligations and contingent liabilities; and
- Fair value calculation of warrants.

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

- Asset acquisition;
- Carrying value and recoverability of exploration and evaluation assets; and
- Determination that the Company is able to continue as a going concern.

Estimates:

- *Provisions for restoration and environmental obligations and contingent liabilities*

The Company recognizes the liability for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of mineral properties, when those obligations result from the exploration or development of its properties. The provision is calculated as the present value of the expenditures required to settle the obligation. The Company assesses its provision for site reclamation and site closure at each reporting date. When the liability is initially recorded, the cost is capitalized by increasing the carrying amount of the related long-lived asset. Over time, the liability is adjusted to reflect the passage of time (accretion expense) and for changes in estimated future cash outflows. The provision at the reporting date represents management's best estimate of the present value of the future restoration and site closure costs required.

- *Fair value calculation of warrants*

The fair value of the warrants granted is calculated using a Black-Scholes option pricing model. There are a number of estimates used in the calculation such as the expected life, rate of forfeiture of warrants granted, risk-free interest rate used and the future price volatility of the underlying security which can vary from actual future events. The factors applied in the calculation are management's best estimates based on industry average and future forecasts.

BALKAN METALS CORP.

Notes to the Consolidated Financial Statements

For the Year ended December 31, 2022 and the period from inception on May 22, 2021 to December 31, 2021

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**l) Significant Accounting Judgments, Estimates and Assumptions (Cont'd)**Judgements:

- *Asset acquisition*

The Company accounted for the acquisition of GAR (note 4) as an asset acquisition. Significant judgement was required to determine that the application of this accounting treatment was appropriate for the transaction. These included, among others, the determination that GAR was not considered a business under IFRS 3 – Business Combinations as GAR did not have significant inputs, processes and outputs, that together constitute a business as the formerly producing operation was on care and maintenance.

- *Carrying value and recoverability of exploration and evaluation assets*

The Company is required to review the carrying value of its exploration and evaluation properties at each reporting date for potential impairment. Impairment is indicated if the carrying value of the Company's exploration and evaluation assets is not recoverable. If impairment is indicated, the amount by which the carrying value of exploration and evaluation assets exceeds their estimated fair value is charged to the statements of comprehensive loss.

Evaluating for recoverability during the exploration and evaluation phase requires judgement in determining whether future economic benefits from future exploitation, sale or otherwise are likely. Evaluations may be more complex where activities have not reached a stage which permits a reasonable assessment of the existence of reserves or resources. Management must make certain estimates and assumptions about future events or circumstances including, but not limited to, the interpretation of geological and geophysical data, the Company's financial ability to continue exploration and evaluation activities, contractual issues with joint venture partners, the impact of government legislation and political stability in the region, and the impact of current and expected future metal prices on potential reserves.

- *Going concern*

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuring year as they fall due, and to fund planned and contractual exploration programs, involves judgment based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances.

m) New and Revised IFRS Issued but Not Effective

Certain new accounting standards and interpretations have been published that are not mandatory for the current year and have not been early adopted. These standards are not expected to have a material impact on the Company's current or future reporting periods upon adoption.

Presentation of Financial Statements (Amendment to IAS 1)

The amendments to IAS 1, clarify the presentation of liabilities. The classification of liabilities as current or noncurrent is based on contractual rights that are in existence at the end of the reporting period and is affected by expectations about whether an entity will exercise its right to defer settlement. A liability not due over the next twelve months is classified as non-current even if management intends or expects to settle the liability within twelve months. The amendment also introduces a definition of 'settlement' to make clear that settlement refers to the transfer of cash, equity instruments, other assets, or services to the counterparty. The amendments are effective for annual reporting periods beginning on or after January 1, 2023.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

The amendment clarifies that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. The amendment is effective for annual reporting periods beginning on or after January 1, 2023 with earlier application permitted.

BALKAN METALS CORP.

Notes to the Consolidated Financial Statements

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(Expressed in Canadian Dollars)

4. ACQUISITION OF GOLDEN AGE RESOURCE D.O.O.

On January 6, 2022, the Company entered into a definitive Share Purchase Agreement (“the “GAR Purchase Agreement”) to acquire all of Golden Age Resources D.O.O (“Golden Age” or “GAR”) from the holders of such shares (the “Vendors”). Golden Age is a mineral exploration company incorporated as a limited liability company under the laws of Republic of Serbia and with its current office at 64/19 Dragoslava Srejskića Street, 11060, Palilula, Belgrade, Republic of Serbia. At closing, GAR held 9 exploration licenses in Serbia and submitted 6 applications for additional exploration licenses in Serbia (the “Applications”). In consideration for the Company’s purchase of all of the Golden Age shares, the Company agreed to (i) issue an aggregate of 2,200,000 common shares of the Company to the Vendors based on their pro rata ownership interest; (ii) pay \$73,762 (US\$59,000) in cash based on their pro rata ownership interest; (iii) assume responsibility for \$159,763 (US\$112,019) of certain debts to creditors of Golden Age and (iv) issue additional 1,800,000 common shares of the Company (“Milestone Shares”) based on the occurrence of Milestone Events, as defined in the GAR Purchase Agreement such as the granting of each exploration license in respect of the Applications and the completion of the transfer of the Šatra exploration permit (formerly known as Selište) from First Quantum Minerals to Golden Age. On January 6, 2022, the Company issued 2,200,000 common shares of the Company to the Vendors at a deemed price of \$0.10 in respect of the Acquisition, valued at \$220,000 and paid \$73,762 to the Vendors. Subsequently, the Company had caused Golden Age repay in full the \$159,763 (US\$112,019) of liabilities over which the Company assumed interest.

Following the Company’s acquisition of all of the Golden Age, the aforesaid mineral exploration properties of Golden Age became the Company’s project portfolio (the “Balkan Properties”) in Serbia.

The Acquisition did not meet the definition of a business combination and therefore, has been accounted for as an asset purchase of exploration and evaluation assets. The consideration for the acquisition has been allocated at fair value of the assets acquired and liabilities assumed, based on management’s best estimate and taking into account all available information at the time of acquisition.

On the acquisition date, January 6, 2022, the purchase price of Golden Age has been allocated to the net assets acquired as follows:

Cash	\$	25
Mineral interests		508,592
Accounts payable		(159,764)
Total net assets acquired		348,853
Transaction costs in legal fees		55,091
Shares		220,000
Cash		73,762
Total assets acquisition consideration paid	\$	348,853

As at December 31, 2022, the exploration and evaluation assets is summarized as follows:

E&E capitalized	\$	309,910
Upon acquisition		508,592
Total exploration and evaluation assets	\$	818,502

BALKAN METALS CORP.

Notes to the Consolidated Financial Statements

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(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS**Miranovac Property**

Pursuant to the Joint Venture and Earn-up Option Agreement dated October 11, 2021 with Mineral Grupa D.O.O., the Company agreed to acquire a 100% interest in the mineral exploration permit No. 310-02-00030/2018-02, known as Miranovac Property totaling 97.2 sq km and located in the Republic of Serbia, registered with Ministry of Mining and Energy (Serbia). To earn a 100% interest in such property, the Company was to pay \$400,000, incur \$500,000 of exploration expenditures and issue \$450,000 of its common shares at an issue price equal to the closing trading price of the Company's common shares on a recognized stock exchange, as follows:

	Cash (USD)	Exploration Expenditures	Shares Value (USD)
Upon signing of the agreement October 11, 2021			
(Paid) (i) (ii)	\$ 50,000	\$ -	\$ -
Within 10 days of achieving the Liquidity Event	50,000	-	100,000
Within 12 months of completion of the Liquidity Event	50,000	-	100,000
Within 24 months of completion of the Liquidity Event	100,000	-	100,000
Within 36 months of completion of the Liquidity Event	150,000	-	150,000
Within 48 months of completion of the Liquidity Event	-	500,000	-
	\$ 400,000	\$ 500,000	\$ 450,000

(i) During 2021, the Company made a \$63,540 (US\$50,000) cash payment on October 11, 2021.

(ii) The currency of the option agreement presented in US\$ which would be translated into the Company's function rate based on the transaction date.

On April 20, 2022, the Company mutually terminated the Joint Venture and Earn-up Option Agreement with Mineral Grupa D.O.O. dated October 11, 2021. The total of \$76,177 in exploration and evaluation assets were written off as impairment expenses as of December 31, 2022.

Golden Age Properties

On January 6, 2022, on the acquisition date, the assets balance was as following:

As of December 31, 2022, a total of \$818,502 (December 31, 2021 - \$131, 262) of exploration and evaluation assets were recorded.

As of December 31, 2022, the cost related to the Balkan Properties can be summarized through the parent company, Balkan and its subsidiary, Golden Age as follows:

	May 22, 2021	Additions	December 31, 2021
	\$	\$	\$
Miranovac Property			
Acquisition costs			
Cash	-	63,540	63,540
Sub-total	-	63,540	63,540
Exploration costs			
Geology consulting fees	-	12,637	12,637
	-	12,637	12,637
Sub-total, Miranovac Property	-	76,177	76,177

BALKAN METALS CORP.

Notes to the Consolidated Financial Statements

For the Year ended December 31, 2022 and the period from inception on May 22, 2021 to December 31, 2021

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS (Cont'd)

	December 31, 2021	Additions	December 31, 2022
	\$	\$	\$
Miranovac Property:			
Acquisition costs			
Cash	63,540	-	63,540
Impairment	-	(63,540)	(63,540)
	63,540	-	-
Exploration costs			
Exploration expenditure	12,637	-	12,637
Impairment expenses	-	(12,637)	(12,637)
Sub-total – Miranovac Property	76,177	(76,177)	-
Golden Age Assets Acquisition			
Timok East Project			
Acquisition cost	-	388,208	388,208
Property holding fees and taxes	-	5,101	5,101
Field work	-	228,761	228,761
Others	-	23,939	23,939
	-	646,009	646,009
Lece West Project			
Acquisition cost	-	68,609	68,609
Property holding fees and taxes	-	6,357	6,357
Field work	-	12,776	12,776
Others	-	4,231	4,231
	-	91,973	91,973
Besna Kobila, Medjani Project			
Acquisition cost	-	51,775	51,775
Property fees, data acquisition and reporting	-	25,553	25,553
Others	-	3,192	3,192
	-	80,520	80,520
Total acquisition costs	76,177	742,325	818,502

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As of December 31, 2022, the Company had accounts payable and accrued liabilities of \$237,718 (December 31, 2021- \$46,694).

Account payables and accrued liabilities	December 31, 2022	December 31, 2021
Legal fees	\$ 98,656	\$ 20,052
Audit and accounting fees	63,000	23,984
Consulting fees	26,250	2,658
Marketing and investor relation fees	45,500	-
Others	4,312	-
	\$ 237,718	\$ 46,694

BALKAN METALS CORP.

Notes to the Consolidated Financial Statements

For the Year ended December 31, 2022 and the period from inception on May 22, 2021 to December 31, 2021

(Expressed in Canadian Dollars)

7. COMMITMENTS

On January 7, 2022, the Company entered into an employment agreement with the Executive Chairman and Chief Executive Officer of the Company. The Company agreed to pay \$12,500 per month for the management services performed for a term of 2 years with all benefit plans if the Company has any benefit policies.

On April 13, 2022, the Company entered into an inter-company loan agreement with its wholly owned subsidiary, Golden Age, for the maximum amount of \$5,000,000. Pursuant to the agreement, the inter-company loan will be used by GAR for its regular operations in accordance with its registered activity, namely in relation to the mineral exploration. Loan has no interest bearing and non-interest bearing. The Company intends to raise funds through private placements to provide such inter-company loan to GAR. As of December 31, 2022, the Company has provided inter-company loans to GAR of total of \$423,385.

8. SHARE CAPITAL

a) Authorized: Unlimited number of common shares with no par value
 Unlimited number of preferred shares

b) Shares issued and outstanding as of December 31, 2022: 24,464,266 common shares and no preferred shares.

On May 22, 2021, the Company issued 100 common shares to the sole founder of the Company at \$1.00 per share or valued at \$100.

On September 26, 2021, the Company closed a private placement and issued 10,800,000 founders common shares of the Company at a price of \$0.001 per share for gross proceeds of \$10,800. As of December 31, 2021, there were \$4,550 other receivables for shares issuance. As of December 31, 2022, the Company received the funds in full.

On September 27, 2021, the Company closed a private placement and issued 1,000,000 common shares of the Company at a price of \$0.005 per share for gross proceeds of \$5,000.

On September 28, 2021, the Company closed a private placement and issued 4,242,503 common shares of the Company at a price of \$0.10 per share for gross proceeds of \$424,250. In connection with the offering, the Company agreed 10% finder's fee in cash on the proceeds raised for a total of \$42,425. The proceeds of the funds were used for operating activities.

On January 6, 2022, the Company issued 2,200,000 common shares of the Company to the Vendors at a fair value price of \$0.10 per share for a total fair value of \$200,000 pursuant to the GAR Purchase Agreement in connection with the Acquisition of all of the shares of GAR.

On August 5, 2022, the Company closed a non-brokered private placement and issued 2,350,000 common shares of the Company at a price of \$0.10 per share for gross proceeds of \$235,000. In connection with the private placement, the Company paid a cash commission of 7% (\$13,300) on part of the gross proceeds of the offering and issued 133,000 finder warrants, with each finder warrant having an exercise price of \$0.10 and a term of 12 months from the closing date of the offering.

On September 14, 2022, the Company closed a second tranche of the non-brokered private placement and issued 3,671,663 common shares of the Company at a price of \$0.10 per share for gross proceeds of \$367,663. In connection with the private placement, the Company paid a cash commission of 7% (\$25,702) on part of the gross proceeds of the offering and issued 257,016 finder warrants, with each finder warrant having an exercise price of \$0.10 and a term of 12 months from the closing date of the offering.

On December 23, 2022, the Company received \$25,000 advanced for share issuance at \$0.15 per share for cash.

BALKAN METALS CORP.

Notes to the Consolidated Financial Statements

For the Year ended December 31, 2022 and the period from inception on May 22, 2021 to December 31, 2021

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (Cont'd)

c) Finder's Warrants

Date of Issuance	August 5, 2022	September 14, 2022
Number of finder's warrants	133,000	257,016
Dividend yield	0%	0%
Expected volatility	142%	143%
Risk-free interest rate	2.75%	2.75%
Forfeiture rate	0%	0%
Share price – on issuance	\$0.10	\$0.10
Exercise price	\$0.10	\$0.10
Term	12 months	12 months
Fair value per warrant	\$0.05	\$0.045
Fair value of warrants	\$7,035	\$13,702

The fair value of the share warrants granted was estimated at the date of grant using Black-Scholes option pricing model with following assumptions. As there was no trading history of the Company's common shares, the expected volatility was based on the historical share price volatility of two groups of comparable companies in the sector the companies operated over a period similar to the expected life of the warrants. As of December 31, 2022, the Company recorded a fair value of \$24,787 for finder's warrants (December 31, 2021 - \$20,737).

As at December 31, 2022, there were 390,016 (December 31, 2021 – Nil) finder's warrants outstanding:

	Number of warrants	Weighted average exercise price	Weighted Average Remaining Contractual Life (Years)
Balance, December 31, 2021	-	-	-
Issued on:			
August 5, 2022	133,000	\$ 0.10	0.59
September 14, 2022	257,016	\$ 0.10	0.70
Balance, December 31, 2022	390,016	\$ 0.10	0.65

9. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2022 and the period from inception on May 22, 2021 to December 31, 2021 the following related party transactions occurred in the normal course of operations:

- As of December 31, 2022, the Company advanced \$1,121 (December 31, 2021 - \$10,353) to the former director of the Company for operating expenses.
- As of December 31, 2022, the Company advanced \$2,576 (December 31, 2021 - \$Nil) to the director and CEO of the Company for operating expenses.
- As of December 31, 2022, the Company had \$Nil (December 31, 2021 - \$5,604) due to a Company which had the common director, Pan Pacific Resource Investments Ltd. The term of the due from related party was unsecured, non-interest bearing and due on demand.
- During the year ended December 31, 2022, the CEO and director of the Company accrued \$150,000 (the period from inception on May 22, 2021 to December 31, 2021 - \$5,000) in management fees.
- During the year ended December 31, 2022, the director of the Company accrued \$9,000 (the period from inception on May 22, 2021 to December 31, 2021 - Nil) in director fees.

BALKAN METALS CORP.

Notes to the Consolidated Financial Statements

For the Year ended December 31, 2022 and the period from inception on May 22, 2021 to December 31, 2021

(Expressed in Canadian Dollars)

9. RELATED PARTY TRANSACTIONS (Cont'd)

- General and administrative fees of \$12,714 (December 31, 2021 – Nil) to Commodity Energy Capital Limited, a company where the Company's CEO is also the Director.
- During the year ended December 31, 2022, the General Manager and director of the wholly owned subsidiary charged \$35,487 in exploration field work fees and \$4,929 in wages and salaries.
- As of December 31, 2022, the Company had \$176,850 due to the directors of the Company.

All related party transactions were entered into in the normal course of business and are recorded at the exchange amount established and agreed to between the related parties. The term of the debt from related party is due on demand with no interest bearing.

10. INCOME TAXES

The following table reconciles the expected income tax expense (recovery) at the Canadian statutory income tax rates to the amounts recognized in the statement of operations and comprehensive loss for the year ended December 31, 2022:

	2022	2021
Net loss before tax		
Canada	\$ (466,944)	\$ (56,962)
Statutory tax rate	27%	27%
Expected income tax (recovery)	(126,075)	(15,380)
Non-deductible items		
Foreign tax rate and other	(5,064)	
Share issuance costs	(19,539)	(16,213)
Change in deferred tax asset not recognized	150,678	31,593)
Total income tax expense (recovery)	\$ -	\$ -

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax values. The recognized deferred tax assets and liabilities as at December 31, 2022 and 2021 are comprised of the following.

	2022	2021
	\$	\$
Evaluation and exploration assets	(53,610)	-
Net-operating losses - Serbia	53,610	-
Net deferred tax assets (liabilities)	-	-

The Company has recognized \$53,510 of deferred tax assets related to Serbian tax losses as it expects to utilize these losses against management fee income from an earn-in agreement.

The unrecognized deductible temporary differences and tax losses at December 31, 2022 and 2021 are comprised of the following:

	2022	2021
	\$	\$
Non-capital loss carryforwards	445,178	64,300
Net-operating losses - Serbia	99,231	
Evaluation and exploration assets	76,177	
Share issuance costs	98,595	52,712
Total unrecognized deductible temporary differences	719,181	117,012

BALKAN METALS CORP.

Notes to the Consolidated Financial Statements

For the Year ended December 31, 2022 and the period from inception on May 22, 2021 to December 31, 2021

(Expressed in Canadian Dollars)

10. INCOME TAXES (Cont'd)

The Company has non-capital loss carryforwards of approximately \$454,178 (2021 - \$64,300) which may be carried forward to apply against future income for Canadian income for tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

EXPIRY	Total \$
2040	-
2041	64,300
2042	380,878
TOTAL	445,178

The Company has net-operating loss carryforwards of approximately \$99,231 (2021 - \$Nil) which may be carried forward to apply against future income for Serbian income for tax purposes, subject to the final determination by taxation authorities, expiring in 2027.

11. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral property interests. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company considers capital to consist of shareholder's equity.

The property in which the Company currently has an interest is in the exploration stage; as such the Company will rely on the equity markets to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the year ended December 31, 2022 and period from inception on May 22, 2021 to December 31, 2021.

12. FINANCIAL INSTRUMENTS**a. Fair value**

The fair value of the Company's due from a related party, due to a related party and accounts payable and accrued liabilities approximate their carrying value due to their short-term nature.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities

Level 2 – inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – inputs that are not based on observable market data.

BALKAN METALS CORP.

Notes to the Consolidated Financial Statements

For the Year ended December 31, 2022 and the period from inception on May 22, 2021 to December 31, 2021

(Expressed in Canadian Dollars)

12. FINANCIAL INSTRUMENTS (Cont'd)

For the year ended December 31, 2022 and the period since inception on May 22, 2021 to December 31, 2021, there is no asset that was measured at fair value.

As at:	December 31, 2022	December 31, 2021
Financial assets:		
Amortized cost		
Cash	\$ 117,687	\$ 224,639
Other receivable	282	4,831
Due from related parties	\$ 3,697	\$ 10,353
Financial liabilities:		
Amortized cost		
Accounts payable	\$ 237,718	\$ 46,694
Due to related parties	\$ 176,850	\$ 5,604

The Company is exposed to varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes, inclusive of counterparty limits, controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows.

b. Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2022, the Company had \$117,687 (December 31, 2021 - \$224,639) cash to settle the total current liabilities of \$414,568 (December 31, 2021 - \$52,298). As at December 31, 2022, the total working capital deficiency of the Company was \$278,166 (December 31, 2021 - \$191,870). The Company believes it will be able to raise funds from private placements to cover the expected short and long term cash requirements.

c. Credit risk

Credit risk is the risk of a loss if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk is limited to its cash and due from related parties. The Company limits its exposure to credit risk by holding its cash in deposits with high credit quality Canadian financial institutions.

d. Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. Management does not believe that the Company is exposed to any material market risk.

13. SUBSEQUENT EVENTS

On January 16, 2023, the Company closed the first tranche of a non-brokered private placement (the "\$0.15 Private Placement") and issued 1,035,158 common shares of the Company at a price of \$0.15 per share for gross proceeds of \$155,274. In connection with this private placement, the Company paid a cash commission of 7% (\$7,369) on part of the gross proceeds of the offering and issued 49,128 finder warrants, with each finder warrant having an exercise price of \$0.15 and a term of 12 months from the closing date of the offering.

On January 18, 2023, the Company closed the second tranche of the \$0.15 Private Placement and issued 166,667 common shares of the Company at a price of \$0.15 per share for gross proceeds of \$25,000. In connection with this private placement, the Company paid a cash commission of 7% (\$1,750) on part of the gross proceeds of the offering and issued 11,666 finder warrants, with each finder warrant having an exercise price of \$0.15 and a term of 12 months from the closing date of the offering.

BALKAN METALS CORP.

Notes to the Consolidated Financial Statements

For the Year ended December 31, 2022 and the period from inception on May 22, 2021 to December 31, 2021

(Expressed in Canadian Dollars)

13. SUBSEQUENT EVENTS (Cont'd)

On January 18, 2023, the Company issued 1,000,000 Milestone Shares, each at a deemed fair market value price of \$0.15 per share to the Vendors upon the awarding to certain exploration licenses to Golden Age in accordance with the term of the GAR Purchase Agreement.

On January 30, 2023, the Company entered into a definitive amalgamation agreement (the “Amalgamation Agreement”) with Medgold Resources Corp. (“Medgold” and following the Acquisition (as defined below), the “Resulting Issuer”) and 1397383 B.C Ltd., a company incorporated under the laws of the province of British Columbia and a wholly owned subsidiary of Medgold pursuant to which Medgold would acquire all of the issued and outstanding common shares of the Company by way of three-cornered amalgamation (the “Acquisition”). Upon execution of the Amalgamation Agreement, the Company made a cash payment to Medgold of C\$30,000 which funds were used to pay for the renewal of Medgold’s Serbia exploration licenses. The parties are working together to satisfy the conditions precedent to completion of the Acquisition, including seeking conditional approval of the TSX Venture Exchange. As of December 31, 2022, there were \$105,722 was recorded as deferred acquisition costs in connection with the Acquisition.

Concurrently with closing of the Acquisition, Balkan is to raise via private placement (the “Offering”) no less than \$2.0 million by way of the sale of subscription receipts (“Subscription Receipts”), with each Subscription Receipt being issued at a price of \$0.20 and convertible immediately prior to closing of the Acquisition into a unit (a “Unit”) comprised of one common share of the Company (a “Unit Share”) and one share purchase warrant (a “Warrant”). As a consequence of the Amalgamation, each Unit Share will be exchanged for one common share of the Resulting Issuer (a “Resulting Issuer Share”), and each Warrant will entitle the holder to acquire one Resulting Issuer Share for a period of two years, at a price of \$0.25 per share for the first year and thereafter at a price of \$0.30 per share. In the event that at any time the following closing of the RTO the daily volume weighted average trading price of the Resulting Issuer Shares on the TSXV is greater than \$0.50 per Resulting Issuer Share for the preceding ten consecutive trading days, the Resulting Issuer may accelerate the expiry date of the Warrants by written notice to the holders and in such case the Warrants shall expire on the 30th day after the date of such note. The Resulting Issuer will use the net proceeds of the Offering to fund exploration activities on the Timok East Project and for working capital and general corporate purposes.

On January 27, 2023, in connection with the Acquisition, the Company entered into a convertible debenture agreement with Medgold pursuant to which the Company provided a loan to Medgold in the maximum principal amount of \$150,000 with interest at a rate of 5% per annum and compounded monthly and payable in arrears. On the termination of the Amalgamation Agreement in accordance with the terms thereof and prior to the maturity date, resulting in the parties not completing the Acquisition, the outstanding principal amount of the loan will be converted into common shares of Medgold at a price of (i) \$0.05 per Medgold share if the date of conversion occurs on or before January 27, 2024; and (ii) \$0.10 per Medgold share thereafter. On such conversion, any accrued interest shall be converted into common shares of Medgold at the lowest conversion price permitted by the TSXV. As the date of this report, the Company provided Medgold with the first tranche of \$75,000 and the second tranche of \$48,534 in convertible debentures, in total of \$123,534.

The Company was issued Technical Report on the Timok East property in accordance with National Instrument 43-101 – Disclosure Standards, comprising of two contiguous exploration licences known as Luka and Makovište, effective on March 23, 2023.

On April 24, 2023, the Company closed a third tranche of the \$0.15 Private Placement and issued 833,333 common shares of the Company at a price of \$0.15 per share for gross proceeds of \$125,000. In connection with this private placement, the Company paid a cash commission of 7% (\$3,499) on part of the gross proceeds of the offering and issued 23,326 finder warrants, with each finder warrant having an exercise price of \$0.15 and a term of 12 months from the closing date of the offering.

On April 30, 2023, the Company entered into an Amendments to Amalgamation Agreement dated January 30, 2023. The Company committed to pay to Medgold \$20,000, in each of the months of May, June and July of 2023, no more than \$60,000 upon written request from Medgold and such monthly payments be requested by Medgold only once in each calendar month and prior to July 2023. As of the date of the report, the Company has paid \$20,000.

BALKAN METALS CORP.

Notes to the Consolidated Financial Statements

For the Year ended December 31, 2022 and the period from inception on May 22, 2021 to December 31, 2021

(Expressed in Canadian Dollars)

13. SUBSEQUENT EVENTS (Cont'd)

On May 22, 2023, Balkan Metals Corp. and Golden Age, entered into a Letter of Agreement with Cobre Nuevo Exploration Pty Ltd. Defining terms of a prospective farm-in joint venture (the "FIJV") or similar commercial arrangement to explore for minerals. This agreement covers two permits of the Lece West Project: exploration licenses No 2326 Žuta Bara and No 2487 Đake Sever. As a precursor to the FIJV agreement, CNE will finance US\$75,000 of geophysics and US\$500,000 of drilling. BMC/GAR will be operator and entitled to earn 10% management fees. Following this initial expenditure and contingent to positive results of this phase, CNE and Balkan/Golden Age will enter into a full farm-in, joint venture agreement, whereby CNE will spend US\$5.0m to earn 51% in the Phase 1; followed by expenditure of US\$8.0m to earn additional 34%. Following this total of US\$13m exploration expenditure, CNE would've earned a total of 85%, while Balkan/GAR would remain with 15% in the Lece West project. BMC/GAR will have the option to convert this 15% into 1% NSR. Balkan/Golden Age remain the operator of the exploration work, earning 10% management fee.

On June 13, 2023, the Company amended the terms of the \$0.15 Private Placement to include a share purchase warrant with each common share issued pursuant to such private placement. Accordingly, the \$0.15 Private Placement became a unit private placement pursuant to which a total of 2,035,158 units ("Units") were issued. Each Unit consists of one common share and one share purchase warrant of the Company (a "Unit Warrant"). Each Unit Warrant entitles the holder thereof to purchase one common share of the Company for a period of two years, with the exercise price being \$0.25 during the first year and \$0.30 during the second year.

Upon completion of the Acquisition, the terms of the warrants issued by the Company will entitle the holder to purchase common shares of the Resulting Issuer. If at any time following closing of the Acquisition the daily volume weighted average trading price of Resulting Issuer's common shares (the "**Resulting Issuer Shares**") on the TSXV is greater than \$0.50 per Resulting Issuer Share for the preceding 10 consecutive trading days, the Resulting Issuer may accelerate the expiry date of the Unit Warrants by written notice (which may be provided in a form of a news release) to the holders thereof and in such case, the Unit Warrants will expire on the 30th day after the date of such notice.

On July 12, 2023, the Company closed a fourth tranche of the \$0.15 Private Placement per unit and issued 833,333 common shares of the Company at a price of \$0.15 per share for gross proceeds of \$125,000. Each Unit consists of one common share and one common share purchase warrant. Each Unit Warrant entitles the holder thereof to purchase one common share of the Company for a period of two years, with the exercise price being \$0.25 during the first year and \$0.30 during the second year. In connection with this private placement, the Company paid a cash commission of 7% (\$4,200) on part of the gross proceeds of the offering and issued 28,000 finder warrants, with each finder warrant having an exercise price of \$0.15 and a term of 12 months from the closing date of the offering.

As of the date of the report, the Company received \$5,445 for share issuance for cash.

BALKAN METALS CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For The Three Months Ended March 31, 2023 and 2022

(Expressed in Canadian Dollars)

BALKAN METALS CORP.

Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars - Unaudited)

As at	March 31, 2023	December 31, 2022
Assets	\$	\$
<u>Current assets</u>		
Cash	83,879	117,687
Other receivables	1,270	282
Commodity tax receivables	26,960	14,736
Due from related parties (Note 9)	-	3,697
	112,109	136,402
Convertible debenture (Note 6)	59,503	-
Exploration and evaluation assets (Note 5)	1,023,154	818,502
Deferred costs (Note 1)	468,279	105,722
Total Assets	1,663,045	1,060,626
Liabilities and Shareholders' Equity		
<u>Current liabilities</u>		
Accounts payable and accrued liabilities	627,523	237,718
Due to related parties (Note 9)	197,428	176,850
	824,951	414,568
<u>Shareholders' equity</u>		
Share capital (Note 8b)	1,440,756	1,129,901
Shares to be issued	50,000	25,000
Share reserves (Note 8c)	24,787	20,737
Deficit	(673,743)	(523,906)
Accumulated other comprehensive loss	(3,706)	(5,674)
Total shareholder's equity	838,094	646,058
Total liabilities and Shareholders' Equity	1,663,045	1,060,626

Nature of Operations and Going Concern (Note 1)
Subsequent Events (Note 12)

On behalf of the Board of Directors:

Director (signed by) "Elena Clarici"

Director (signed by) "Michael Thomsen "

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

BALKAN METALS CORP.

Condensed Interim Consolidated Statements of Operations and Comprehensive Loss

(Expressed in Canadian Dollars - Unaudited)

	Three Months ended March 31, 2023	Three Months ended March 31, 2022
	\$	\$
Expense		
Audit and accounting fees	29,688	4,510
Bank charges	1,233	581
Consulting fees	10,279	-
Due diligence fees	-	499
Legal fees	38,510	2,267
Management fees	43,500	37,500
Office and administration	8,368	4,101
Travel expenses	1,710	1,676
	(133,288)	(51,134)
Other income (loss)		
Interest income	16	83
Convertible debenture interest income (Note 6)	503	-
Convertible debenture loss (Note 6)	(16,000)	-
Foreign exchange loss	(1,068)	(373)
Total other income	(16,549)	(290)
Net loss	(149,837)	(51,424)
Other comprehensive loss		
Foreign exchange translation gain	1,968	-
Other comprehensive income	1,968	-
Total comprehensive loss	(147,869)	-
Loss per common share – basic and diluted	(0.01)	(0.01)
Weighted average number of common shares outstanding – basic and diluted	26,048,730	18,120,318

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

BALKAN METALS CORP.Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars - Unaudited)

	Number of Shares	Share Capital	Shares to Be Issued	Share Reserves	Accumulated Other Comprehensive loss	Accumulated Deficit	Total
	#	\$	\$	\$	\$	\$	\$
Balance at December 31, 2021	16,042,603	380,100	-	-	-	(56,962)	323,138
Share issuance for acquisition \$0.10	2,200,000	220,000	-	-	-		220,000
Foreign currency translation adjustment	-	-	-	-	(4,639)	-	(4,639)
Net loss for the year	-	-	-	-	-	(51,424)	(51,424)
Balance at March 31, 2022	18,242,603	600,100	-	-	(4,639)	(108,386)	487,075
Balance at December 31, 2022	24,264,266	1,129,901	25,000	20,737	(5,674)	(523,906)	646,058
Share issuance for cash at \$0.15	1,201,825	180,274	(25,000)	-	-	-	155,274
Share issuance for acquisition	1,000,000	150,000	-	-	-	-	150,000
Share issuance cost	-	(19,419)	-	4,050	-	-	(15,369)
Share to be issued	-	-	50,000	-	-	-	50,000
Foreign currency translation adjustment	-	-	-	-	1,968	-	1,968
Net loss for the period	-	-	-	-	-	(149,837)	(149,837)
Balance at March 31, 2023	26,466,091	1,440,756	50,000	24,787	(3,706)	(673,743)	838,094

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

BALKAN METALS CORP.

Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars - Unaudited)

	Three Months ended March 31, 2023	Three Months ended March 31, 2022
	\$	\$
Cash flows used in operating activities		
Net loss for the period	(149,837)	(51,424)
Adjustment for items not involving cash:		
Accretion interest income on convertible debenture	(503)	-
Convertible debenture loss	16,000	-
Changes in non-cash operating working capital:		
Movement in commodity tax receivables	(12,224)	(526)
Movement in prepaid expense	(989)	-
Movement in due from (to) related parties	24,275	(11,127)
Movement in accounts payable and accrued liabilities	76,682	27,929
Net cash used in operating activities	(46,596)	(35,148)
Cash flows used in investing activities		
Exploration and evaluation assets	(54,652)	(99,015)
Deferred acquisition costs	(49,433)	-
Net cash used in investing activities	(104,085)	(99,015)
Cash flows from financing activities		
Net proceeds from share issuances	139,905	-
Advanced for share issuance	50,000	-
Convertible debenture investment	(75,000)	-
Net cash provided by financing activities	114,905	-
Cumulative translation adjustment	1,968	-
Decrease in cash during the period	(33,808)	(134,163)
Cash, beginning of the period	117,687	224,664
Cash, end of the period	83,879	90,501

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

BALKAN METALS CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Months ended March 31, 2023 and 2022

(Expressed in Canadian Dollars - Unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

Balkan Metals Corp. ("**Balkan**" or the "**Company**") was incorporated under the Business Corporations Act (British Columbia) on May 22, 2021. The Company's registered office and operating office is at 820 – 1130 West Pender Street, Vancouver, BC, V6E 4A4.

On October 1, 2021, the Company incorporated its wholly owned subsidiary, Balkan Metals Corporation D.O.O ("**Balkan Serbia**") in Serbia. The share capital was registered and paid capital in an amount of \$13 (RSD 1,000) to own 100% shares of the Company.

On January 6, 2022, the Company acquired all of the shares of Golden Age Resources D.O.O. (the "**Golden Age**" and/or "**GAR**"), which became a fully owned subsidiary of the Company. Golden Age is a mineral exploration company incorporated as a limited liability company under the laws of Republic of Serbia and with its current office at 64/19 Dragoslava Srejsovića Street, 11060, Palilula, Belgrade, Republic of Serbia.

On January 30, 2023, the Company entered into a definitive amalgamation agreement (the "**Amalgamation Agreement**") with Medgold Resources Corp. ("**Medgold**" and following the Acquisition (as defined below), the "**Resulting Issuer**") and 1397383 B.C Ltd., a company incorporated under the laws of the province of British Columbia and a wholly owned subsidiary of Medgold pursuant to which Medgold would acquire all of the issued and outstanding common shares of the Company by way of three-cornered amalgamation (the "**Acquisition**"). Upon execution of the Amalgamation Agreement, the Company made a cash payment to Medgold of C\$30,000 which funds were used to pay for the renewal of Medgold's Serbia exploration licenses. The parties are working together to satisfy the conditions precedent to completion of the Acquisition, including seeking conditional approval of the TSX Venture Exchange. As of March 31, 2023, a total of \$468,279 (December 31, 2022 - \$105,722) was recorded as deferred costs in connection with the Acquisition.

Concurrently with closing of the Acquisition, Balkan is to raise via private placement (the "Offering") no less than \$2.0 million by way of the sale of subscription receipts ("Subscription Receipts"), with each Subscription Receipt being issued at a price of \$0.20 and convertible immediately prior to closing of the Acquisition into a unit (a "Unit") comprised of one common share of the Company (a "Unit Share") and one share purchase warrant (a "Warrant"). As a consequence of the Amalgamation, each Unit Share will be exchanged for one common share of the Resulting Issuer (a "Resulting Issuer Share"), and each Warrant will entitle the holder to acquire one Resulting Issuer Share for a period of two years, at a price of \$0.25 per share for the first year and thereafter at a price of \$0.30 per share. In the event that at any time the following closing of the RTO the daily volume weighted average trading price of the Resulting Issuer Shares on the TSXV is greater than \$0.50 per Resulting Issuer Share for the preceding ten consecutive trading days, the Resulting Issuer may accelerate the expiry date of the Warrants by written notice to the holders and in such case the Warrants shall expire on the 30th day after the date of such note. The Resulting Issuer will use the net proceeds of the Offering to fund exploration activities on the Timok East Project and for working capital and general corporate purposes.

The Company was issued Technical Report on the Timok East property in accordance with National Instrument 43-101 – Disclosure Standards, comprising of two contiguous exploration licences known as Luka and Makovište, effective on March 23, 2023.

The Company's principal business activity is the acquisition and exploration of mineral properties in the natural resource sector with the long-term goal to advance them with further exploration to the point of development and/or divesting them at a profit. As of December 31, 2022, the Company has not yet achieved profitable operations and had an accumulated deficit of \$673,743. For the three months ended March 31, 2023 and 2022, the Company incurred \$149,837 and \$51,424 of net loss, respectively.

These condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern. The proposed business of the Company involves a high degree of risk and there is no assurance that the Company will be successful in acquiring or advancing mineral assets. The Company's ability to continue its operations is not assured and is dependent upon the ability of the Company to obtain necessary financing to meet the Company's liabilities and commitments as they become due and the ability to identify and finance additional investments, generate future returns on investments, and achieve future profitable operations or obtain sufficient proceeds from the disposition of its investments. The outcome of these matters cannot be predicted at this

BALKAN METALS CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Months ended March 31, 2023 and 2022

(Expressed in Canadian Dollars - Unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN (Cont'd)

time. The condensed interim consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

As of March 31, 2023, the Company has an accumulated deficit and expects to incur further loss in the development of its business. As a result, there is a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

These unaudited condensed interim consolidated financial statements were authorized for issue by the Board of Directors of the Company on July 13, 2023.

2. BASIS OF PRESENTATION**Statement of compliance**

These unaudited condensed interim consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), as applicable to interim financial reports including International Accounting Standards ("IAS") 34 Interim Financial Reporting.

These unaudited condensed interim consolidated financial statements have been prepared using the historical cost basis except for the revaluation of certain financial instruments to fair value. In addition, these condensed interim consolidated financial statements have been prepared using accrual basis of accounting, except for cash flow information.

Basis of consolidation

These condensed interim consolidated financial statements include the financial statements of the Company and its subsidiaries. A subsidiary is an entity controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are included in the condensed interim consolidated financial statements from the date that control commences until the date that control ceases. All intercompany balances and transactions have been eliminated in preparing these condensed interim consolidated financial statements.

Entity	Country of incorporation	Ownership
Balkan Metals Corporation D.O.O.	Republic of Serbia	100%
Golden Age Resources D.O.O.	Republic of Serbia	100%

Accounting standards issued but not yet adopted

The new standards or amendments issued but not yet effective are either not applicable or not expected to have a significant impact on the Company's condensed interim consolidated financial statements.

New and Revised IFRS Issued but Not Effective

Certain new accounting standards and interpretations have been published that are not mandatory for the current period and have not been early adopted. These standards are not expected to have a material impact on the Company's current or future reporting periods upon adoption.

BALKAN METALS CORP.

Notes to the Condensed Interim Consolidated Financial Statements

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(Expressed in Canadian Dollars - Unaudited)

3. SIGNIFICANT ACCOUNTING POLICIES

These Condensed Interim Consolidated Financial Statements have been prepared using accounting policies that are consistent with those used in the preparation of the Company's audited annual consolidated financial statements for the year ended December 31, except as adopted during the period as follows:

a) *Share capital*

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share are recognized as a deduction from equity, net of any tax effects. Common shares issued for consideration other than cash are valued based on their fair value at the date the shares are issued.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in a private placement to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing quoted bid price on the issue date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

Share purchase warrants issued on a standalone basis are recognized at fair value using the Black-Scholes option pricing model at the date of issue. The value is initially recorded as a part of reserves in equity at the recognized fair value. Upon exercise of the share purchase warrants, the previously recognized fair value of the warrants exercised is reallocated to share capital from reserves. The proceeds generated from the payment of the exercise price are also allocated to share capital.

b) *Convertible debenture receivable*

Convertible debenture receivable are non-derivative financial assets having fixed or determinable payments that are not quoted in an active market. They are initially and subsequently recognised at fair market value. During the three months period ended March 31, 2023, the Company provided Medgold with the first tranche of \$75,000 in convertible debenture funding. The convertible debenture includes certain conversion features which required significant assumptions to be made by management to value. The Company utilized a probability weighted discounted cashflow method using a market discount rate and an option pricing model to arrive at the fair value of the conversion feature.

4. ACQUISITION OF GOLDEN AGE RESOURCE D.O.O.

On January 6, 2022, the Company entered into a definitive Share Purchase Agreement (the "**GAR Purchase Agreement**") to acquire all of the shares of Golden Age Resources D.O.O. ("**Golden Age**" or "**GAR**") from the holders of such shares (the "**Vendors**"). Golden Age is a mineral exploration company incorporated as a limited liability company under the laws of Republic of Serbia and with its current office at 64/19 Dragoslava Srejskića Street, 11060, Palilula, Belgrade, Republic of Serbia. At closing, GAR held 9 exploration licenses in Serbia and had submitted 6 applications for additional exploration licenses in Serbia (the "**Applications**"). In consideration for the Company's purchase of all of the Golden Age shares, the Company agreed to (i) issue an aggregate of 2,200,000 common shares of the Company to the Vendors based on their pro rata ownership interest; (ii) pay \$73,762 (US\$59,000) in cash to the Vendors based on their pro rata ownership interest; (iii) assume responsibility for \$159,763 (US\$112,019) of certain debts to creditors of Golden Age; and (iv) issue an additional 1,800,000 common shares of the Company ("**Milestone Shares**") based on the occurrence of Milestone Events, as defined in the GAR Purchase Agreement, such as the granting of each exploration license in respect of the Applications and the completion of the transfer of the Šatra exploration permit (formerly known as Selište) from an affiliate of First Quantum Minerals to Golden Age. On January 6, 2022, the Company issued 2,200,000 common shares of the Company to the Vendors at a deemed price of \$0.10 in respect of the Acquisition, valued at \$220,000 and paid \$73,762 to the Vendors. As of March 31, 2023, the Company had caused Golden Age to repay in full the \$159,763 (US\$112,019) of liabilities over which the Company assumed interest.

On January 18, 2023, the Company issued 1,000,000 Milestone Shares, each at a deemed price of \$0.15 per share valued at \$150,000, to the Vendors upon the awarding of certain exploration licenses to Golden Age in accordance with the terms of the GAR Purchase Agreement.

BALKAN METALS CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Months ended March 31, 2023 and 2022

(Expressed in Canadian Dollars - Unaudited)

4. ACQUISITION OF GOLDEN AGE RESOURCE D.O.O. (Cont'd)

Following the Company's acquisition of all of the shares of Golden Age, the aforesaid mineral exploration properties of Golden Age became the Company's project portfolio (the "**Balkan Properties**") in Serbia.

The Acquisition did not meet the definition of a business combination and, therefore, has been accounted for as an asset purchase of exploration and evaluation assets. The consideration for the acquisition has been allocated at fair value of the assets acquired and liabilities assumed, based on management's best estimate and taking into account all available information at the time of the Acquisition. On the acquisition date, January 6, 2022, the purchase price of the Golden Age shares has been allocated to the net assets acquired as follows:

Cash	\$	25
Mineral interests		508,592
Accounts payable		(159,764)
Total net assets acquired	\$	348,853
Transaction costs in legal fees	\$	55,091
Shares		220,000
Cash		73,762
Total assets acquisition consideration paid	\$	348,853

As at March 31, 2023 and December 31, 2022, the exploration and evaluation assets are summarized as follows:

	March 31, 2023		December 31, 2022	
E&E capitalized	\$	363,912	\$	309,910
Acquisition costs		659,242		508,592
Total exploration and evaluation assets	\$	1,023,154	\$	818,502

5. EXPLORATION AND EVALUATION ASSETS**Miranovac Property**

Pursuant to the Joint Venture and Earn-up Option Agreement dated October 11, 2021 with Mineral Grupa D.O.O., the Company agreed to acquire a 100% interest in mineral exploration permit No. 310-02-00030/2018-02, known as Miranovac Property, totaling 97.2 sq. km and located in the Republic of Serbia, registered with Ministry of Mining and Energy (Serbia). To earn a 100% interest in such property, the Company was to pay \$400,000, incur \$500,000 of exploration expenditures and issue \$450,000 of its common shares at an issue price equal to the closing trading price of the Company's common shares on a recognized stock exchange, as follows:

	Cash (USD)		Exploration Expenditures	Share Value (USD)
Upon signing of the agreement October 11, 2021				
(Paid) (i)(ii)	\$	50,000	\$ -	\$ -
Within 10 days of achieving the Liquidity Event		50,000	-	100,000
Within 12 months of completion of the Liquidity Event		50,000	-	100,000
Within 24 months of completion of the Liquidity Event				100,000
		100,000	-	
Within 36 months of completion of the Liquidity Event				150,000
		150,000	-	
Within 48 months of completion of the Liquidity Event		-	500,000	-
	\$	400,000	\$ 500,000	\$ 450,000

(i) During 2021, the Company made a \$63,540 (US\$50,000) cash payment on Oct. 11, 2021.

(ii) The currency of the option agreement presented in US\$ which would be translated into the Company's function rate based on the transaction date.

On April 20, 2022, the Company mutually terminated the Joint Venture and Earn-up Option Agreement with Mineral

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Grupa D.O.O. dated October 11, 2021. The total of \$76,177 in exploration and evaluation assets were recognized as impairment expenses as of December 31, 2022.

5. EXPLORATION AND EVALUATION ASSETS (Cont'd)**Golden Age Properties**

As of March 31, 2023, a total of \$1,023,154 (December 31, 2022 - \$818,502) of exploration and evaluation assets were recorded.

As of March 31, 2023 and December 31, 2022, the cost related to the Balkan Properties can be summarized through the parent company, Balkan, and its subsidiary, Golden Age as follows:

	December 31, 2022	Additions	March 31, 2023
	\$	\$	\$
Miranovac Property:			
Acquisition costs			
Cash	63,540	-	63,540
Impairment	(63,540)	-	(63,540)
	-	-	-
Exploration costs			
Exploration expenditure	12,637	-	12,637
Impairment expenses	(12,637)	-	(12,637)
Sub-total – Miranovac Property	-	-	-
Timok East Project			
Acquisition costs	388,208	114,991	503,199
Property holding fees and taxes	5,101	5,115	10,216
Field work	228,761	37,694	266,455
Others	23,939	-	23,939
	646,009	157,800	803,809
Lece West Project			
Acquisition costs	68,609	20,323	88,932
Property holding fees and taxes	6,357	5,152	11,509
Field work	12,776	-	12,776
Others	4,231	-	4,231
	91,973	25,475	117,448
Besna Kobila, Medjani Project			
Acquisition costs	51,775	15,336	67,111
Property fees, data acquisition and reporting	25,553	6,041	31,594
Others	3,192	-	3,192
	80,520	21,377	101,897
Total exploration and evaluation assets	818,502	204,652	1,023,154

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Notes to the Condensed Interim Consolidated Financial Statements

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(Expressed in Canadian Dollars - Unaudited)

5. EXPLORATION AND EVALUATION ASSETS (Cont'd)

	December 31, 2021	Additions	December 31, 2022
	\$	\$	\$
Miranovac Property:			
Acquisition costs			
Cash	63,540	-	63,540
Impairment	-	(63,540)	(63,540)
	63,540	-	-
Exploration costs			
Exploration expenditure	12,637	-	12,637
Impairment expenses	-	(12,637)	(12,637)
Sub-total – Miranovac Property	76,177	(76,177)	-
Timok East Project			
Acquisition costs	-	388,208	388,208
Property holding fees and taxes	-	5,101	5,101
Field work	-	228,761	228,761
Others	-	23,939	23,939
		646,009	646,009
Lece West Project			
Acquisition costs	-	68,609	68,609
Property holding fees and taxes	-	6,357	6,357
Field work	-	12,776	12,776
Others	-	4,231	4,231
		91,973	91,973
Besna Kobila, Medjani Project			
Acquisition costs	-	51,775	51,775
Property fees, data acquisition and reporting	-	25,553	25,553
Others	-	3,192	3,192
	-	80,520	80,520
Total exploration and evaluation assets	76,177	742,325	818,502

6. CONVERTIBLE DEBENTURE RECEIVABLE

On January 27, 2023, in connection with the Acquisition, the Company entered into a convertible debenture agreement with Medgold pursuant to which the Company provided a loan to Medgold in the maximum principal sum of \$150,000 with a maturity date of January 27, 2025, with interest at the rate of 5% per annum, compounded monthly and payable in arrears. If the transaction falls through, the outstanding principal amount of the loan will be converted into common shares of Medgold at a price of (i) \$0.05 per Medgold share if the date of conversion occurs on or before January 27, 2024; and (ii) \$0.10 per Medgold share thereafter. On such conversion, any accrued interest shall be converted into common shares of Medgold at the lowest conversion price permitted by the TSXV.

During the period ended March 31, 2023, the Company provided Medgold with the first tranche of \$75,000 in convertible debenture funding. The Company fair valued the convertible debenture and recognized the loss of \$16,000 during the three months period ended March 31, 2023. Details are as follows:

	March 31, 2023	December 31, 2022
Face value of debenture at date of issue,		
Convertible debenture	\$ 75,000	\$ -
Fair value loss	(16,000)	-
Accrued interest	503	-
Total receivable	\$ 59,503	\$ -

BALKAN METALS CORP.

Notes to the Condensed Interim Consolidated Financial Statements

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7. COMMITMENTS

On January 7, 2022, the Company entered into an employment agreement with the Executive Chairman and Chief Executive Officer of the Company. The Company agreed to pay \$12,500 per month for the management services performed for a term of 2 years with all benefit plans if the Company has.

On April 13, 2022, the Company entered into an inter-company loan agreement with its wholly owned subsidiary, Golden Age, for the maximum amount of \$5,000,000. Pursuant to the agreement, the inter-company loan will be used by GAR for its regular operations in accordance with its registered activity, namely in relation to the mineral exploration. The loan is non-interest bearing. The Company intends to raise funds through private placements in order to provide such inter-company loans to GAR. As of March 31, 2023, the Company has provided inter-company loans to GAR of a total of \$448,385 (December 31, 2022 - \$423,385).

8. SHARE CAPITAL

a) Authorized: Unlimited number of common shares with no par value
Unlimited number of preferred shares

b) Shares issued and outstanding as of March 31, 2023: 26,466,091 (December 31, 2022: 24,464,266) common shares and no preferred shares.

On January 6, 2022, the Company issued 2,200,000 common shares of the Company to the Vendors at a fair value price of \$0.10 per share (for a total fair value price of \$200,000) pursuant to the GAR Purchase Agreement in connection with the acquisition of all of the shares of GAR.

On August 5, 2022, the Company closed a non-brokered private placement and issued 2,350,000 common shares of the Company at a price of \$0.10 per share for gross proceeds of \$235,000. In connection with the private placement, the Company paid a cash commission of 7% (\$13,300) on part of the gross proceeds of the offering and issued 133,000 finder warrants, with each finder warrant having an exercise price of \$0.10 and a term of 12 months from the closing date of the offering.

On September 14, 2022, the Company closed a second tranche of the non-brokered private placement and issued 3,671,663 common shares of the Company at a price of \$0.10 per share for gross proceeds of \$367,663. In connection with the private placement, the Company paid a cash commission of 7% (\$25,702) on part of the gross proceeds of the offering and issued 257,016 finder warrants, with each finder warrant having an exercise price of \$0.10 and a term of 12 months from the closing date of the offering.

On January 16, 2023, the Company closed the first tranche of a non-brokered private placement (the "\$0.15 Private Placement") and issued 1,035,158 common shares of the Company at a price of \$0.15 per share for gross proceeds of \$155,274. In connection with this private placement, the Company paid a cash commission of 7% (\$7,369) on part of the gross proceeds of the offering and issued 49,128 finder warrants, with each finder warrant having an exercise price of \$0.15 and a term of 12 months from the closing date of the offering.

On January 18, 2023, the Company closed the second tranche of the \$0.15 Private Placement and issued 166,667 common shares of the Company at a price of \$0.15 per share for gross proceeds of \$25,000. In connection with this private placement, the Company paid a cash commission of 7% (\$1,750) on part of the gross proceeds of the offering and issued 11,666 finder warrants, with each finder warrant having an exercise price of \$0.15 and a term of 12 months from the closing date of the offering.

On January 18, 2023, the Company issued an additional 1,000,000 Milestone Shares to the Vendors upon the grant of certain exploration licenses in Serbia at a deemed fair market value price of \$0.15 per share valued at \$150,000 and in accordance with the GAR Purchase Agreement.

On March 28, 2023, the Company received \$50,000 advanced for share issuance at \$0.15 per share for cash. The shares were issued on April 24, 2023, subsequently.

BALKAN METALS CORP.

Notes to the Condensed Interim Consolidated Financial Statements

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(Expressed in Canadian Dollars - Unaudited)

8. SHARE CAPITAL (Cont'd)

c) Warrants

(i) Finder warrants:

As at March 31, 2023, there were 450,810 (December 31, 2022 – 390,016) finder warrants outstanding and the fair value of the share warrants granted was estimated at the date of grant using Black-Scholes option pricing model with following assumptions:

Date of Issuance	August 5, 2022	September 14, 2022	January 16, 2023	January 18, 2023
Number of finder warrants	133,000	257,016	49,128	11,666
Dividend yield	0%	0%	0%	0%
Expected volatility	142%	143%	115%	115%
Risk-free interest rate	2.75%	2.75%	3.75%	3.75%
Forfeiture rate	0%	0%	0%	0%
Share price – on issuance	\$0.10	\$0.10	\$0.15	\$0.15
Exercise price	\$0.10	\$0.10	\$0.15	\$0.15
Term	12 months	12 months	12 months	12 months
Fair value per warrant	\$0.05	\$0.045	\$0.06	\$0.06
Fair value of warrants	\$7,035	\$13,702	\$3,273	\$777

As there was no trading history of the Company's common shares, the expected volatility was based on the historical share price volatility of two groups of comparable companies in the sector the companies operated over a period similar to the expected life of the warrants. As of March 31, 2023, the Company recorded a fair value of \$24,787 for the finder warrants (December 31, 2022 - \$20,737).

The following is a summary of finder warrants transactions for the period ended March 31, 2023 and the year ended December 31, 2022:

	Number of warrants	Weighted average exercise price	Weighted average remaining contractual life (Years)
Balance, December 31, 2021	-	-	-
Issued on:			
August 5, 2022	133,000	\$ 0.10	0.59
September 14, 2022	257,016	\$ 0.10	0.70
Balance, December 31, 2022	390,016	\$ 0.10	0.65
August 5, 2022	133,000	\$ 0.10	0.34
September 14, 2022	257,016	\$ 0.10	0.45
January 16, 2023	49,128	\$ 0.10	1.80
January 18, 2023	11,666	\$ 0.12	1.80
Balance, March 31, 2023	450,810	\$ 0.10	0.60

(ii) Share purchase warrants

The following is a summary of share purchase warrant transactions for the period ended March 31, 2023 and the year ended December 31, 2022:

	Number of Warrants	Weighted Exercise price the first year	Weighted Exercise price the second year
Warrants outstanding and exercisable, as at December 31, 2022:	-	-	-
Warrants issued as of January 16, 2023	1,035,158	\$0.25	\$0.30
Warrants issued as of on January 18, 2023	166,667	\$0.25	\$0.30
Warrants outstanding and exercisable, as at March 31, 2023	1,201,825	\$0.25	\$0.30

BALKAN METALS CORP.

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8. SHARE CAPITAL (Cont'd)

c) Warrants (cont'd)

(ii) Share purchase warrants (cont'd)

The following warrants were outstanding and exercisable as of March 31, 2023:

Expiry date	Exercise Price first year	Exercise Price second year	Number of warrants outstanding and exercisable	Weighted average contractual life (years)
January 16, 2025	\$0.25	\$0.30	1,035,158	1.80
January 18, 2025	\$0.25	\$0.30	166,667	1.80
Balance, March 31, 2023	\$0.25	\$0.30	1,201,825	1.80

The fair value of the warrants granted above was estimated at \$Nil using the residual method.

9. RELATED PARTY TRANSACTIONS

During the three months ended March 31, 2023 and 2022 the following related party transactions occurred in the normal course of operations:

- As of March 31, 2023, the Company advanced \$Nil (December 31, 2022 - \$1,121) to the former director of the Company for operating expenses.
- As of March 31, 2023, the Company advanced \$Nil (December 31, 2022 - \$2,576) to the director and CEO of the Company for operating expenses.
- During the three months ended March 31, 2023, the CEO and director of the Company charged \$37,500 (March 31, 2022 - \$37,500) in management fees and \$3,178 in office and administration fees.
- During the three months ended March 31, 2023, a director of the Company accrued \$6,000 (March 31, 2022 - \$Nil) in director fees.
- During the three months ended March 31, 2023, the General Manager and director of a wholly owned subsidiary charged \$2,206 (March 31, 2022 - \$2,206) in wages and salaries.
- As of March 31, 2023, the Company had \$197,428 (December 31, 2022 - \$176,850) due to the directors of the Company.

All related party transactions were entered into in the normal course of business and are recorded at the exchange amount established and agreed to between the related parties. The advance to the related party is due on demand with no interest bearing.

10. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral property interests. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company considers capital to consist of shareholder's equity.

The property in which the Company currently has an interest is in the exploration stage; as such the Company will rely on the equity markets to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

BALKAN METALS CORP.

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10. CAPITAL MANAGEMENT (Cont'd)

There were no changes in the Company's approach to capital management during the periods ended March 31, 2023 and December 31, 2022.

11. FINANCIAL INSTRUMENTS**a. Fair value**

The fair value of the Company's due from a related party, due to a related party and accounts payable and accrued liabilities approximate their carrying value due to their short-term nature.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities

Level 2 – inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – inputs that are not based on observable market data.

For the three months ended March 31, 2023 and the year ended December 31, 2022, there is no asset that was measured at fair value except convertible debenture receivable.

As at:	March 31, 2023	December 31, 2022
Financial assets:		
<i>Fair value through profit and loss</i>		
Convertible debenture receivable	\$ 59,503	\$ -
<i>Amortized cost</i>		
Cash	\$ 83,879	\$ 117,687
Other receivable	\$ 1,270	\$ 282
Financial liabilities:		
<i>Amortized cost</i>		
Accounts payable	\$ 627,523	\$ 237,718
Due to related parties	\$ 197,428	\$ 176,850

The Company is exposed to varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes, inclusive of counterparty limits, controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows.

b. Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have insufficient liquidity to meet liabilities when due. As of March 31, 2023, the Company had \$83,879 (December 31, 2022 - \$117,687) of cash and \$112,109 (December 31, 2022 - \$136,402) of current assets to settle the total current liabilities of \$824,951 (December 31, 2022 - \$414,568). As of March 31, 2023, the total working capital deficiency of the Company was \$712,842 (December 31, 2022 - \$278,166). The Company believes it will be able to raise funds from private placements to cover the expected short and long term cash requirements.

c. Credit risk

Credit risk is the risk of a loss if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk is limited to its cash and due from related parties. The Company limits its exposure to credit risk by holding its cash in deposits with high credit quality Canadian financial institutions.

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11. FINANCIAL INSTRUMENTS**d. Market Risk**

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. Management does not believe that the Company is exposed to any material market risk.

12. SUBSEQUENT EVENTS

On April 24, 2023, the Company closed a third tranche of the \$0.15 Private Placement and issued 833,333 common shares of the Company at a price of \$0.15 per share for gross proceeds of \$125,000. In connection with this private placement, the Company paid a cash commission of 7% (\$3,499) on part of the gross proceeds of the offering and issued 23,326 finder warrants, with each finder warrant having an exercise price of \$0.15 and a term of 12 months from the closing date of the offering.

On April 30, 2023, the Company entered into an Amendments to Amalgamation Agreement dated January 30, 2023. The Company committed to pay to Medgold \$20,000, in each of the months of May, June and July of 2023, no more than \$60,000 upon written request from Medgold and such monthly payments be requested by Medgold only once in each calendar month and prior to July 2023. As of the date of the report, the Company paid \$20,000.

On May 22, 2023, Balkan Metals Corp. and Golden Age, entered into a Lettter of Agreement with Cobre Nuevo Exploration Pty Ltd. Defining terms of a prospective farm-in joint venture (the “FIJV”) or similar commercial arrangement to explore for minerals. This agreement covers two permits of the Lece West Project: exploration licenses No 2326 Žuta Bara and No 2487 Đake Sever. As a precursor to the FIJV agreement, CNE will finance US\$75,000 of geophysics and US\$500,000 of drilling. BMC/GAR will be operator and entitled to earn 10% management fees. Following this initial expenditure and contingent to positive results of this phase, CNE and Balkan/Golden Age will enter into a full farm-in, joint venture agreement, whereby CNE will spend US\$5.0m to earn 51% in the Phase 1; followed by expenditure of US\$8.0m to earn additional 34%. Following this total of US\$13m exploration expenditure, CNE would’ve earned a total of 85%, while Balkan/GAR would remain with 15% in the Lece West project. BMC/GAR will have the option to convert this 15% into 1% NSR. Balkan/Golden Age remain the operator of the exploration work, earning 10% management fee.

On June 13, 2023, the Company amended the terms of the \$0.15 Private Placement to include a share purchase warrant with each common share issued pursuant to such private placement. Accordingly, the \$0.15 Private Placement became a unit private placement pursuant to which a total of 2,035,158 units (“Units”) were issued. Each Unit consists of one common share and one share purchase warrant of the Company (a “Unit Warrant”). Each Unit Warrant entitles the holder thereof to purchase one common share of the Company for a period of two years, with the exercise price being \$0.25 during the first year and \$0.30 during the second year.

Upon completion of the Acquisition, the terms of the warrants issued by the Company will entitle the holder to purchase common shares of the Resulting Issuer. If at any time following closing of the Acquisition the daily volume weighted average trading price of Resulting Issuer’s common shares (the “Resulting Issuer Shares”) on the TSXV is greater than \$0.50 per Resulting Issuer Share for the preceding 10 consecutive trading days, the Resulting Issuer may accelerate the expiry date of the Unit Warrants by written notice (which may be provided in a form of a news release) to the holders thereof and in such case, the Unit Warrants will expire on the 30th day after the date of such notice.

On July 12, 2023, the Company closed a fourth tranche of the \$0.15 Private Placement per unit and issued 833,333 common shares of the Company at a price of \$0.15 per share for gross proceeds of \$125,000. Each Unit consists of one common share and one common share purchase warrant. Each Unit Warrant entitles the holder thereof to purchase one common share of the Company for a period of two years, with the exercise price being \$0.25 during the first year and \$0.30 during the second year. In connection with this private placement, the Company paid a cash commission of 7% (\$4,200) on part of the gross proceeds of the offering and issued 28,000 finder warrants, with each finder warrant having an exercise price of \$0.15 and a term of 12 months from the closing date of the offering.

BALKAN METALS CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Months ended March 31, 2023 and 2022

(Expressed in Canadian Dollars - Unaudited)

12. SUBSEQUENT EVENTS (Cont'd)

As of the date of the report, the Company received \$5,445 for share issuance for cash.



KPMG d.o.o. Beograd
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Independent Auditor's Report

To the Owners of Golden Age Resources d.o.o. Beograd

Opinion

We have audited the financial statements of Golden Age Resources d.o.o. Beograd (the "Company"), which comprise:

- the statement of financial position as at 31 December 2021;
- and, for the period from 1 January to 31 December 2021:
- the statement of profit or loss and other comprehensive income;
 - the statement of changes in equity;
 - the statement of cash flows;
- and
- notes, comprising a summary of significant accounting policies and other explanatory information;
- (the "financial statements").

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibility for the audit of the financial statements section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Serbia and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG d.o.o. Beograd

KPMG d.o.o. Beograd



Belgrade, 14 July 2023

GOLDEN AGE RESOURCES DOO

FINANCIAL STATEMENTS

For The Years Ended

December 31, 2021

(Expressed in Canadian Dollars)

GOLDEN AGE RESOURCES DOO BEOGRAD

Statements of Profit or Loss and Other Comprehensive Income
(Expressed in Canadian Dollars)

**STATEMENT OF PROFIT OR LOSS
AND OTHER COMPERHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

In Canadian Dollars (\$)	Note	2021	2020
Other operating expenses	4	(26,918)	(1,802)
Operating loss		(26,918)	(1,802)
Loss before tax		(26,918)	(1,802)
Income tax expense	10	-	-
Deferred tax expense	10	(18,432)	(615)
Loss for the period		(45,350)	(2,417)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Foreign currency translation differences		5,020	(321)
Total other comprehensive income/(loss)		5,020	(321)
Total comprehensive loss for the period		(40,330)	(2,738)

For and on behalf of Golden Age Resources



Elena Clarici
Director



Nenad Protić
Director

The notes on pages 5 to 25 are an integral part of these financial statements.

GOLDEN AGE RESOURCES DOO BEOGRAD

Statement of Financial Position
(Expressed in Canadian Dollars)

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

In Canadian Dollars (\$)	Note	31 December 2021	31 December 2020	1 January 2020
ASSETS				
Non-current assets				
Intangible assets	5	126,982	4,099	-
Total non-current assets		126,982	4,099	-
Current assets				
Cash and cash equivalents	6	24	57	17
Total current assets		24	57	17
TOTAL ASSETS		127,006	4,156	17
EQUITY AND LIABILITIES				
Equity				
Share capital	7	1	1	1
Translations reserves		4,722	(298)	23
Retained earnings		(50,282)	(4,932)	(2,515)
Total equity		(45,559)	(5,229)	(2,491)
Liabilities				
Current liabilities				
Trade and other payables	8	90,779	88	77
Loans and borrowings	9	62,739	8,682	2,431
Total current liabilities		153,518	8,770	2,508
Deferred tax liabilities	10	19,047	615	-
Total liabilities		172,565	9,385	2,508
TOTAL EQUITY AND LIABILITIES		127,006	4,156	17

For and on behalf of Golden Age Resources



Elena Clarici
Director



Nenad Protić
Director

The notes on pages 5 to 25 are an integral part of these financial statements.

GOLDEN AGE RESOURCES DOO BEOGRAD

Statements of Changes in Equity
(Expressed in Canadian Dollars)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

In Canadian Dollars (\$)	Note	Share capital	Retained earnings	Translation reserves	Total equity
Balance at 1 January 2020	7	1	(2,515)	23	(2,491)
Loss for the year		-	(2,417)	-	(2,417)
Other comprehensive loss		-	-	(321)	(321)
Total comprehensive loss for the period		-	(2,417)	(321)	(2,738)
Balance at 31 December 2020	7	1	(4,932)	(298)	(5,230)
Loss for the year		-	(45,350)	-	(45,350)
Other comprehensive income		-	-	5,020	5,020
Total comprehensive income/(loss) for the period		-	(45,350)	5,020	(40,330)
Balance at 31 December 2021	7	1	(50,282)	4,722	(45,559)

For and on behalf of Golden Age Resources



Elena Clarici
Director



Nenad Protić
Director

The notes on pages 5 to 25 are an integral part of these financial statements.

GOLDEN AGE RESOURCES DOO BEOGRAD

Statements of Cash Flow
(Expressed in Canadian Dollars)

**STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2021**

In Canadian Dollars (\$)	Notes	2021	2020
Cash from operating activities			
Loss for the year before tax		(26,918)	(1,802)
Changes in working capital			
Trade and other payables	8	25,042	11
Cash generated used in operations		(1,876)	(1,791)
Income taxes paid		-	-
Net cash from operating activities		(1,876)	(1,791)
Cash Flows from Investing activities			
Purchase of intangible assets	5	(54,536)	(4,099)
Net cash flow used in investing activities		(54,536)	(4,099)
Cash flows from financing activities			
Loans and borrowings	9	56,379	5,930
Net cash from financing activities		56,379	5,930
Net (decrease)/increase in cash and cash equivalents		(33)	40
Opening balance		57	17
Effect of movements in exchange rates		-	-
Closing balance	6	24	57

For and on behalf of Golden Age Resources



Elena Clarici
Director



Nenad Protić
Director

The notes on pages 5 to 25 are an integral part of these financial statements.

GOLDEN AGE RESOURCES DOO BEOGRAD

Notes to the Audited Financial Statements
For the Year ended December 31, 2021
(Expressed in Canadian Dollars)

1. CORPORATE INFORMATION

NATURE OF OPERATIONS

Golden Age Resources d.o.o. Beograd ("Golden Age" or the "Company") was incorporated under the Laws of Republic of Serbia on October 5, 2018 with its current office at 64/19 Dragoslava Srejskića Street, 11060, Palilula, Belgrade, Republic of Serbia.

For the year ended December 31, 2021 and previous years, the Company did not have employees.

For the year ended December 31, 2021 the Company was owned by four shareholders, individuals from Serbia: Mr. Zoran Bulović, Mr. Nenad Protić, Mr. Željko Golubović, Mr. Đorđe Stojanović with percentages of shares of 42.4%, 19.2%, 19.2%, 19.2%. Although Mr. Zoran Bulović, who had the highest percentage of share, was appointed as director, they jointly controlled the Company. The shareholders entered into a share purchase agreement with Balkan Metals Corp, a private Canadian company on January 6, 2022, and Balkan Metals Corp became the only shareholder of the Company and the ultimate controlling party. Balkan Metals Corp do not have ultimate beneficial owners, physical persons, with more than 24.9%, and its consolidated financial statements are available for public use. Mr. Nenad Protić and Mrs. Elena Clarici are key management of the Company. Mrs. Elena Clarici is also executive chairperson and interim CEO of the ultimate parent.

The Company's principal business activity is the acquisition and exploration of mineral properties in the natural resource sector with the long-term goal of defining economically viable mineral deposits. As of 31 December 2021 the Company has exploration permit to perform geological exploration of copper and accompanying non-ferrous metals in the areas:

1. Zuta Bara near the cities Kuršumlija and Prokuplje (27.31km²) valid to 21 August 2022,
2. Bukova Glava near city Majdanpek (52.35km²) valid to 23 January 2023,
3. Luka near Krivelj - city Bor (42.63km²) valid to 23 January 2023, and
4. Selište near city Kuršumlija (37.30km²) valid to 21 August 2022.

These exploration permits were issued to the company First Quantum Exploration d.o.o. - FQE and transferred to the Company. The approval of the Ministry of Mining and Energy for the transfer have been received for the first three area, will for the fourth they still wait for approval. The Company signed agreement with the company FQE based on which all costs incurred in the amount of \$32,826 were transferred to the Company, and based on which the Company has trade payables of \$19,649 as of 31 December 2021.

As of 31 December 2021 the Company also has exploration permit to perform geological exploration of copper, gold, lead, zinc, molybdenum and accompanying association of elements in the areas:

1. Radovnica near city Trgovište (98.30km²) valid to 22 March 2024,
2. Crnostica near Bosilegrad (68.16km²) valid to 29 November 2024,
3. Djake Sever near Kuršumlija (3.2km²) valid to 29 November 2024,
4. Ljubata near city Bosilegrad (60.19km²) valid to 8 December 2024, and
5. Medjani near Prokuplje (5.15km²) valid to 27 December 2024.

During FY 2021 the Company also applied for six additional exploration permits, but it has not received decisions from the Ministry of Mining and Energy.

GOLDEN AGE RESOURCES DOO BEOGRAD

Notes to the Audited Financial Statements
For the Year ended December 31, 2021
(Expressed in Canadian Dollars)

GOING CONCERN

These financial statements have been prepared on the assumption that the Company will continue as a going concern basis which assumes that the Company will continue to operate in the foreseeable future.

The Company's principal business activity is the acquisition and exploration of mineral properties in the natural resource sector with the long-term goal of defining economically viable mineral deposits. As at December 31, 2021 the Company has not yet achieved profitable operations and had an accumulated loss of \$50,282. For the years ended December 31, 2021 and 2020, the Company incurred \$45,350 and \$2,417 of net loss, respectively. As of December 31, 2021 the total liabilities exceeded total assets by \$45,559 (December 31, 2020 – \$5,229), while the Company's current liabilities exceeded its current assets by \$153,494, excluding liabilities towards shareholder by \$90,755 (December 31, 2020 – \$8,713 and \$31 retrospectively).

The above represents events or condition that that may cause significant doubt on the Company's ability to continue as a going concern.

The Company does not have any activities that generate revenues and cash inflows to be used in settling operating expenses and as such is wholly reliant on the financial support of its owners. The proposed business of the Company involves a high degree of risk and there is no assurance that the Company will be successful in acquiring or advancing mineral assets. The Company's ability to continue its operations is not assured and is dependent upon the ability of the Company to obtain necessary financing to meet the Company's liabilities and commitments as they become due and the ability to identify and finance additional investments, generate future returns on investments, and achieve future profitable operations or obtain sufficient proceeds from the disposition of its investments. The outcome of these matters cannot be predicted at this time. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. The new owner of the Company, Balkan Metals Corp, is aware of the Company's financial position as at 31 December 2021 and also as of the date of approval of these financial statements for issue. Balkan Metals Corp expressed their intention to continue to support the Company for its to be able to continue to operate as a going concern in the foreseeable future (that is at least, but not limited to, 12 months from the reporting date). In order to assure continue of its operations and settlement of liabilities, on May 9, 2022 the Company entered into an interest-free loan agreement with Balkan Metals Corp, in total amount of \$5,000,000 (see note 15).

Based in its analysis of the above information, management concluded that the range of possible future outcomes considered at arriving at the going concern judgment does not give rise to material uncertainties related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

These financial statements were authorized for issue by the Directors of the Company on 13 July 2023.

2. BASIS OF PREPARATION

2.1. Statement of compliance

These financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and International Accounting Standards ("IAS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These financial statements for the year ended December 31, 2021 are the first the Company has prepared in accordance with IFRS.

Regularly, the Company keeps its records and prepares financial statements in accordance with the accounting regulations effective in the Republic of Serbia (Local GAAP). But, these accompanying financial statements for the year ended 31 December 2021 are the financial statements that are prepared in accordance with the International Financial Reporting Standards for the purpose of the new shareholder Balkan Metals Corp in Canada.

GOLDEN AGE RESOURCES DOO BEOGRAD

Notes to the Audited Financial Statements
For the Year ended December 31, 2021
(Expressed in Canadian Dollars)

In preparing its opening IFRS statement of financial position, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Serbian GAAP (previous GAAP). An explanation of how the transition from previous GAAP to IFRSs has affected the Company's financial position and financial performance is set out in the following tables and the notes that accompany the tables.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	31 December 2021 - in Serbian Dinars			31 December 2021 - in Canadian Dollars (\$)		
	Previous GAAP	Effect of transition to IFRS	IFRS	Previous GAAP	Effect of transition to IFRS	IFRS
ASSETS						
Non-current assets						
Intangible assets	-	10,057,032	10,057,032	-	126,982	126,982
<i>Changes in accounting policies (Note A)</i>		<i>10,057,032</i>			<i>126,982</i>	
Total non-current assets	-	10,057,032	10,057,032	-	126,982	126,982
Current assets						
Cash and cash equivalents	2,000	-	2,000	24	-	24
Total current assets	2,000	-	2,000	24	-	24
TOTAL ASSETS	2,000	10,057,032	10,059,032	24	126,982	127,006
EQUITY AND LIABILITIES						
Equity						
Share capital	100	-	100	1	-	1
Translations reserves	-	-	-	4,722	-	4,722
Retained earnings	(6,727,109)	2,745,537	(3,981,572)	(87,130)	36,848	(50,282)
<i>Changes in accounting policies (Note A)</i>		<i>8,548,477</i>			<i>107,935</i>	
<i>Correction of errors (Note B)</i>		<i>(5,802,940)</i>			<i>(71,087)</i>	
Total equity	(6,727,009)	2,745,537	(3,981,472)	(82,407)	36,848	(45,559)
Liabilities						
Current liabilities						
Trade and other payables	1,607,509	5,802,940	7,410,449	19,692	71,087	90,779
<i>Correction of errors (Note B)</i>		<i>5,802,940</i>			<i>71,087</i>	
Loans and borrowings	5,121,500		5,121,500	62,739		62,739
Total current liabilities	6,729,009	5,802,940	12,531,949	82,431	71,087	153,518
Deferred tax liabilities	-	1,508,555	1,508,555	-	19,047	19,047
Total liabilities	6,729,009	7,311,495	14,040,504	82,431	90,134	172,565
TOTAL EQUITY AND LIABILITIES	2,000	10,057,032	10,059,032	24	126,982	127,006

GOLDEN AGE RESOURCES DOO BEOGRAD

Notes to the Audited Financial Statements
For the Year ended December 31, 2021
(Expressed in Canadian Dollars)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPERHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	in Serbian Dinars			in Canadian Dollars (\$)		
	Previous GAAP	Effect of transition to IFRS	IFRS	Previous GAAP	Effect of transition to IFRS	IFRS
Other operating expenses	(6,072,809)	3,938,840	(2,133,969)	(78,713)	51,795	(26,918)
<i>Changes in accounting policies (Note A)</i>		9,741,780			122,882	
<i>Correction of errors (Note B)</i>		(5,802,940)			(71,087)	
Operating loss	(6,072,809)	3,938,840	(2,133,969)	(78,713)	51,795	(26,918)
Loss before tax						
Income tax expense	-	-	-	-	-	-
Deferred tax expense	-	(1,461,267)	(1,461,267)	-	(18,432)	(18,432)
Loss for the period	(6,072,809)	2,477,573	(3,595,236)	(78,713)	33,363	(45,350)
Items that will not be reclassified to profit or loss						
Foreign currency translation differences	-	-	-	-	5,020	5,020
Total other comprehensive income/(loss)	-	-	-	-	5,020	5,020
Total comprehensive loss for the period	(6,072,809)	2,477,573	(3,595,236)	(78,713)	38,383	(40,330)

GOLDEN AGE RESOURCES DOO BEOGRAD

Notes to the Audited Financial Statements
For the Year ended December 31, 2021
(Expressed in Canadian Dollars)

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	31 December 2020 2020 - in Serbian Dinars			31 December 2020 2020 - in Canadian Dollars (\$)		
	Previous GAAP	Effect of transition to IFRS	IFRS	Previous GAAP	Effect of transition to IFRS	IFRS
ASSETS						
Non-current assets						
Intangible assets	-	315,252	315,252	-	4,099	4,099
<i>Changes in accounting policies (Note A)</i>		<i>315,252</i>			<i>4,099</i>	
Total non-current assets	-	315,252	315,252	-	4,099	4,099
Current assets						
Cash and cash equivalents	4,279	-	4,279	57	-	57
Total current assets	4,279	-	4,279	57	-	57
TOTAL ASSETS	4,279	315,252	319,531	57	4,099	4,156
EQUITY AND LIABILITIES						
Equity						
Share capital	100	-	100	1	-	1
Translations reserves	-	-	-	(298)	-	(298)
Retained earnings	(654,300)	267,964	(386,336)	(8,416)	3,484	(4,932)
<i>Changes in accounting policies (Note A)</i>		<i>267,964</i>			<i>3,484</i>	
Total equity	(654,200)	267,964	(386,236)	(8,713)	3,484	(5,229)
Liabilities						
Current liabilities						
Trade and other payables	6,579	-	6,579	88	-	88
Loans and borrowings	651,900	-	651,900	8,682	-	8,682
Total current liabilities	658,479	-	658,479	8,770	-	8,770
Deferred tax liabilities	-	47,288	47,288	-	615	615
Total liabilities	658,479	47,288	705,767	8,770	615	9,385
TOTAL EQUITY AND LIABILITIES	4,279	315,252	319,531	57	4,099	4,156

GOLDEN AGE RESOURCES DOO BEOGRAD

Notes to the Audited Financial Statements
For the Year ended December 31, 2021
(Expressed in Canadian Dollars)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPERHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	in Serbian Dinars			in Canadian Dollars (\$)		
	Previous GAAP	Effect of transition to IFRS	IFRS	Previous GAAP	Effect of transition to IFRS	IFRS
Other operating expenses	(453,830)	315,252	(138,578)	(5,901)	4,099	(1,802)
<i>Changes in accounting policies (Note A)</i>		315,252			4,099	
Operating loss	(453,830)	315,252	(138,578)	(5,901)	4,099	(1,802)
Loss before tax						
Income tax expense	-	-	-	-	-	-
Deferred tax expense	-	(47,288)	(47,288)	-	(615)	(615)
Loss for the period	(453,830)	267,964	(185,866)	(5,901)	3,484	(2,417)
Items that will not be reclassified to profit or loss						
Foreign currency translation differences	-	-	-	-	(321)	(321)
Total other comprehensive income/(loss)	-	-	-	-	(321)	(321)
Total comprehensive loss for the period	(453,830)	267,964	(185,866)	(5,901)	3,163	(2,738)

GOLDEN AGE RESOURCES DOO BEOGRAD

Notes to the Audited Financial Statements
For the Year ended December 31, 2021
(Expressed in Canadian Dollars)

STATEMENT OF FINANCIAL POSITION AS AT 1 JANUARY 2020

	1 January 2020 2020 - in Serbian Dinars			1 January 2020 2020 - in Canadian Dollars (\$)		
	Previous GAAP	Effect of transition to IFRS	IFRS	Previous GAAP	Effect of transition to IFRS	IFRS
ASSETS						
Non-current assets						
Intangible assets	-	-	-	-	-	-
Total non-current assets	-	-	-	-	-	-
Current assets						
Cash and cash equivalents	1,349	-	1,349	17	-	17
Total current assets						
TOTAL ASSETS	1,349	-	1,349	17	-	17
EQUITY AND LIABILITIES						
Equity						
Share capital	100		100	1	-	1
Translations reserves	-		-	23	-	23
Retained earnings	(200,470)		(200,470)	(2,515)	-	(2,515)
Total equity	(200,370)	-	(200,370)	(2,491)	-	(2,491)
Liabilities						
Current liabilities						
Trade and other payables	6,219		6,219	77	-	77
Loans and borrowings	195,500		195,500	2,431	-	2,431
Total current liabilities	201,719	-	201,719	2,508	-	2,508
Deferred tax liabilities	-	-	-	-	-	-
Total liabilities	201,719	-	201,719	2,508	-	2,508
TOTAL EQUITY AND LIABILITIES	1,349		1,349	17		17

Notes to the reconciliations:

Note A – For the purpose of IFRS financial statements the Company has applied IFRS 6 - Exploration for and Evaluation of Mineral Resources, and accordingly to reclassify the amounts that according to previous GAAP have been recorded as operating expenses. This change has the effect in FY 2021 and FY 2020 and resulted in the presentation of intangible assets (exploration and evaluation assets) in the amount of \$126,982 as of 31 December 2021 (31 December 2020: \$4,099), and decrease in the operating expenses and operating loss by \$122,882 for FY 2022 (FY 2020: \$4,099). Consequently, these caused recording of deferred tax expense in the amount of \$18,432 for FY 2022 (FY 2020: \$615) and deferred tax liabilities in the amount of \$19,047 as of 31 December 2021 (31 December 2020: \$615).

Note B - For the purpose of IFRS financial statements the Company included the invoices issued in FY 2022 but relating to FY 2021, that have not been recorded in previous GAAP financial statements in FY 2021. This recording has impact in the increase of trade and other payables and operating expenses by the amount of \$71,087 (out of which the amount of \$46,727 was afterwards reclassified to the increase of intangible assets (exploration and evaluation assets) according to Note A, as the part of the amount of \$122,882).

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2.2. Basis of Measurement

These financial statements have been prepared using the on a historical cost basis. In addition, these financial statements have been prepared using accrual basis of accounting, except for cash flow information.

2.3. Functional and presentation currency

The Company's financial statements are presented in Canadian dollars (\$) which is different from the functional currency of the Company. The functional currency of the Company was judged to be the Serbian Dinar (RSD). The majority of its expense base (operating expenses) and assets base (exploration and evaluation assets) are denominated in RSD. These financial statements will be used for the need of parent company in Canada, and it is main reason for using different presentation currency.

Foreign Currency Presentation

All of the Company's assets and liabilities in the statement of financial position are translated from their respective functional currency (RSD) into Canadian dollars (\$), using the official exchange rates as at each reporting date:

Currency	31 December 2021	31 December 2020	1 January 2020
RSD	81.6316	75.0831	80.4108

The Company's income statement stated is translated from respective functional currency of the Company (RSD) into Canadian dollars (\$), based on the average exchange rates.

Average exchange rates for the period:

Currency	2021	2020
RSD	79.2772	76.9005

Foreign currency differences arising from translation of the financial statements into Canadian dollars (\$) are recognized in OCI and accumulated in the translation reserve.

2.4. Foreign currency translation

Transactions denominated in foreign currencies are translated to the respective functional currency of the Company at the middle exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the middle exchange rate prevailing at the reporting date. All exchange gains and losses are included in profit or loss.

2.5. Accounting standards issued but not yet adopted/effective

A number of new standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted. However, the Company has not early adopted the new or amended standards in preparing these financial statements. The Company estimates these standards either not applicable or not expected to have a significant impact on the Company's financial statements:

- Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37, applied for annual reporting periods beginning on or after 1 January 2022, but earlier application is permitted),
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12, applied for annual reporting periods beginning on or after 1 January 2023, but earlier application is permitted),
- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16),
- Annual Improvements to IFRS Standards 2018–2020,
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16),

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- Reference to Conceptual Framework (Amendments to IFRS 3),
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1),
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts,
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2), and
- Definition of Accounting Estimates (Amendments to IAS 8).

New standards or amendments for 2021 and forthcoming requirements

New currently effective requirements

This table lists the recent changes to the Standards that are required to be applied by an entity with an annual reporting period beginning on 1 January 2021:

Effective date	New standards or amendments
1 June 2020	COVID-19-Related Rent Concessions (Amendment to IFRS 16)
1 January 2021	Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

Forthcoming requirements:

This table lists the recent changes to the Standards that are required to be applied for annual periods beginning after 1 January 2021 and that are available for early adoption in annual periods beginning on 1 January 2021:

Effective date	New standards or amendments
1 April 2021	COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)
1 January 2022	Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
1 January 2022	Annual Improvements to IFRS Standards 2018–2020
1 January 2022	Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
1 January 2022	Reference to the Conceptual Framework (Amendments to IFRS 3)
1 January 2023	Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
1 January 2023	IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts
1 January 2023	Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
1 January 2023	Definition of Accounting Estimates (Amendments to IAS 8)
1 January 2023	Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
Available for optional adoption/effective date deferred indefinitely	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

New standards or amendments for 2020 and forthcoming requirements

New currently effective requirements

This table lists the recent changes to the Standards that are required to be applied by an entity with an annual reporting period beginning on 1 January 2020:

Effective date	New standards or amendments
1 January 2020	Amendments to References to Conceptual Framework in IFRS Standards
1 January 2020	Definition of Material (Amendments to IAS 1 and IAS 8)
1 January 2020	Definition of Business (Amendments to IFRS 3)
1 January 2020	Interest rate benchmark Reform (Amendments to IAS 9, IAS 39 and IFRS 7)

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Forthcoming requirements:

This table lists the recent changes to the Standards that are required to be applied for annual periods beginning after 1 January 2020 and that are available for early adoption in annual periods beginning on 1 January 2020:

Effective date	New standards or amendments
1 June 2020	COVID-19-Related Rent Concessions (Amendments to IFRS 16)
1 January 2021	Interest rate benchmark Reform – Phase 2 (Amendments to IAS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
1 January 2022	Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
1 January 2022	Annual Improvements to IFRS Standards 2018–2020
1 January 2022	Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
1 January 2022	Reference to the Conceptual Framework (Amendments to IFRS 3)
1 January 2023	Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
1 January 2023	IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts
Available for optional adoption/effective date deferred indefinitely	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

2.6. Significant Accounting Judgments, Estimates and Assumptions

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Judgment is used mainly in determining how a balance or transaction should be recognized in the financial statements. Estimates and assumptions are used mainly in determining the measurement of recognized transactions and balances. Actual results may differ from these estimates.

Key sources of estimation uncertainty include the following:

- Functional and presentational currency; and
- The carrying value and recoverability of exploration and evaluation assets.

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

- classification/allocation of expenses as exploration and evaluation expenditures;
- classification and measurement of the Company's financial assets and liabilities;
- determination that the Company is able to continue as a going concern; and
- determination whether there have been any events or changes in circumstances that indicate the impairment of the Company's exploration and evaluations assets.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies provided below are consistently used by the Company in all periods presented in the accompanying financial statements.

a) Intangible Assets

Intangible assets are non-monetary items (which are not physical/tangible assets) that include licenses and accounting software. It is probable that these assets will generate economic benefits in an amount exceeding the costs within a period longer than one year.

Intangible assets are recognized at cost. Subsequent to the initial recognition, they are stated at cost less accumulated amortization and cumulative impairment losses, if any.

Subsequent costs arising from investments in intangible assets can be capitalized only when future economic benefits can be expected from the assets they are related to. All other costs are the expense of the period in which they were incurred.

Amortization of intangible assets is calculated as of the following month in relation to the month in which an intangible asset is available for use. The basis for the calculation of the amortizations is the cost. Intangible assets are amortized using the straight-line method over their estimate useful lives. The estimated useful life of the Group's intangible assets is ten years.

Intangible assets of the Company also includes Exploration and evaluation assets.

Exploration and evaluation assets

The Company is in the exploration stage with respect to its investment in mineral interests. Accordingly, once a right to explore an area has been obtained, the Company follows the practice of capitalizing all costs relating to the acquisition of, exploration for, and development of exploration and evaluation assets. Such costs, include, but are not limited to, geological and geophysical studies, exploratory drilling and sampling. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable resources. The aggregate costs, related to abandoned exploration and evaluation assets are charged to operations at the time of any abandonment or when it has been determined that there is evidence of an impairment. The Company decide to include actual payments, not deferred payments, bearing in mind that deferred payments are not unconditional (see Note 5).

b) Financial Instruments

Recognition and measurement

The classification and measurement of financial assets is based on the Company's business model for managing its financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). Financial assets are initially measured at fair value and are subsequently measured at either (i) amortized cost; (ii) fair value through other comprehensive income, or (iii) fair value through profit or loss.

- Financial assets at fair value through profit or loss ("FVTPL")

Financial assets classified and measured at FVTPL are those assets that do not meet the criteria to be classified at amortized cost or at FVTOCI.

- Financial liabilities at amortized cost

Financial liabilities are generally classified and measured at fair value at initial recognition and subsequently measured at amortized cost using effective interest method.

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The following table summarizes the classification of the Company's financial instruments:

Financial Assets

Cash and cash equivalents	Amortized cost

Financial Liabilities

Trade and other payables	Amortized cost

Loans and borrowings	Amortized cost

Classification, subsequent measurement and derecognition

Financial assets

The Company recognizes financial assets when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in profit or loss when incurred.

Subsequent to initial recognition, all financial assets are classified and subsequently measured at amortized cost. Interest income is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss.

The Company recognizes a loss allowance for the expected credit losses associated with its financial assets. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions.

Financial assets are written off when the Company has no reasonable expectations of recovering all or any portion thereof.

The Company derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, cash held in trust, deposits in banks and highly liquid investments with an original maturity of three months or less.

Financial liabilities

The Company recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss.

Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability are recognized in profit or loss.

The Company derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire.

Accounts Payable

Trade payables and other accounts payable are measured at nominal value.

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Offsetting

Financial assets and financial liabilities may be reported on a net basis in the balance sheet if and only if, the Company has a legal right to offset the assets and liabilities and intends to, or settle them on a net basis, or at the same time collect the receivables and settle the liability.

c) Equity

The Company's equity includes the share capital and accumulated result.

d) Provisions

A provision are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

e) Expenses

Expenses are recognized in the income statement on an accrual basis and determined for the period they were incurred in.

Operating Expenses

Operating expenses include general expenses such as accounting and audit fees, consulting and legal services, bank fees, taxes and other costs incurred in the current accounting period.

f) Income Taxes

Income tax on the profit or loss for the year presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years. The corporate tax rate is 15%.

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

g) Related Party Disclosures

For the purposes of these financial statements, related party is a person or entity that is related to the Company that is preparing its financial statements as defined by IAS 24 "Related Party Disclosures". In considering each possible related party relationship, attention is focused on the substance of the relationship, not merely the legal form.

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Relations between the Company and its related parties are regulated on contractual basis. Outstanding balances of receivables and liabilities at the reporting date, as well as transactions occurred during the reporting period with related parties are separately disclosed (Note 11).

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4. OTHER OPERATING EXPENSES

\$	2021	2020
Audit and accounting fees	688	598
Bank charges	141	109
Consulting fees	1,005	1,079
Legal fees	25,084	-
Other costs	-	16
Total	26,918	1,802

Since, the Company has no employees, legal fees related to the law office who was engaged to prepare documentation and submit documentation for obtaining permits for the exploration of mineral resources, and also for general legal affairs and assistance in negotiation with Balkans Metal Corp during FY 2021.

5. INTANGIBLE ASSETS**EXPLORATION AND EVALUATION ASSETS**

Cost related to the Exploration Projects can be summarized as follows:

\$	December 31, 2020	Additions	December 31, 2021
Timok East Project			
Exploration costs			
Fees and taxes paid for the permits for geological research	4,099	73,507	77,606
Exploration field work	-	49,376	49,376
Balance	4,099	122,883	126,982
\$	January 1, 2020	Additions	December 31, 2020
Timok East Project			
Exploration costs			
Fees and taxes paid for the permits for geological research	-	4,099	4,099
Exploration field work	-	-	-
Balance	-	4,099	4,099

As of 31 December 2021 the Company has exploration permit to perform geological exploration of copper and accompanying non-ferrous metals in the areas:

1. Zuta Bara near the cities Kuršumlja and Prokuplje (27.31km²) valid to 21 August 2022,
2. Bukova Glava near city Majdanpek (52.35km²) valid to 23 January 2023,
3. Luka near Krivelj - city Bor (42.63km²) valid to 23 January 2023, and
4. Selište near city Kuršumlja (37.30km²) valid to 21 August 2022.

These exploration permits were issued to the company First Quantum Exploration d.o.o. - FQE and transferred to the Company. The approval of the Ministry of Mining and Energy for the transfer have been received for the first three area, will for the fourth they still wait for approval. The Company signed agreement with the company FQE based on which all costs incurred in the amount of \$32,826 were transferred to the Company, and based on which the Company has trade payables of \$19,649 as of 31 December 2021 (Note 8).

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As of 31 December 2021 the Company also has exploration permit to perform geological exploration of copper, gold, lead, zinc, molybdenum and accompanying association of elements in the areas:

1. Radovnica near city Trgovište (98.30km²) valid to 22 March 2024,
2. Crnostica near Bosilegrad (68.16km²) valid to 29 November 2024,
3. Djake Sever near Kuršumlja (3.2km²) valid to 29 November 2024,
4. Ljubata near city Bosilegrad (60.19km²) valid to 8 December 2024, and
5. Medjani near Prokuplje (5.15km²) valid to 27 December 2024.

The exploration permits are usually active for the period of three years, but there is option of prolongation on additional three and additional two years (maximum is 8 years).

The main law governing mineral exploration and mining in Serbia is the Law on Mining and Geological Explorations. The Law on Mining and Geological Explorations sets that an exploration license:

- (a) Takes effect on the date on which permission is delivered to and is valid for an initial period of three years; and
- (b) Exploration licenses can be renewed for period of three years if the following criteria are satisfied — namely that a minimum of the 75% of agreed work program expenditures has been spent on exploration; that reporting conditions have been satisfactorily met; that the license area has been explored effectively; and that a satisfactory proposed program for the renewal period has been submitted. The similar conditions are for the additional two years.

Also, the Company should submit the report the Ministry of Mining and Energy at the end of each year, in order to continue activities in the following year.

Exploration field work in the amount of \$49,376 in FY 2021 mostly relate to services from the company Geosawa Beograd for the preparation of the project and reports of geological research in 2021 in the amount of \$46,727.

6. CASH AND CASH EQUIVALENT

As of December 31, 2021, the Company had \$24 in cash held at a major bank in Serbia (December 31, 2020 - \$57, January 1, 2020 - \$17); the Company did not have any other cash equivalents as at December 31, 2021, December 31, 2020 and January 1, 2020.

7. SHARE CAPITAL

On October 5, 2018, the Company was founded by an individual with share capital of 100 Serbian Dinars.

On March 1, 2020, the shareholder signed an agreement on a joint business venture with other three shareholders. The percentages of share were 52%, 24% and 24%, respectively to the three shareholders.

On October 10, 2021, the shareholders signed annex of the agreement and four person was included, so the percentages of share were 42.4%, 19.2%, 19.2%, 19.2%, respectively to the four shareholders.

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8. TRADE AND OTHER PAYABLES

The structure of trade and other payable is presented below:

\$	31 December 2021	31 December 2020	1 January 2020
Trade payables	19,692	-	-
Accrued Liabilities	71,087	-	-
Liabilities for contributions	-	88	77
Total	90,779	88	77

Trade and other payables of \$90,779 as of December 31, 2021 consisted of:

- the liability of \$19,649 for outstanding fee with First Quantum Minerals for permits acquisition, that was transferred to accounting agency who become the new creditor, based on the Receivables Assignment Agreement dated October 12, 2021 and \$43 for outstanding fee to bookkeeping agency,
- the liability of \$46,727 relating to payables for exploration expenditures that was accrued as of December 31, 2021,
- the liability of \$24,360 for legal fees that was accrued as of December 31, 2021.

Trade and other payables of \$88 as of December 31, 2020 and \$77 as of January 1, 2020 relating to accrued liabilities for contributions calculated for the Director (former shareholder).

9. LOANS AND BORROWINGS

Loans and borrowings of \$62,739 as of December 31, 2021 (December 31, 2020 – \$8,682, January 1, 2020– \$2,431) relating to the borrowings of former shareholder (Director) and they are unsecured, non-interest bearing and payable when the funds for repayment are available.

The changes on borrowings through the year are presented in the following table:

\$	31 December 2021	31 December 2020
Opening balance	8,682	2,431
Increases – new loans	56,379	5,930
Translation reserves	(2,322)	321
Total at the year end	62,739	8,682

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10. INCOME TAXES

Components of income taxes:

\$	2021	2020
Current income tax expense	-	-
Deferred tax expense	18,432	615
Total income tax of the period	18,432	615

Numerical Reconciliation of Income Tax Expense and the Product of Accounting Profit before Tax multiplied by the Income Tax Rate:

\$	2021	2020
Loss before tax	(26,918)	(1,802)
Statutory tax rate	15%	15%
Current income tax	-	-
Effective tax rate	n.a.	n.a.

Recognized deferred tax assets and liabilities:

	Assets		Liabilities		Net	
\$	2021	2020	2021	2020	2021	2020
Mining Property asset	-	-	(19,047)	(615)	(19,047)	(615)
Deferred tax liabilities	-	-	(19,047)	(615)	(19,047)	(615)

Deferred tax liabilities in the amount of \$19,047 as at 31 December 2021 (31 December 2020: \$615) are associated with the temporary differences arising between the tax base of mining property asset and its carrying amount as stated in the Company's financial statements.

Movement on deferred tax liabilities are presented below:

\$	2021	2020
Opening balance	615	-
Temporary differences arising on Mining Property asset	18,432	615
Deferred tax liabilities	19,047	615

The unrecognized deductible temporary differences as at December 31, 2021 and 2020 are presented below and relate to losses for which no deferred tax asset is recognized:

\$	2021	2020
Opening balance	4,327	2,525
Current-year losses carryforwards	26,918	1,802
Total unrecognized deductible temporary differences	31,245	4,327

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The Company has not recognized a deferred tax asset in respect of loss carryforwards of \$31,245 which may be carried forward to apply against future income for Serbian income tax purposes, subject to the final determination by taxation authorities, expiring in the period 2023-2026. Deferred tax assets have not been recognized, because it is not probable that future taxable profits will be available against which the Company can use the benefits.

Uncertainty over income tax treatments

Tax legislation of the Republic of Serbia is subject to varying interpretations. Interpretation of tax laws by the Tax Authorities could differ from the interpretation by the Company. Obsolescence period of tax liabilities is five years. Therefore, Tax Authorities have the rights to determine payment of unsettled liabilities in period of five years from when the liability occurred.

The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

11. RELATED PARTY TRANSACTIONS

For the year ended December 31, 2021 and 2020 the Company identified only Director and shareholders (four individuals) as related parties.

As of December 31, 2021, the Company had only loans due to Director and a shareholder of the Company in the amount of \$62,739 (December 31, 2020 - \$8,682, January 1, 2020 - \$2,431) (Note 9), and the loan was given for payment of the exploration expenditures and other operating expenses. The liabilities due to Director are unsecured, non-interest bearing and payable when the funds for repayment are available.

During the years 2021 and 2020 there was no key management remuneration, the shareholder was Director and he did not receive any remuneration, so the Company paid only contributions for Director in the amount of \$1,005 in FY 2021 and \$1,079 in FY 2020. Also, the Company did not pay to other companies for management fees.

12. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral property interests. The Directors do not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company considers capital to consist of shareholder's equity.

The property in which the Company currently has an interest is in the exploration stage; as such the Company will rely on the equity markets to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the period ended December 31, 2021 and 2020.

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13. FINANCIAL RISK MANAGEMENT

a. Fair value

The fair value of the Company's liabilities due to a related party and trade and other payables approximate their carrying value due to their short-term nature.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities; and
- Level 2 – inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and Level 3 – inputs that are not based on observable market data.

For the periods ended December 31, 2021 and 2020, there is no asset that was measured at fair value and classified as Level 1, Level 2 and Level 3 financial instrument.

\$	December 31, 2021	December 31, 2020	January 1, 2020
Financial assets:			
Amortized cost			
Cash and cash equivalents	24	57	17
Total Financial assets	24	57	17
Financial liabilities:			
Amortized cost			
Trade and other payables	90,779	88	77
Loans and borrowings - due to related party	62,739	8,682	2,431
Total financial liabilities	153,518	8,770	2,508
Net financial liabilities	(153,494)	(8,713)	(2,491)

The Company is exposed to varying degrees to a variety of financial instrument related risks. The Directors approves and monitors the risk management processes, inclusive of counterparty limits, controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows.

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b. Liquidity risk

Liquidity risk is the risk that the Company will not be able to finance the assets with adequate funding sources from the aspect of maturities and rates and the risk of inability to realize an asset at a reasonable price in the appropriate timeframe. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due.

The maturities of assets and liabilities according to the remaining maturity as of 31 December 2021 are presented in the table below:

\$	Up to 3 months	From 3 months to 1 year	From 1 to 5 years	Total
Cash and cash equivalents	24	-	-	24
Total	24	-	-	24
Loans and borrowings	-	62,739	-	62,739
Trade and other payables	-	90,779	-	90,779
Total	-	153,518		153,518
Maturity gap as of 31 December 2021	24	(153,518)		(153,494)

The maturities of assets and liabilities according to the remaining maturity as of 31 December 2020 are presented in the table below:

\$	Up to 3 months	From 3 months to 1 year	From 1 to 5 years	Total
Cash and cash equivalents	57	-	-	57
Total	57	-	-	57
Loans and borrowings	-	8,682	-	8,682
Trade and other payables	-	88	-	88
Total	-	8,770	-	8,770
Maturity gap as of 31 December 2020	57	(8,770)		(8,713)

As at December 31, 2021, the total working capital deficit of the Company was \$153,494 (December 31, 2020 – deficit \$8,713, January 1, 2020 - deficit \$2,491). The Company believes that the shareholder loans (note 15) will be sufficient to cover the expected short and long term cash requirements.

c. Credit risk

Credit risk is the risk of a loss if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk is limited to its cash and due from related parties. There is no receivables. Management does not believe that the Company is exposed to any material credit risk.

d. Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. Management does not believe that the Company is exposed to any material market risk, bearing in mind that cash is held in functional currency, and the liabilities are payable in functional currency.

GOLDEN AGE RESOURCES DOO BEOGRAD

Notes to the Audited Financial Statements
For the Year ended December 31, 2021
(Expressed in Canadian Dollars)

14. CONTINGENT LIABILITIES

As of December 31, 2021 the Company did not have contingent liabilities, commitments, guaranties and law suits.

15. SUBSEQUENT EVENTS

On January 6, 2022, the Company and its shareholders entered into a share purchase agreement with Balkan Metals Corp (the "Balkan" or "BMC"), a private Canadian company to sell 100% of the shareholders' interest in the Company. Subsequent to this date, BMC has paid off all of \$153,518 Company's liabilities.

On May 9, 2022, the Company entered into a loan agreement with BMC, in total amount of \$5,000,000. Pursuant to the loan agreement, the loan would be used to fund the Company's regular operations in accordance with its registered activity, namely in relation to service activities related to the exploration and exploitation of minerals. No interest would be charged to the Company. During 2022, and until the date of this report the Company withdraw an amount of around \$410,000.

There were no other significant events after the reporting period which would have significant impact on the financial statements of the Company as at 31 December 2021.

For and on behalf of Golden Age Resources



Elena Clarici
Director

Nenad Protić
Director

SCHEDULE "C"

Pro Forma Consolidated Financial Statements (Pro forma balance sheet) for Medgold, giving effect to the Amalgamation as at the 3 month period ended March 31, 2023



**Pro-Forma Consolidated Financial Statements
(Unaudited)**

March 31, 2023

(Expressed in Canadian Dollars)

Medgold Resources Corp.

Pro-Forma Consolidated Statement of Financial Position (Unaudited)

As at March 31, 2023

(Expressed in Canadian Dollars)

	Medgold Resources Corp.	Balkan Metals Corp.	Pro-forma adjustments	Note 2	Pro-forma balance
ASSETS					
Current assets					
Cash	\$ 64,182	\$ 83,879	\$ 192,301 1,930,000 (340,935)	e f c	\$ 1,929,427
Amounts receivable	10,274	1,270	-		11,544
Prepaid expenses and deposits	12,153	-	-		12,153
Sales tax recoverable	-	26,960	-		26,960
Total current assets	86,609	112,109	1,781,366		1,980,084
Non-current assets					
Convertible debenture – receivable component	-	59,503	(59,503)	j	-
Long-term deposits	61,000	-	-		61,000
Property and equipment	10,049	-	-		10,049
Deferred acquisition costs	142,132	468,279	16,000 20,132 (142,132) (504,411)	n m c c	-
Exploration and evaluation assets	43,020	1,023,154	(343,780) (20,132) (43,020)	k m b	659,242
Total non-current assets	256,201	1,550,936	(1,076,846)		730,291
TOTAL ASSETS	\$ 342,810	\$ 1,663,045	\$ 704,520		\$ 2,710,375

Medgold Resources Corp.

Pro-Forma Consolidated Statement of Financial Position (Unaudited) (Continued)

As at March 31, 2023

(Expressed in Canadian Dollars)

	Medgold Resources Corp.	Balkan Metals Corp.	Pro-forma adjustments	Note 2	Pro-forma balance
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Accounts payable and accrued liabilities	\$ 293,250	\$ 627,523	\$ (52,572) (201,720) (44,324) (250,000)	g g h i	\$ 372,157
Due to related parties	284,279	197,428	(128,280) (197,428) (19,000) (136,999)	g g l h	-
Total current liabilities	577,529	824,951	(1,030,323)		372,157
Non-current liabilities					
Payables	-	-	44,324 250,000	h i	294,324
Due to related parties	-	-	136,999	h	136,999
Convertible debenture – liability	62,208	-	(62,208)	j	-
Total non-current liabilities	62,208	-	369,115		431,323
Total liabilities	639,737	824,951	(661,208)		803,480
Shareholders' equity (deficiency)					
Share capital	15,751,347	1,440,756	250,000 330,000 240,727 1,930,000 (16,081,347) 1,511,147	g g e f b b	5,372,630
Shares to be issued	-	50,000	(50,000)	e	-
Other equity reserve	1,739,121	24,787	(7,141) 1,574 (1,731,980)	j e b	26,361
Accumulated other comprehensive loss	(157,952)	(3,706)	157,952	b	(3,706)
Deficit	(17,629,443)	(673,743)	17,629,443 (2,503,804) (343,780) 16,000 16,937	b b k n j	(3,488,390)
Total shareholders' equity (deficiency)	,(296,927)	838,094	1,365,728		1,906,895
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 342,810	\$ 1,663,045	\$ 704,520		\$ 2,710,375

See Accompanying Notes

Medgold Resources Corp.

Pro-Forma Statement of Loss and Comprehensive Loss (Unaudited)

For the three months ended March 31, 2023

(Expressed in Canadian Dollars)

	Medgold Resources Corp.	Balkan Metals Corp.	Pro-forma adjustments	Note 2	Pro-forma balance
EXPLORATION EXPENDITURES	\$ 42,031	\$ -	\$ 33,870	k	\$ 75,901
GENERAL AND ADMINISTRATIVE EXPENSES					
Accretion expense	1,440	-	(1,440)	j	-
Consulting fees	-	10,279	-		10,279
Depreciation	4,023	-	-		4,023
Foreign exchange loss	216	-	1,068	o	1,284
Interest and bank charges	-	1,233	-		1,233
Legal and accounting	1,191	68,198	(10,000)	n	59,389
Management fees	43,500	43,500	(19,000)	l	68,000
Office and administration	26,219	8,368	-		34,587
Salaries and benefits	32,278	-	-		32,278
Shareholder communications	1,365	-	-		1,365
Share-based payments	5,513	-	-		5,513
Transfer agent and regulatory fees	6,970	-	-		6,970
Travel and accommodation	5,781	1,710	-		7,491
	128,496	133,288	(29,372)		232,412
Loss before other items	(170,527)	(133,288)	(4,498)		(308,313)
OTHER ITEMS					
Interest and other income	308	16	-		324
Accretion income	-	503	(503)	j	-
Convertible debenture loss	-	(16,000)	16,000	j	-
Foreign exchange gain (loss)	-	(1,068)	1,068	o	-
Listing value expense	-	-	(2,503,804)	b	(2,503,804)
Net loss	\$ (170,219)	\$ (149,837)	\$ (2,491,737)		\$ (2,811,793)
Other comprehensive loss					
Foreign currency translation adjustment	-	1,968	-		1,968
Comprehensive loss	\$ (170,219)	\$ (147,869)	\$ (2,491,737)		\$ (2,809,825)

See Accompanying Notes

Medgold Resources Corp.

Pro-Forma Statement of Loss and Comprehensive Loss (Unaudited)

For the year ended December 31, 2022

(Expressed in Canadian Dollars)

	Medgold Resources Corp.	Balkan Metals Corp.	Pro-forma adjustments	Note 2	Pro-forma balance
EXPLORATION EXPENDITURES	\$ 311,104	\$ -	\$ 309,910	k	\$ 621,014
GENERAL AND ADMINISTRATIVE EXPENSES					
Consulting fees	-	58,190	-		58,190
Depreciation	26,628	-	-		26,628
Foreign exchange gain	(1,367)	-	(25,453)	o	(26,820)
Interest and bank charges	-	8,228	-		8,228
Legal and accounting	38,092	120,034	(6,000)	n	152,126
Management fees	108,750	159,000	-		267,750
Office and administration	52,147	29,434	-		81,581
Salaries and benefits	80,151	-	-		80,151
Shareholder communications	2,015	28,518	-		30,533
Share-based payments	77,381	-	-		77,381
Transfer agent and regulatory fees	14,952	-	-		14,952
Travel and accommodation	11,668	12,961	-		24,629
	410,417	416,365	(31,453)		795,329
Loss before other items	(721,521)	(416,365)	(278,457)		(1,416,343)
OTHER ITEMS					
Interest and other income	27,569	145	-		27,714
Foreign exchange gain (loss)	-	25,453	(25,453)	o	-
Write-off of exploration and evaluation asset costs	-	(76,177)	-		(76,177)
Listing value expense	-	-	(2,503,804)	b	(2,503,804)
Net loss	\$ (693,952)	\$ (466,944)	\$ (2,807,714)		\$ (3,968,610)
Other comprehensive loss					
Foreign currency translation adjustment	-	(5,674)	-		(5,674)
Comprehensive loss	\$ (693,952)	\$ (472,618)	\$ (2,807,714)		\$ (3,974,284)

See Accompanying Notes

Medgold Resources Corp.

Notes to the Pro-Forma Consolidated Financial Statements (Unaudited)

March 31, 2023

(Expressed in Canadian Dollars)

1. Basis of Presentation

The accompanying unaudited pro-forma consolidated financial statements of Medgold Resources Corp. ("Medgold") have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") from information derived from the financial statements of Medgold and the financial statements of Balkan Metals Corp ("Balkan Metals"), using the same accounting policies as described in Medgold's December 31, 2022 annual financial statements, together with other information available to Medgold. The unaudited pro-forma consolidated financial statements have been prepared for inclusion in an Information Circular in conjunction with the acquisition of 100% of the issued and outstanding capital stock of Balkan Metals (the "Acquisition"). As consideration for 100% of the outstanding ordinary shares of Balkan Metals, Medgold will issue one common share for each outstanding share of Balkan Metals. The Acquisition is subject to acceptance by Medgold's shareholders and certain securities regulatory approvals. In the opinion of Medgold's management, the pro-forma consolidated financial statements include all adjustments necessary for fair presentation of the transactions as described in Note 2.

The unaudited pro-forma consolidated financial statements of Medgold have been compiled from and include:

- a) Medgold's audited consolidated financial statements as at December 31, 2022 and for the year then ended;
- b) Medgold's unaudited condensed interim consolidated financial statements as at March 31, 2023 and for the three month period then ended;
- c) Balkan Metals' audited consolidated financial statements as at December 31, 2022 and for the year then ended;
- d) Balkan Metals' unaudited condensed interim consolidated financial statements as at March 31, 2023 and for the three month period then ended; and
- e) The additional information set out in Note 2.

The audited consolidated financial statements and unaudited condensed interim consolidated financial statements for Medgold are available on SEDAR. The unaudited pro-forma consolidated financial statements should be read in conjunction with the Medgold and Balkan Metals historical financial statements.

The unaudited pro-forma consolidated financial statements has been prepared for illustrative purposes only and may not be indicative of the combined entities' financial position and results of operations that would have occurred if the acquisition had been in effect at the date indicated as set out in Note 2.

2. Pro-Forma Assumptions and Adjustments

The pro-forma consolidated financial statements were prepared based on the following assumptions:

- a) The unaudited pro-forma consolidated statement of financial position gives effect to the acquisition of Balkan Metals by Medgold as if it had already occurred on March 31, 2023. The unaudited pro-forma consolidated statements of operations give effect to the acquisition as if it occurred on the first day of the periods presented.

Medgold Resources Corp.

Notes to the Pro-Forma Consolidated Financial Statements (Unaudited)

March 31, 2023

(Expressed in Canadian Dollars)

2. Pro-Forma Assumptions and Adjustments (continued)

- b) As consideration for 100% of the outstanding ordinary shares of Balkan Metals, Medgold will issue 39,799,424 shares of its capital stock to Balkan Metals' shareholders in proportion to their respective shareholdings in Balkan Metals. Medgold's resulting issued capital will be 49,873,739 shares. Certain common shares will be subject to an escrow agreement to be determined by the regulatory authorities.

As a result of the share exchange described above, the former shareholders of Balkan Metals will acquire control of Medgold. Accordingly, the Acquisition constitutes a reverse take-over of Medgold. For accounting purposes, the Acquisition is considered to be outside the scope of IFRS 3 *Business Combinations* ("IFRS 3") since Medgold's activities, prior to the Acquisition, was limited to the management of cash resources and the maintenance of its listing and mineral property title and did not constitute a business. The transaction is accounted for considering with IFRS 2 *Share-based Payment* whereby Balkan Metals is deemed to have issued shares in exchange for the net assets of Medgold together with its listing status at the fair value of the consideration received by Balkan Metals. The pro-forma consolidated statement of financial position is a continuation of Balkan Metals in that the capital structure reflects that of Balkan Metals, and the stated value of the share capital is that of Balkan Metals.

As part of the Acquisition transaction the original shareholders of Medgold will retain 10,074,315 common shares of Medgold. Since the share consideration allocated to the former shareholders of Medgold is considered within the scope of IFRS 2, and Medgold cannot identify specifically some or all of the goods or services received in return for the allocation of the shares, the value in excess of the net identifiable assets or obligations of Medgold acquired by Balkan Metals was expensed in the pro-forma consolidated statement of loss and comprehensive loss for the three months ended March 31, 2023 as a listing value expense.

Fair Value of Share Based Consideration Allocated:

Deemed share value	\$ 1,511,147

Identifiable net assets of Medgold acquired:

Cash	\$ (64,182)
Amounts receivable	(10,274)
Prepaid expenses and deposits	(12,153)
Long-term deposits	(61,000)
Property and equipment	(10,049)
Deferred acquisition costs	(142,132)
Accounts payable and accrued liabilities	47,206
Long-term payables	44,324
Due to related parties – long-term	136,999
Convertible debenture liability	69,349
	\$ (1,912)

Estimated transaction costs	\$ 994,569

Listing value expense	\$ 2,503,804

- c) Medgold is expected to incur approximately \$340,935 in transaction costs in addition to the \$142,132 deferred acquisition costs incurred by Medgold and \$504,411 incurred by Balkan Metals as of March 31, 2023 relating to the acquisition of Balkan Metals by Medgold. Total transaction costs of \$994,569 were included in the listing expense.

Medgold Resources Corp.

Notes to the Pro-Forma Consolidated Financial Statements (Unaudited)

March 31, 2023

(Expressed in Canadian Dollars)

2. Pro-Forma Assumptions and Adjustments (continued)

- d) Medgold will complete a share consolidation of its common shares on the basis of sixteen Medgold common shares for every one post-consolidation common share prior to the closing of the Acquisition. Share capital amounts used in these unaudited pro forma consolidated financial statements reflect the consolidation. Costs associated with the share consolidation are estimated to be \$1,000 and included in the Acquisition's estimated transaction costs.
- e) Subsequent to March 31, 2023 and prior to the Acquisition, Balkan Metals completed two private placement financings, each consisting of 833,333 units at a price of \$0.15 per unit for combined gross proceeds of \$250,000. A total of \$50,000 of the gross proceeds was received prior to March 31, 2023. Each unit consisted of one common share and one share purchase warrant of Balkan Metals, with the warrants having an exercise price of \$0.25 in the first year and \$0.30 in the second year for a period of two years. Share issuance costs associated with the placement were \$9,273 of which \$7,699 are finders' fees and \$1,574 the fair value of 51,326 finders' warrants with an exercise price of \$0.15 per share for a period of one year.
- f) Prior to the Acquisition, Balkan Metals is expected to complete a private placement financing of 10,000,000 common shares at a price of \$0.20 per unit for gross proceeds of \$2,000,000. Share issuance costs associated with this financing are estimated to be \$70,000.
- g) Prior to the Acquisition, Medgold will settle a total of \$330,000 in debt with the issuance of 1,650,000 common shares of Medgold, of which accounts payable and accrued liabilities are reduced by \$201,720 and due to a related party is reduced by \$128,280 and Balkan Metals will settle a total of \$250,000 in debt with the issuance of 1,666,667 common shares of Balkan Metals, of which accounts payable and accrued liabilities are reduced by \$52,572 and due to a related party is reduced by \$197,428.
- h) Prior to the Acquisition, a company controlled by the Chief Executive Officer of Medgold agreed to convert a due to related party balance of \$136,999 to a long-term related party payable and a Medgold vendor agreed to convert an accounts payable balance of \$44,324 to a long-term payable.
- i) Prior to the Acquisition, a BMC vendor agreed to convert an accounts payable balance of \$250,000 to a long-term payable.
- j) Medgold's convertible debenture liability and equity components of \$62,208 and \$7,141, respectively, and accretion expense of \$1,440 were eliminated against Balkan Metals' convertible debenture receivable of \$59,503, accretion income of \$503, and convertible debenture loss of \$16,000 due to being intercompany balances.
- k) Capitalized exploration expenses incurred by Balkan Metals totaling \$33,870 for the three months ended March 31, 2023 and \$309,910 for the year ended December 31, 2022 were charged to operations for their respective periods to be consistent with Medgold's accounting policy for exploration expenditures.
- l) Management fees are reduced by \$19,000 for the period ended March 31, 2023 with the offsetting reduction to amounts due to related parties.
- m) Transaction costs totaling \$20,132 included in exploration and evaluation assets are reclassified as a deferred acquisition cost.

Medgold Resources Corp.

Notes to the Pro-Forma Consolidated Financial Statements (Unaudited)

March 31, 2023

(Expressed in Canadian Dollars)

2. Pro-Forma Assumptions and Adjustments (continued)

- n) Expensed Balkan Metals costs totaling \$6,000 for the year ended December 31, 2022 and \$10,000 for the three months ended March 31, 2023 are reclassified as deferred acquisition costs.
- o) Balkan Metals' foreign exchange loss of \$1,068 for the three months ended March 31, 2023 and foreign exchange gain of \$25,453 for the year ended December 31, 2022 are reclassified as a general and administrative expense in the statement of profit or loss to align with Medgold's presentation.
- p) Upon completion of the Acquisition, each outstanding stock option and share purchase warrant of Medgold, with terms adjusted for the share consolidation (Note 2(d)) and each Balkan Metals share purchase warrant, will continue to be in effect with the same conditions.
- q) As the Acquisition is being recorded as a reverse take-over considered to be outside the scope of IFRS 3 for accounting purposes, Medgold has applied the initial recognition exemption under IAS 12, *Income Taxes*, such that no temporary differences are recorded as part of the net identifiable assets or obligations.

3. Common Stock and Other Equity Reserve

Capital stock as at March 31, 2023 in the unaudited pro-forma consolidated financial statements is comprised of the following:

	Number of shares	Capital stock	Other equity reserve
Authorized:			
Unlimited common shares without par value			
Issued:			
Capital stock and other equity reserve of Balkan Metals as at March 31, 2023	39,799,424	\$ 3,861,483	\$ 26,361
Capital stock and other equity reserve of Medgold as at March 31, 2023	10,074,315	16,081,347	1,731,980
Shares issued by Medgold in the acquisition of Balkan Metals (Note 2(b))	39,799,424	-	-
Capital stock of Balkan Metals	(39,799,424)	-	-
Capital stock and other equity reserve of Medgold	(10,074,315)	(16,081,347)	(1,731,980)
Recognition of shares issued to shareholders of Medgold	10,074,315	1,511,147	
	49,873,739	\$ 5,372,630	\$ 26,361

SCHEDULE “D”

Audit Committee Disclosure for Medgold

AUDIT COMMITTEE

Pursuant to the provisions of National Instrument 52-110, *Audit Committees* (“**NI 52-110**”), Medgold’s Audit Committee has adopted a written charter (the “**Charter**”) that sets out its mandate and responsibilities. The Charter is attached hereto as Appendix “A”. As Medgold is a “venture issuer” (as defined in NI 52-110), it is relying on the exemptions provided to it in Section 6.1 of NI 52-110 with respect to audit committee composition and reporting obligations.

The Audit Committee is presently comprised of Ralph Rushton, David Hall and Jeremy Crozier, all of whom are “financially literate” and a majority of whom are “independent” within the meanings given to those terms in NI 52-110 and applicable to a “venture issuer”. The education and experience of each audit committee member that is relevant to the performance of his responsibilities as an audit committee member is as follows:

Audit Committee Member Education and Experience

Ralph Rushton Mr. Rushton holds a Master’s degree in economic geology from the University of Alberta, and a Certificate in Business Writing, Public Relations and Marketing Communications from Simon Fraser University. He has over 30 years’ experience in mining and exploration, much of which has been gained in southern Africa, the Middle East, eastern Europe and the Americas. Since 2016, he has worked in business development and investor relations for a number of public mineral exploration and mining companies. Mr. Rushton currently serves as a director or officer of several publicly traded resource companies.

David Hall Mr. Hall is a graduate in geology from Trinity College Dublin and holds a Master’s degree in Mineral Exploration from Queens University, Kingston, Ontario. He has 30 years of experience in the exploration sector and has worked on and assessed exploration projects and mines in over 50 countries. He is founder of Stratex International Plc and Chair of Horizonte Minerals plc, both publicly listed mineral exploration companies, and Chairman of Erris Gold Resources Limited. Mr. Hall is a fellow of the Society of Economic Geologists and EuroGeol.

Jeremy Crozier Mr. Crozier holds BSc and MSc degrees in geology and has over 20 years of exploration and commercial experience gained across a variety of project operations in Europe, North America and Africa. He has extensive experience in the management of complex mineral projects in remote environments, in discovery and resource definition, in the identification and appraisal of M&A opportunities, in capital raising, and in the negotiation of transactions with property vendors and joint venture partners.

The Committee has adopted specific policies and procedures for the engagement of non-audit services, all as more particularly described in the Audit Committee’s Charter under the heading “Responsibilities”. Amounts billed to Medgold during the past two fiscal years for services by the external auditors are as follows:

	2022	2021	2020
Audit Fees	\$37,000	\$37,000	\$35,000
Audit-Related Fees	Nil	Nil	Nil
Tax Fees	\$ 4,000	\$ 3,000	\$ 3,000
All Other Fees	Nil	Nil	\$ 3,400
Total:	\$41,000	\$40,000	\$41,400

Notes:

“Audit Fees” are the aggregate fees billed for the audit of Medgold’s annual financial statements, and review of transactions completed by Medgold.

“Audit-Related Fees” are fees charged for assurance and related services that are reasonably related to the performance of the audit or review of Medgold’s annual financial statements and are not reported under “Audit Fees”.

“Tax Fees” are fees for tax return preparation.

“All Other Fees” are amounts not included in the above categories.

APPENDIX “A”

MEDGOLD RESOURCES CORP.
(the “Corporation”)

AUDIT COMMITTEE CHARTER

This Audit Committee Charter has been adopted by the board of directors of the Corporation in order to comply with National Instrument 51-102 Continuous Disclosure Obligations (the “**Instrument**”) and to more properly define the role of the Audit Committee (the “**Committee**”) in the oversight of the financial reporting process of the Corporation. Nothing in this Charter is intended to restrict the ability of the board of directors or the Committee to alter or vary procedures in order to comply more fully with the Instrument, as amended from time to time.

Effective Date

This Charter was implemented by the Board on September 28, 2009, and revised October 17, 2014.

Purpose

The purpose of the Committee is to:

- (a) improve the quality of the Corporation’s financial reporting;
- (b) assist the board of directors to properly and fully discharge its responsibilities;
- (c) provide an avenue of enhanced communication between the directors and external auditors;
- (d) enhance the external auditor’s independence;
- (e) increase the credibility and objectivity of financial reports; and
- (f) strengthen the role of the directors by facilitating in depth discussions between directors, management and external auditors.

The board of directors has hereby established the Committee for, among other purposes, compliance with the Instrument. The board of directors, after each annual shareholders’ meeting, must appoint or re-appoint its Committee.

Relationship with External Auditors

The Corporation will require its external auditor to report directly to the Committee.

Responsibilities

1. The Committee must have a written charter that sets out its mandate and responsibilities.
2. The Committee must recommend to the board of directors:
 - (a) the external auditor to be nominated for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Corporation; and
 - (b) the compensation of the external auditor.
3. The Committee must be directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services

for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting.

4. Except as exempted by securities regulatory policies, the Committee must pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by the Corporation's external auditor.
5. The Committee must review the Corporation's financial statements, MD&A and annual and interim earnings press releases before the Corporation publicly discloses this information.
6. The Committee must be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure referred to in subsection 5, and must periodically assess the adequacy of those procedures.
7. The Committee must establish procedures for:
 - (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and
 - (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
8. The Committee must review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation.

Composition

The Committee membership shall satisfy the laws governing the Corporation and the independence, financial literacy and experience requirements under securities law, stock exchange and any other regulatory requirements as are applicable to the Corporation.

Authority

The Committee shall have the authority to:

- (a) to engage independent counsel and other advisors as it determines necessary to carry out its duties,
- (b) to set and pay the compensation for any advisors employed by the Committee,
- (c) to communicate directly with the internal and external auditors; and
- (d) recommend the amendment or approval of audited and interim financial statements to the board of directors.

Chair

The members of the Corporation shall elect a chair from among their number.

Meetings

Meetings of the Committee shall be scheduled to take place at regular intervals and, in any event, not less frequently than once a year. Opportunities shall be afforded periodically to the external auditor, the internal auditor and to members of senior management to meet separately with the members. Minutes shall be kept of all meetings of the Committee.

The quorum for a meeting of the Committee is a majority of the members.

SCHEDULE “E”

Statement of Executive Compensation of Medgold Resources Corp.

During the fiscal years ended December 31, 2021 and 2022, three individuals were “named executive officers” of Medgold Resources Corp. (the “**Company**”) within the meaning of the definition set out in National Instrument Form 51-102F6V, “Statement of Executive Compensation – Venture Issuers” (“**Form 51-102F6V**”). As required by Form 51-102F6V, the following includes disclosure of the compensation paid or payable by the Company to:

- Simon Ridgway, its former Executive Chair,
- Jeremy Crozier, its President and CEO (“**CEO**”), and
- Kevin Bales, its Chief Financial Officer (“**CFO**”),

(hereinafter collectively referred to as “**NEOs**”), and to the Company’s directors.

Compensation Excluding Compensation Securities

The following summarizes compensation, excluding Compensation Securities (as defined below), paid or payable to NEOs and directors of the Company during the fiscal years ended December 31, 2022, 2021 and 2020:

COMPENSATION EXCLUDING COMPENSATION SECURITIES							
Name and Position	Year	Salary, Consulting Fee, Retainer or Commission (\$)	Bonus (\$)	Committee or Meeting Fees (\$)	Value of Perquisites (\$)	Value of All Other Compensation (\$)	Total Compensation (\$)
Simon Ridgway Former Director & Executive Chair	2022	N/A	N/A	N/A	N/A	N/A	N/A
	2021	2,000 ⁽¹⁾	Nil	Nil	Nil	Nil	2,000
	2020	57,500 ⁽¹⁾	Nil	Nil	Nil	Nil	57,500
Jeremy Crozier Director, President & CEO	2022	174,000 ⁽²⁾	Nil	Nil	Nil	Nil	174,000
	2021	174,000 ⁽²⁾	Nil	Nil	Nil	Nil	174,000
	2020	174,000 ⁽²⁾	Nil	Nil	Nil	Nil	174,000
Kevin Bales CFO	2022	29,251 ⁽³⁾	Nil	Nil	Nil	Nil	29,251
	2021	25,550 ⁽³⁾	Nil	Nil	Nil	Nil	25,550
	2020	25,024 ⁽³⁾	Nil	Nil	Nil	Nil	25,024
Ralph Rushton Director	2022	Nil	Nil	Nil	Nil	Nil	Nil
	2021	Nil	Nil	Nil	Nil	Nil	Nil
	2020	Nil	Nil	Nil	Nil	Nil	Nil
David Hall Director	2022	Nil	Nil	Nil	Nil	Nil	Nil
	2021	Nil	Nil	Nil	Nil	Nil	Nil
	2020	Nil	Nil	Nil	Nil	Nil	Nil
Michael Skead Director	2022	Nil	Nil	Nil	Nil	Nil	Nil
	2021	Nil	Nil	Nil	Nil	Nil	Nil
	2020	Nil	Nil	Nil	Nil	Nil	Nil
Andrei Kroupnik Director	2022	Nil	Nil	Nil	Nil	Nil	Nil
	2021	Nil	Nil	Nil	Nil	Nil	Nil
	2020	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Paid or payable to Mill Street Services Ltd. ("**Mill Street**") for the corporate development and financial advisory services of Simon Ridgway. Mr. Ridgway resigned as a director and Executive Chair, and the services of Mill Street terminated, on February 2, 2021.
- (2) Paid or payable to Virv International Inc. ("**Virv**") for the services of Jeremy Crozier as President and CEO of the Company.
- (3) Paid or payable to Gold Group Management Inc. ("**Gold Group**") for the services of Kevin Bales as CFO of the Company.

Compensation Securities

The following sets forth the details of stock options, convertible securities, exchangeable securities or similar instruments including stock appreciation rights, deferred share units or restricted stock units (collectively "**Compensation Securities**") granted or issued to NEOs and directors during the fiscal years ended December 31, 2022 and December 31, 2021:

COMPENSATION SECURITIES							
Name and Position	Type of Compensation Security	No. of Compensation Securities, No. of Underlying Securities (pre-Consolidation, and Percentage of Class)	Date of Issue or Grant	Issue, Conversion or Exercise Price (\$)	Closing Price of Security or Underlying Security on Date of Grant (\$)	Closing Price of Security or Underlying Security at Year End (\$)	Expiry Date
Jeremy Crozier Director, President & CEO	Stock Option	2,000,000 26.2%	March 2, 2021	0.10	0.065	0.025	March 1, 2031
Kevin Bales CFO	Stock Option	350,000 4.6%	March 2, 2021	0.10	0.065	0.025	March 1, 2031
Ralph Rushton Director	Stock Option	750,000 9.8%	March 2, 2021	0.10	0.065	0.025	March 1, 2031
David Hall Director	Stock Option	750,000 9.8%	March 2, 2021	0.10	0.065	0.025	March 1, 2031
Michael Skead Director	Stock Option	750,000 9.8%	March 2, 2021	0.10	0.065	0.025	March 1, 2031
Andrei Kroupnik Director	Stock Option	750,000 9.8%	March 2, 2021	0.10	0.065	0.025	March 1, 2031

Notes:

- (1) Stock options are exercisable to purchase an equal number of underlying common shares of the Company.
- (2) The total number of Compensation Securities, and underlying securities, held by each NEO and director as at December 31, 2021 and December 21, 2022 are:

Jeremy Crozier	2,000,000 stock options (and underlying common shares)
Kevin Bales	350,000 stock options (and underlying common shares)
Ralph Rushton	750,000 stock options (and underlying common shares)
David Hall	750,000 stock options (and underlying common shares)
Michael Skead	750,000 stock options (and underlying common shares)
Andrei Kroupnik	750,000 stock options (and underlying common shares)

The Company's NEOs and directors did not exercise any Compensation Securities during the fiscal years ended December 31, 2021 and December 31, 2022.

Stock Option Plans and Other Incentive Plans

On October 10, 2022, the Board of Directors of the Company approved amendments to its stock option plan, the material terms of which are described under “*Particulars of Matters to be Acted Upon – Stock Option Plan*” in this Circular. All outstanding options granted by the Company will be governed by the terms and conditions of the Amended and Restated Option Plan, Compensation Agreements or Arrangements.

Compensation Agreements or Arrangements

Pursuant to a consulting agreement dated effective April 1, 2019, Virv is paid a monthly fee for the services of Jeremy Crozier as President and CEO of the Company. The agreement has no fixed expiry date and contains provisions regarding fees and expenses, and termination of services. The agreement may be terminated by the Company without cause on six months’ notice, and by Virv on three months’ notice. If on December 31, 2021, or on December 31, 2022 the Company had terminated the agreement without cause, \$43,500 would have been payable to Virv. If a Change of Control of the Company had occurred, \$261,000 (1.5x the annual fee) would have been payable to Virv. Virv is controlled by Mr. Crozier.

Pursuant to an agreement dated effective July 1, 2012, as amended January 1, 2020 (the “**Gold Group Agreement**”), Gold Group is reimbursed by the Company on a monthly basis for certain shared costs and other business related expenses paid by Gold Group on behalf of the Company, including the services of the Company’s CFO. The agreement may be terminated by the Company without cause on 12 months’ notice and by Gold Group on three months’ notice. Gold Group is controlled by Simon Ridgway, a former director and Executive Chair of the Company.

Pursuant to an agreement dated effective January 1, 2020, Mill Street was paid a monthly fee for the corporate development and financial advisory consulting services of Simon Ridgway. The agreement had no fixed expiry date and contains provisions regarding fees and expenses, and termination of services. Mill Street is controlled by Mr. Ridgway, a former director and Executive Chair of the Company. This agreement terminated upon Mr. Ridgway’s resignation as a director and Executive Chair on February 2, 2021.

Oversight and Description of Director and NEO Compensation

The Company does not have a formal compensation program. The Board relies on the experience of its members as officers or directors of other junior exploration companies to ensure that total compensation paid to the Company’s NEOs and directors is fair and reasonable. The Board meets periodically to discuss and determine such compensation, without reference to formal objectives, criteria or analysis.

The general philosophy of the Company’s compensation strategy is to: (a) encourage management to achieve a high level of performance and results with a view to increasing long-term shareholder value; (b) align management’s interests with the long-term interest of shareholders; (c) provide a compensation package that is commensurate with other mineral exploration companies in order to attract and retain highly qualified executives and directors; and (d) ensure that total compensation paid takes into account the Company’s overall financial position.

Compensation of the Company’s NEOs is comprised primarily of cash salaries and/or incentive stock options. The compensation to the Company’s NEOs for the fiscal year ended December 31, 2021 consisted of cash salaries and stock options, and for fiscal year end December 31, 2022 consisted solely of cash salaries. Stock options were previously granted to NEOs and/or directors during the 2016 and 2019 fiscal years, and most recently, stock options were granted to NEOs and directors on March 2, 2021. The Company may in the future grant additional stock options to its NEOs and directors.

In establishing levels of cash or share compensation and the granting of stock options, the individual’s performance, level of expertise, and responsibilities are considered. Stock options are generally granted at the time of the individual’s appointment and periodically thereafter. Previous grants of options are taken into account by the Board when it considers the granting of new stock options.

Incentive stock options are granted pursuant to the Company's stock option plan which is designed to encourage share ownership on the part of the Company's management, directors, employees, and consultants. The Board believes that the stock option plan aligns the interests of the Company's personnel with shareholders by linking compensation to the longer term performance of the Company's shares. The granting of incentive stock options is an important component of executive compensation as it allows the Company to reward an individual's efforts to increase shareholder value without requiring the use of the Company's cash reserves.

SCHEDULE “F”

Corporate Governance

The Board is of the view that the Company’s corporate governance practices are appropriate and effective for the Company, given its relatively small size and limited operations. The Company’s method of corporate governance allows for the Company to operate efficiently, with simple checks and balances that control and monitor management and corporate functions without excessive administrative burden.

In accordance with National Instrument 58-101, *Disclosure of Corporate Governance Practices (“NI 58-101”)* and National Instrument Form 58-101F2, *Corporate Governance Disclosure (Venture Issuers)*, the Company discloses its corporate governance practices as follows:

Board of Directors

The Board considers Ralph Rushton, David Hall, Michael Skead and Andrei Kroupnik to be “independent” according to the definition set out in NI 58-101. Jeremy Crozier is not independent as he is an officer of the Company.

The independent Directors believe that their majority on the Board, their knowledge of the Company’s business, and their independence are sufficient to facilitate the functioning of the Board independently of management. The independent Directors have the discretion to meet in private in the absence of the other Directors whenever they believe it is appropriate to do so.

Directorships

The directors of the Company are directors of one or more other reporting issuers, as follows:

Director	Other Issuers
Jeremy Crozier	N/A
Ralph Rushton	Aftermath Silver Ltd.
David Hall	N/A
Michael Skead	N/A
Andrei Kroupnik	N/A

Orientation and Continuing Education

Management will ensure that a new appointee to the Board is aware of his or her duties and responsibilities of a director of the Company. Each new director brings a different skill set and professional background, and with this information, the Board is able to determine what orientation to the nature and operations of the Company’s business will be necessary and relevant to each new director, as well as the continuing education needs of all Board members.

Ethical Business Conduct

The Board expects management to operate the business of the Company in a manner that enhances shareholder value and is consistent with the highest level of integrity. Management is expected to execute the Company’s business plan and to meet performance objectives and goals. In addition, the Board must comply with conflict of interest provisions in Canadian corporate law, including relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.

Nomination of Directors

Given the Company's current stage of development and size of the Board, the Board is presently of the view that it functions effectively as a committee of the whole with respect to the nomination of directors. The entire Board will assess potential nominees and take responsibility for selecting new directors. The nominees are generally the result of recruitment efforts by the Board members, including both formal and informal discussions among Board members and senior officers of the Company.

Other Board Committees

The only Board committee of the Company is the Audit Committee.

Assessments

The Company has not determined formal means or methods to regularly assess the Board, its committees or the individual directors with respect to their effectiveness and contributions. The contributions of an individual director are informally monitored by the other Board members, having in mind the business strengths of the individual and the purpose of originally nominating the individual to the Board.

SCHEDULE “G”

Amended and Restated Option Plan

MEDGOLD RESOURCES CORP.

INCENTIVE STOCK OPTION PLAN

Amended and Restated Effective July 13, 2023

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ARTICLE 1
DEFINITIONS AND INTERPRETATION

1.1 **Defined Terms**

For the purposes of this Plan, the following terms shall have the following meanings:

- (a) **"Affiliate"** has the meaning ascribed thereto by the Exchange;
- (b) **"Board"** means the Board of Directors of the Corporation or, as applicable, a committee consisting of not less than 3 Directors of the Corporation duly appointed to administer this Plan;
- (c) **"Common Shares"** means the common shares of the Corporation;
- (d) **"Consultant"** means an individual who:
 - (i) provides ongoing consulting, technical, management or other services to the Corporation or a Subsidiary under a written contract with the Corporation or the Subsidiary,
 - (ii) possesses technical, business or management expertise of value to the Corporation or a Subsidiary,
 - (iii) in the opinion of the Corporation, spends or will spend a reasonable amount of time and attention on the business and affairs of the Corporation or a Subsidiary, and
 - (iv) has a relationship with the Corporation or a Subsidiary that enables the Consultant to be knowledgeable about the business and affairs of the Corporation or the Subsidiary,and includes a company of which a Consultant is an employee or shareholder and a partnership of which a Consultant is an employee or partner;
- (e) **"Corporation"** means Medgold Resources Corp. and its successor entities;
- (f) **"Director"** means a director of the Corporation or of a Subsidiary;
- (g) **"Disinterested Shareholder Approval"** has the meaning ascribed thereto by the Exchange in "Policy 4.4 – *Security Based Compensation*" of the Exchange's Corporate Finance Manual;
- (h) **"Eligible Person"** means a bona fide Director, Officer, Employee, Management Company Employee or Consultant, and includes an issuer all the voting securities of which are owned by Eligible Persons;
- (i) **"Employee"** means an individual who:
 - (i) is considered an employee of the Corporation or a Subsidiary under the *Income Tax Act*, i.e. for whom income tax, employment insurance and Canada Pension Plan deductions must be made at source,
 - (ii) works full-time for the Corporation or a Subsidiary providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or the Subsidiary over the details and method of work as an employee of the Corporation or the Subsidiary, but for whom income tax deductions are not made at source, or
 - (iii) works for the Corporation or a Subsidiary on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or the Subsidiary over the details and

method of work as an employee of the Corporation or the Subsidiary, but for whom income tax deductions are not made at source;

- (j) **"Exchange"** means the TSX Venture Exchange and any successor entity;
- (k) **"Exchange Hold Period"** means a four-month resale restriction imposed by the Exchange which, for greater certainty, as of the date hereof has the meaning assigned by Policy 1.1 of the policies of the Exchange;
- (l) **"Expiry Date"** means the last day of the term for an Option, as set by the Board at the time of grant in accordance with Section 5.2 and, if applicable, as amended from time to time;
- (m) **"Insider"** has the meaning ascribed thereto by the Exchange;
- (n) **"Investor Relations Activities"** has the meaning ascribed thereto by the Exchange;
- (o) **"Management Company Employee"** means an individual employed by a company providing management services to Corporation, which services are required for the ongoing successful operation of the business enterprise of the Corporation ;
- (p) **"Officer"** means an officer of the Corporation or of a Subsidiary;
- (q) **"Option"** means an option to purchase Common Shares pursuant to this Plan;
- (r) **"Other Share Compensation Arrangement"** means, other than this Plan and any Options, any stock option plan, stock options, employee stock purchase plan or other compensation or incentive mechanism involving the issuance or potential issuance of Common Shares, including but not limited to a purchase of Common Shares from treasury which is financially assisted by the Corporation by way of loan, guarantee or otherwise;
- (s) **"Participant"** means an Eligible Person who has been granted an Option;
- (t) **"Plan"** means this Incentive Stock Option Plan.
- (u) **"Subsidiary"** has the meaning given to this term in the *Securities Act* (British Columbia), as amended;;

1.2 Interpretation

References to the outstanding Common Shares at any point in time shall be computed on a non-diluted basis.

ARTICLE 2 ESTABLISHMENT OF PLAN

2.1 Purpose

The purpose of this Plan is to advance the interests of the Corporation, through the grant of Options, by:

- (a) providing an incentive mechanism to foster the interest of Eligible Persons in the success of the Corporation and its Subsidiaries;
- (b) encouraging Eligible Persons to remain with the Corporation or its Subsidiaries; and
- (c) attracting new Directors, Officers, Employees and Consultants.

2.2 Shares Reserved

- (a) The aggregate number of Common Shares that may be reserved for issuance pursuant to Options shall not exceed 10% of the outstanding Common Shares at the time of the granting of an Option, LESS the aggregate number of Common Shares then reserved for issuance pursuant to any Other Share Compensation Arrangement. For greater certainty, if an Option is exercised, surrendered, terminated or expires without being exercised, the Common Shares reserved for issuance pursuant to such Option shall be available for new Options granted under this Plan.
- (b) If there is a change in the outstanding Common Shares by reason of any share consolidation or split, reclassification or other capital reorganization, or a stock dividend, arrangement, amalgamation, merger or combination, or any other change to, event affecting, exchange of or corporate change or transaction affecting the Common Shares, the Board shall make, as it shall deem advisable and subject to the approval of any relevant regulatory authority or the Exchange, if required, appropriate substitution and/or adjustment in:
 - (i) the number and kind of shares or other securities or property reserved or to be allotted for issuance pursuant to this Plan;
 - (ii) the number and kind of shares or other securities or property reserved or to be allotted for issuance pursuant to any outstanding unexercised Options, and in the exercise price for such shares or other securities or property; and
 - (iii) the vesting of any Options (subject to the approval of the Exchange if such vesting is mandatory under the policies of the Exchange), including the accelerated vesting thereof on conditions the Board deems advisable,and if the Corporation undertakes an arrangement or is amalgamated, merged or combined with another corporation, the Board shall make such provision for the protection of the rights of Participants as it shall deem advisable. For clarity, any adjustment, other than in connection with a share consolidation or share split, to Options granted or issued under this Plan, will be subject to the prior acceptance of the Exchange.
- (c) No fractional Common Shares shall be reserved for issuance under this Plan and the Board may determine the manner in which an Option, insofar as it relates to the acquisition of a fractional Common Share, shall be treated.
- (d) The Corporation shall, at all times while this Plan is in effect, reserve and keep available such number of Common Shares as will be sufficient to satisfy the requirements of this Plan.

2.3 Non-Exclusivity

Nothing contained herein shall prevent the Board from adopting such other incentive or compensation arrangements as it shall deem advisable.

2.4 Effective Date

This Plan shall be subject to the approval of any regulatory authorities whose approval is required. Any Options outstanding prior to the date of this Plan shall be subject to this Plan, and any Options granted after the date of this Plan but prior to such regulatory approvals being given may not be exercised unless and until such approvals are given.

**ARTICLE 3
ADMINISTRATION OF PLAN**

3.1 Administration

- (a) This Plan shall be administered by the Board. Subject to the provisions of this Plan, the Board shall have the authority:
 - (i) to determine the Eligible Persons to whom Options are granted, to grant such Options, and to determine any terms and conditions, limitations and restrictions in respect of any particular Option grant, including but not limited to the nature and duration of the restrictions, if any, to be imposed upon the acquisition, sale or other disposition of Common Shares acquired upon exercise of the Option, and the nature of the events and the duration of the period, if any, in which any Participant's rights in respect of an Option or Common Shares acquired upon exercise of an Option may be forfeited;
 - (ii) to interpret the terms of this Plan, to make all such determinations and take all such other actions in connection with the implementation, operation and administration of this Plan, and to adopt, amend and rescind such administrative guidelines and other rules and regulations relating to this Plan, as it shall from time to time deem advisable, including without limitation for the purpose of ensuring compliance with Section 3.3 hereof.
- (b) The Board's interpretations, determinations, guidelines, rules and regulations shall be conclusive and binding upon the Corporation, Eligible Persons, Participants and all other persons.

3.2 Amendment, Suspension and Termination

The Board may, subject to the approval of any regulatory authority whose approval is required, amend, suspend or terminate this Plan or any portion thereof; provided, however, that, except as otherwise provided in this Plan, the Board may not, without limitation, amend the following provisions of this Plan without obtaining, within twelve (12) months either before or after the Board's adoption of a resolution authorizing such action, approval by the affirmative votes of the holders of a majority of the voting securities of the Corporation present, or represented, and entitled to vote at a meeting duly held in accordance with the applicable corporate laws, or by the written consent of the holders of a majority of the securities of the Corporation entitled to vote:

- (a) persons eligible to be granted or issued Options under the Plan;
- (b) the maximum number of Common Shares that may be issuable under the Plan;
- (c) the limits under the Plan on the number of Options that may be granted or issued to any one person or any category of persons;
- (d) the method for determining the exercise price of Options;
- (e) the maximum term of an Option;
- (f) the expiry and termination provisions applicable to an Option; and
- (g) the addition of any net exercise provision;

provided, the Board may amend the terms of the Plan (i) to fix typographical errors; (ii) to comply with the requirements of any applicable regulatory authority, or as a result in the changes in the policies of the Exchange relating to incentive stock options or (iii) to clarify existing provisions of the Plan that do not have the effect of altering the scope, nature and intent of such provisions, without obtaining the approval of the Corporation's shareholders. No such amendment, suspension or termination shall alter or impair any outstanding unexercised Options or any rights without the consent of such Participant.

If this Plan is suspended or terminated, the provisions of this Plan and any administrative guidelines, rules and regulations relating to this Plan shall continue in effect for the duration of such time as any Option remains outstanding.

3.3 Compliance with Legislation

- (a) This Plan, the grant and exercise of Options hereunder and the Corporation's obligation to sell, issue and deliver any Common Shares upon exercise of Options shall be subject to all applicable federal, provincial and foreign laws, policies, rules and regulations, to the policies, rules and regulations of any stock exchanges or other markets on which the Common Shares are listed or quoted for trading and to such approvals by any governmental or regulatory agency as may, in the opinion of counsel to the Corporation, be required. The Corporation shall not be obligated by the existence of this Plan or any provision of this Plan or the grant or exercise of Options hereunder to sell, issue or deliver Common Shares upon exercise of Options in violation of such laws, policies, rules and regulations or any condition or requirement of such approvals.
- (b) No Option shall be granted and no Common Shares sold, issued or delivered hereunder where such grant, sale, issue or delivery would require registration or other qualification of this Plan or of the Common Shares under the securities laws of any foreign jurisdiction, and any purported grant of any Option or any sale, issue and delivery of Common Shares hereunder in violation of this provision shall be void. In addition, the Corporation shall have no obligation to sell, issue or deliver any Common Shares hereunder unless such Common Shares shall have been duly listed, upon official notice of issuance, with all stock exchanges on which the Common Shares are listed for trading.
- (c) If required by the Exchange, in addition to any resale restrictions under applicable securities laws, all Options and any Common Shares issued on the exercise of Options will be subject to the Exchange Hold Period and shall be legended with the four-month Exchange Hold Period commencing on the date the Options are granted.
- (d) Common Shares sold, issued and delivered to Participants pursuant to the exercise of Options shall be subject to restrictions on resale and transfer under applicable securities laws and the requirements of any stock exchanges or other markets on which the Common Shares are listed or quoted for trading (including, but not limited to, the Exchange Hold Period, if applicable), and any certificates representing such Common Shares shall bear, as required, a restrictive legend in respect thereof.

ARTICLE 4 OPTION GRANTS

4.1 Eligibility and Multiple Grants

Options shall only be granted to Eligible Persons. The Corporation and the Participant are responsible for ensuring and confirming that the Participant is a bona fide Employee, Consultant or Management Company Employee, as the case may be. An Eligible Person may receive Options on more than one occasion and may receive separate Options, with differing terms, on any one or more occasions.

4.2 Option Agreement

Every Option shall be evidenced by an option agreement executed by the Participant and any director or officer of the Corporation other than the Participant. In the event of any discrepancy between this Plan and an option agreement, the provisions of this Plan shall govern.

4.3 Limitation on Grants and Exercises

- (a) **To any one person.** The number of Common Shares reserved for issuance to any one person in any 12 month period under this Plan and any Other Share Compensation Arrangement shall not exceed 5% of the outstanding Common Shares at the time of the grant, unless the Corporation has obtained Disinterested Shareholder Approval to exceed such limit.
- (b) **To Consultants.** The number of Common Shares reserved for issuance to any one Consultant in any 12 month period under this Plan and any Other Share Compensation Arrangement shall not exceed 2% of the outstanding Common Shares at the time of the grant.
- (c) **To persons conducting Investor Relations Activities.** The aggregate number of Common Shares reserved for issuance, pursuant to all Options, to all Participants conducting Investor Relations Activities in any 12 month period under this Plan and any Other Share Compensation Arrangement shall not exceed 2% of the outstanding Common Shares at the time of the grant.
- (d) **To Insiders.** Unless the Corporation has received Disinterested Shareholder Approval to do so:
 - (i) the aggregate number of Common Shares reserved for issuance to Insiders under this Plan and any Other Share Compensation Arrangement shall not exceed 10% of the outstanding Common Shares at any point in time;
 - (ii) the aggregate number of Common Shares reserved for issuance to Insiders in any 12 month period under this Plan and any Other Share Compensation Arrangement shall not exceed 10% of the outstanding Common Shares as at the time of the grant.

ARTICLE 5 OPTION TERMS

5.1 Exercise Price

- (a) The exercise price per Common Share for an Option shall not be less than the "Market Price", as calculated pursuant to the policies of the Exchange, or such other minimum price as may be required or permitted by the Exchange.
- (b) If Options are granted within ninety days of a distribution by the Corporation by prospectus, then the exercise price per Common Share for such Option shall not be less than the greater of the minimum exercise price calculated pursuant to subsection (a) herein and the price per Common Share paid by the public investors for Common Shares acquired pursuant to such distribution. Such ninety day period shall begin:
 - (i) on the date the final receipt is issued for the final prospectus in respect of such distribution; and
 - (ii) in the case of a prospectus that qualifies special warrants, on the closing date of the private placement in respect of such special warrants.

5.2 Expiry Date

Every Option shall have a term not exceeding and shall therefore expire no later than 10 years after the date of grant.

5.3 Vesting

- (a) Subject to the subsection (b) herein and otherwise in compliance with the policies of the Exchange, the Board shall determine the manner in which an Option shall vest and become exercisable.

- (b) Options granted to Participants performing Investor Relations Activities shall vest in stages over a period of not less than 12 months such that: (i) no more than 1/4 of the Options vest no sooner than three months after the Stock Options were granted; (ii) no more than another 1/4 of the Options vest no sooner than six months after the Options were granted; (iii) no more than another 1/4 of the Options vest no sooner than nine months after the Options were granted; and (iv) the remainder of the Options vest no sooner than 12 months after the Options were granted, as prescribed by the Exchange's policies from time to time and such vesting restrictions may not be amended without the prior written consent of the Exchange.

5.4 Non-Assignability

Options may not be assigned or transferred (whether absolutely or way of mortgage, pledge or other charge) by a Participant other than by will or other testamentary instrument or the laws of succession and may be exercised by the Participant or his/her legal representative only.

5.5 Effect of Termination

Subject to subsection 5.3(b) above whereby prior Exchange approval is required for amendments to the vesting restrictions attached to options held by Participants performing Investor Relations Activities, the following provisions shall apply upon termination of a Participant:

- (a) Definitions. For the purposes of this Section 5.5, the following capitalized terms shall be attributed the following meanings:
- (i) **"Beneficiary"** means, subject to applicable law, an individual who has been designated by a Participant, in such form and manner as the Board may determine, to receive benefits payable under the Plan upon the death of the Participant, or, where no such designation is validly in effect at the time of death, or where the designated individual does not survive the Participant, the Participant's legal representative;
- (ii) **"Cause"** in respect of a Participant means:
- A. the Participant committing theft, embezzlement, fraud, obtaining funds or property under false pretences or similar acts of gross misconduct with respect to the property of the Corporation or its employees or the Corporation's customers or suppliers;
- B. the Participant entering into a guilty plea or being convicted of any crime involving fraud, misrepresentation, breach of trust or indictable offence; or
- C. any other act that would constitute just cause according to applicable law;
- except that if, at the time of such Participant's Termination Date, the Participant is party to an employment, severance, retention or similar contract or agreement with the Corporation or a subsidiary of the Corporation that contains a definition of the term "cause" or a similar term, the term "cause" shall have the meaning, if any, assigned thereto (or to such similar term) in such contract or agreement;
- (iii) **"Change of Control"** means the occurrence of any of the following events:
- A. the direct or indirect acquisition or conversion of more than 50% of the issued and outstanding shares of the Corporation by a person or group of persons acting in concert, other than through an employee share purchase plan or employee share ownership plan and other than by persons who are or who are controlled by, the existing shareholders of the Corporation;

- B. a change in the composition of the Board which results in the majority of the directors of the Corporation not being individuals nominated by the Corporation's then incumbent directors, or
- C. a merger or amalgamation of the voting shares of the Corporation where the voting shares of the resulting merged or amalgamated company are owned or controlled by shareholders of whom more than 50% are not the same as the shareholders of the Corporation immediately prior to the merger.

Notwithstanding the foregoing, if, at the time of a Change of Control, the Participant is party to an employment, severance, retention or similar contract or agreement with the Corporation or a subsidiary of the Corporation that contains a definition of the term "Change of Control" or a similar term, the term "Change of Control" shall have the meaning, if any, assigned thereto (or to such similar term) in such contract or agreement;

- (iv) **"Disability"** means the Participant's physical or mental incapacity that prevents such Participant from substantially fulfilling his or her duties and responsibilities on behalf of the Corporation or, if applicable, a subsidiary of the Corporation, and in respect of which the Participant commences receiving, or is eligible to receive, disability benefits under the Corporation's or subsidiary's short-term or long-term disability plan; except that if, at any relevant time, the Participant is party to an employment, severance, retention or similar contract or agreement with the Corporation or subsidiary that contains a definition of the term "disability" or a similar term, the term "disability" shall have the meaning, if any, assigned thereto (or to such similar term) in such contract or agreement.
- (v) **"Good Reason"** means one or more of the following changes in the circumstances of the Participant's employment without the Participant's express written consent:
 - A. a reduction or diminution in the level of authority, responsibility, title or reporting relationship of the Participant;
 - B. a reduction in the Participant's base salary or percentage of target annual bonus; or
 - C. a requirement by the Board that the Participant's position and office be based and located in another geographic location.
- (vi) **"Retirement"** means the Participant's retirement from the Corporation or a subsidiary, as applicable, following a period of service of at least two years, provided that such retirement is accepted by the Corporation or subsidiary pursuant to a letter from the Corporation or subsidiary granting the Participant retirement status and confirming the Participant's date of retirement.
- (vii) **"Termination Date"** means, in respect of a Participant, the date that the Participant ceases to be actively employed by, or to provide service to, the Corporation or one of its subsidiaries for any reason which, for purposes of the Plan, specifically does not mean the date on which any statutory or common law severance period or any period of reasonable notice that the Corporation or subsidiary may be required at applicable law to provide to the Participant, would expire. The Board will have sole discretion to determine whether a Participant has ceased active employment or service, and the effective date of such cessation. A Participant will not be deemed to have ceased to be an employee of the Corporation or its subsidiary in the case of:
 - A. a transfer of his or her employment between the Corporation and a subsidiary or a transfer of employment between subsidiaries, as applicable;
 - B. sick leave; or

- C. any other leave of absence approved by the Corporation or a subsidiary, as applicable, in respect of which the Participant is guaranteed reemployment by contract or statute upon expiration of such leave, except that in the event active employment is not renewed at the end of the leave of absence, the employment relationship shall be deemed to have ceased at the end of the approved leave of absence.
- (b) Termination due to Voluntary Resignation. Unless otherwise determined by the Board in its sole discretion and as permissible under the policies of the Exchange, if a Participant's employment or service is terminated due to the voluntary resignation of the Participant, then all options granted to the Participant which have not vested on or before the Termination Date shall be forfeited and cancelled effective as of the Termination Date and the Participant shall have no entitlement to receive Optioned Shares in respect of such forfeited options. Any vested options held by the Participant as of his or her Termination Date will remain exercisable and the Participant shall be entitled to exercise such vested options for a period of ninety (90) days (or until the original expiry date of the options, if earlier) from his or her Termination Date.
- (c) Termination by the Corporation Without Cause, by the Participant for Good Reason, or Due to Disability, Death or Retirement.
 - (i) Unless otherwise determined by the Board in its sole discretion and as permissible under the policies of the Exchange, if a Participant's employment or service is terminated by the Corporation without Cause, by the Participant for Good Reason, or due to Disability, Death or Retirement, then a portion of the unvested options held by the Participant shall immediately vest. The number of unvested options held by the Participant that shall vest pursuant to this subsection (c)(i) shall be calculated by multiplying the number of unvested options held by the Participant by a fraction, the numerator of which equals the number of days the Participant was actively employed by, or providing service to, the Corporation or one of its subsidiaries between the grant date of such options and his or her Termination Date, and the denominator of which equals the total number of days between the grant date of such options and their original vesting date. The Participant shall be entitled to exercise the options held by the Participant that vest pursuant to this subsection (c)(i) for a period of ninety (90) days (or until the original expiry date of the options, if earlier) from his or her Termination Date. All unvested options held by a Participant that do not vest pursuant to this subsection (c)(i) shall be forfeited and cancelled as of the Participant's Termination Date and the Participant shall have no entitlement in connection with such options.
 - (ii) Any vested options held by the Participant as of his or her Termination Date (which for greater certainty does not include any options that become vested options pursuant to subsection 5.5(c)(i) above) will remain exercisable in accordance with the terms of this subsection (c)(ii) and the Participant shall be entitled to exercise such vested options for a period of ninety (90) days (or until the original expiry date of the options, if earlier) from his or her Termination Date.
- (d) Termination With Cause. Unless otherwise determined by the Board in its sole discretion and as permissible under the policies of the Exchange, in the event that a Participant's employment or service is terminated for Cause, the Participant's options, whether vested or unvested, shall be forfeited and cancelled as of the Termination Date and the Participant shall have no entitlement to exercise such forfeited options, or entitlement to receive any other amount in respect of such forfeited options, by way of damages, payment in lieu or otherwise.
- (e) Termination by the Corporation, or by the Participant for Good Reason, Subsequent to a Change of Control. Unless otherwise determined by the Board in its sole discretion and as permissible under the policies of the Exchange, if a Participant's employment or service is terminated by the Corporation within 12 months after a Change of Control occurs, or the Participant terminates his or her employment or service with the Company for Good Reason within 12 months after a Change of Control occurs, then all outstanding options which have not vested shall immediately vest and the Participant shall be entitled to exercise such

vested options for a period of ninety (90) days (or until the original expiry date of the options, if earlier) from his or her Termination Date.

(f) Termination due to Death.

(i) Unless otherwise determined by the Board in its sole discretion and as permissible under the policies of the Exchange, in the event that a Participant's employment or service is terminated due to the death of the Participant, then a portion of the unvested options held by the Participant shall immediately vest. The number of unvested options held by the Participant that shall vest pursuant to this subsection (f)(i) shall be calculated by multiplying the number of unvested options held by the Participant by a fraction, the numerator of which equals the number of days the Participant was actively employed by the Corporation or one of its subsidiaries between the grant date of such options and his or her date of death, and the denominator of which equals the total number of days between the grant date of such options and their original vesting date. The Participant's Beneficiary shall be entitled to exercise the options held by the Participant that vest pursuant to this subsection (f)(i) for a period of one year (or until the original expiry date of the options, if earlier) from the Participant's date of death. All unvested options held by a Participant that do not vest pursuant to this subsection (f)(i) shall be forfeited and cancelled as of the Participant's date of death and the Participant shall have no entitlement in connection with such options.

(ii) Any vested options held by the Participant as of his or her date of death (which for greater certainty does not include any options that become vested options pursuant to subsection 5.5(f)(i) above) will remain exercisable in accordance with the terms of this subsection (f)(ii) and the Participant's Beneficiary shall be entitled to exercise such vested options for a period of one year (or until the original expiry date of the options, if earlier) from the Participant's date of death.

(g) Termination due to Death on the Job. Notwithstanding subsection 5.5(f) above, unless otherwise determined by the Board in its sole discretion and as permissible under the policies of the Exchange, if a Participant's employment or service is terminated due to the death of the Participant which occurred while the Participant was performing his or her regular duties on behalf of the Corporation, then all outstanding options which have not vested shall immediately vest and become fully vested options.

ARTICLE 6
EXERCISE PROCEDURE

6.1 Exercise Procedure

An Option may be exercised from time to time, and shall be deemed to be validly exercised by the Participant or his/her legal representative only upon his/her delivery to the Corporation at its registered office of:

- (a) a written notice of exercise addressed to the Corporate Secretary of the Corporation, specifying the number of Common Shares with respect to which the Option is being exercised;
- (b) a certified cheque or bank draft made payable to the Corporation, or electronic transfer of readily available funds, for the aggregate exercise price for the number of Common Shares with respect to which the Option is being exercised; and
- (c) documents containing such representations, warranties, agreements and undertakings, including such as to the Participant's future dealings in such Common Shares, as counsel to the Corporation reasonably determines to be necessary or advisable in order to comply with or safeguard against the violation of the laws of any jurisdiction;

and thereafter the Corporation shall promptly cause certificates for such Common Shares to be issued and delivered to the Participant or his/her legal representative.

6.2 Withholding

The Corporation may withhold from any amount payable to an optionee, either under this Plan or otherwise, such amount as it reasonably believes is necessary to enable the Corporation to comply with the applicable requirements of any federal, provincial, local, or foreign law, or any administrative policy of any applicable tax authority, relating to the withholding of tax or any other required deductions with respect to options ("**Withholding Obligations**"). The Corporation may also satisfy any liability for any such Withholding Obligations, on such terms and conditions as the Corporation may determine in its discretion, by (a) requiring an optionee, as a condition to the exercise of any Options, to make such arrangements as the Corporation may require so that the Corporation can satisfy such Withholding Obligations including, without limitation, requiring the optionee to remit to the Corporation in advance, or reimburse the Corporation for, any such Withholding Obligations or (b) selling on the optionee's behalf, or requiring the optionee to sell, any Common Shares acquired by the optionee under the Plan, or retaining any amount which would otherwise be payable to the optionee in connection with any such sale.

ARTICLE 7 AMENDMENT OF OPTIONS

7.1 Consent to Amend

The Board may amend any Option with the consent of the affected Participant and the Exchange, including any shareholder approval required by the Exchange. For greater certainty, Disinterested Shareholder Approval is required for any reduction in the exercise price of an Option, or the extension of the term of an Option, if the Participant is an Insider at the time of the proposed amendment.

7.2 Amendment Subject to Approval

If the amendment of an Option requires regulatory or shareholder approval, such amendment may be made prior to such approvals being given, but no such amended Options may be exercised unless and until such approvals are given.

ARTICLE 8 MISCELLANEOUS

8.1 No Rights as Shareholder

Nothing in this Plan or any Option shall confer upon a Participant any rights as a shareholder of the Corporation with respect to any of the Common Shares underlying an Option unless and until such Participant shall have become the holder of such Common Shares upon exercise of such Option in accordance with the terms of the Plan.

8.2 No Right to Employment

Nothing in this Plan or any Option shall confer upon a Participant any right to continue in the employ of the Corporation or any Affiliate or affect in any way the right of the Corporation or any Affiliate to terminate the Participant's employment, with or without cause, at any time; nor shall anything in the Plan or any Option be deemed or construed to constitute an agreement, or an expression of intent, on the part of the Corporation or any Affiliate to extend the employment of any Participant beyond the time which the Participant would normally be retired pursuant to the provisions of any present or future retirement plan of the Corporation or any Affiliate, or beyond the time at which he would otherwise be retired pursuant to the provisions of any contract of employment with the Corporation or any Affiliate.

8.3 Governing Law

This Plan, all option agreements, the grant and exercise of Options hereunder, and the sale, issue and delivery of Common Shares hereunder upon exercise of Options shall be, as applicable, governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein. The Courts of the Province of British Columbia shall have the exclusive jurisdiction to hear and decide any disputes or other matters arising herefrom.

SCHEDULE "H"

Equity Plan

OMNIBUS EQUITY COMPENSATION PLAN

MEDGOLD RESOURCES CORP.

OMNIBUS EQUITY COMPENSATION PLAN

Medgold Resources Corp. (the “**Corporation**”) hereby establishes an Omnibus Equity Compensation Plan for certain Eligible Directors, Officers, Employees, Management Company Employees, and Consultants providing ongoing services to the Corporation and its Subsidiaries (as defined herein).

ARTICLE 1 DEFINITIONS AND INTERPRETATION

1.1 Definitions

Where used herein or in any amendments hereto or in any communication required or permitted to be given hereunder, the following terms shall have the following meanings, unless the context otherwise requires:

“**Affiliate**” the meaning ascribed thereto by the Exchange in Policy 1.1 – *Interpretation* of the Exchange’s Corporate Finance Manual “**Applicable Taxes**” has the meaning ascribed to such term in Section 10.2(a);

“**Associate**” means, if used to indicate a relationship with any Person: (a) a partner, other than a limited partner, of that Person; (b) a trust or estate in which that Person has a substantial beneficial interest or for which that Person serves as trustee or in a similar capacity; (c) an issuer in respect of which that Person beneficially owns or controls, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all outstanding voting securities of the issuer; or (d) a relative, including the spouse, of that Person or a relative of that Person’s spouse, if the relative has the same home as that Person;

“**Awards**” means DSUs, RSUs, PSUs and SARs granted to a Participant pursuant to the terms of the Plan;

“**BCBCA**” means the *Business Corporations Act* (British Columbia), as amended.

“**Black Out Period**” means a temporary period formally imposed by the Corporation pursuant to its internal trading policies as a result of the bona fide existence of undisclosed material information during which period the Corporation may not grant Awards and certain Participants designated by the Corporation may not exercise or settle their Awards for Common Shares;

“**Board**” means the board of directors of the Corporation;

“**Business Day**” means a day other than a Saturday, Sunday or statutory holiday, that is a Trading Day and a day when banks are generally open for business in Vancouver, British Columbia, Canada, for the transaction of banking business;

“**Cash Equivalent**” means (i) with respect to RSUs, the amount of money equal to the Market Value multiplied by the number of vested RSUs in the Participant’s Account, net of any Applicable Taxes, on the applicable RSU Settlement Date; (ii) with respect to PSUs, the amount of money equal to the Market Value multiplied by the number of vested PSUs in the Participant’s Account, net of any Applicable Taxes, on the applicable PSU Settlement Date; (iii) with respect to DSUs, the amount of money equal to the Market Value multiplied by the number of vested DSUs in the

Participant's Account, net of any Applicable Taxes on the applicable DSU Settlement Date; and (iv) with respect to SARs, the amount of money equal to the excess of the Market Value of the Common Shares on the date of exercise over the exercise price of the SAR multiplied by the number of Common Shares with respect to which the SAR shall have been exercised, net of any Applicable Taxes on the applicable exercise;

"Cause" shall have the meaning set forth in the Grant Agreement or any other arrangement between a Participant and the Corporation, and if no such other definition shall exist, then "Cause" shall mean a Participant's (i) repeated failure to satisfactorily perform his or her job duties, including the Participant's refusal or failure to follow lawful and reasonable directions of the supervisor to whom the Participant reports; (ii) commission of an act that materially injures the business of the Corporation or an Affiliate; (iii) commission of an act constituting dishonesty, fraud, or immoral or disreputable conduct; (iv) conviction of a felony, or conviction of any crime involving moral turpitude; (v) engaging or in any manner participating in any activity which is directly competitive with or injurious to the Corporation or an Affiliate, or which violates any material provisions of any written employment or similar agreement with the Corporation or an Affiliate; (vi) use or intentional appropriation for Participant's personal use or benefit of any funds, information or properties of the Corporation or an Affiliate not authorized by the Corporation to be so used or appropriated; (vii) other conduct which may constitute cause for dismissal of employment pursuant to common law; (viii) in the case of a Participant who is a Director, failure to continue to meet the qualifications for acting as a director as set forth in the BCBCA; (ix) removal as a Director by a resolution passed by the shareholders of the Corporation pursuant to the BCBCA; or (x) removal as a Director by order of the British Columbia Registrar of Companies, British Columbia Securities Commission, the Exchange or any other regulatory body having jurisdiction to so order. The determination that the termination is for Cause shall be made by the Board in its sole discretion, provided that nothing in this provision nor any other provision of the Plan is intended to, and they shall not be interpreted in a manner that limits or restricts a Participant from exercising any legally protected whistleblower rights.

"Change of Control" shall mean (i) the sale of all or substantially all of the assets of the Corporation on a consolidated basis, in one transaction or a series of related transactions, to a Person that is not a Subsidiary; (ii) a merger, reorganization, acquisition or consolidation pursuant to which a Person, or any Associate or affiliated corporation of such Person, thereafter "beneficially owns" (as defined under the BCBCA), directly or indirectly, securities of the Corporation representing 50% or more of the aggregate voting power of all of the Corporation's then issued and outstanding securities; (iii) the dissolution or liquidation of the Corporation except in connection with the distribution of assets of the Corporation to one or more Subsidiaries prior to such event; or (iv) the occurrence of a transaction requiring approval of the Corporation's shareholders involving the acquisition of the Corporation by an entity through purchase of assets, by amalgamation, arrangement or otherwise; provided, however, a transaction will not constitute a Change of Control if its sole purpose is to change the jurisdiction of the Corporation or to create a holding company that will be owned in substantially the same proportions by the Persons who held the Corporation's securities prior to such transaction;

"Committee" means the Board or a subcommittee thereof formed by the Board to act as the Committee hereunder to administer the Plan;

"Common Shares" means the common shares of the Corporation;

"Consultant" means an individual who: (i) provides ongoing consulting, technical, management or other services to the Corporation or a Subsidiary under a written contract with the Corporation

or the Subsidiary, (ii) possesses technical, business or management expertise of value to the Corporation or a Subsidiary, (iii) in the opinion of the Corporation, spends or will spend a reasonable amount of time and attention on the business and affairs of the Corporation or a Subsidiary, and (iv) has a relationship with the Corporation or a Subsidiary that enables the Consultant to be knowledgeable about the business and affairs of the Corporation or the Subsidiary, and includes a company of which a Consultant is an employee or shareholder and a partnership of which a Consultant is an employee or partner;

"Date of Award" means the date an Award is granted by the Committee to the Participant, subject to any regulatory or other approvals or conditions;

"Director" means a director of the Corporation or of a Subsidiary;

"Disability" means the circumstance whereby the Participant is permanently or substantially incapacitated so as to be prevented from properly and continuously performing in full their duties to the Corporation for a substantially continuous period of four months or more or for a cumulative six-month period in any consecutive 12-month period;

"Disinterested Shareholder Approval" has the meaning ascribed thereto by the Exchange in "Policy 4.4 – *Security Based Compensation*" of the Exchange's Corporate Finance Manual;

"DSU" means a deferred share unit, which is a bookkeeping entry equivalent in value to a Common Share credited to a Participant's Account in accordance with Article 4;

"DSU Expiry Date" means the earlier of: (a) the Business Day preceding December 31 of the calendar year following the calendar year during which a Participant (i) ceases to be a Director of the Corporation or its Subsidiaries; (ii) ceases to be employed by the Corporation or its Subsidiaries; or (iii) ceases to provide services to the Corporation or its Subsidiaries, as applicable, (b) 12 months following the date upon which the Participant i) ceases to be a Director of the Corporation or its Subsidiaries; (ii) ceases to be employed by the Corporation or its Subsidiaries; or (iii) ceases to provide services to the Corporation or its Subsidiaries, as applicable, or (c) such shorter period as may be determined by the Committee at the time the DSU is granted;

"DSU Settlement Date" means the date of receipt of a DSU settlement request in accordance with Section 4.3(a) or the date of automatic settlement of a DSU pursuant to Section 4.3(b), as applicable;

"Eligible Director" means a member of the Board or the board of directors of a Subsidiary who, subject to Section 2.3(a), at the time of execution of a Grant Agreement, and at all times thereafter while he or she continues to serve as a member of the Board or the board of directors of a Subsidiary, is not an Officer, Employee, Management Company Employee, or Consultant of the Corporation or a Subsidiary;

"Eligible Participants" has the meaning ascribed thereto in Section 2.3(a);

"Employee" means an individual who: is considered an employee of the Corporation or a Subsidiary under the Tax Act, i.e. for whom income tax, employment insurance and Canada Pension Plan deductions must be made at source, (ii) works full-time for the Corporation or an Subsidiary providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or the Subsidiary over the details and method of work as an employee of the Corporation or the Subsidiary, but for whom income tax deductions are not

made at source, or (iii) works for the Corporation or a Subsidiary on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or the Subsidiary over the details and method of work as an employee of the Corporation or the Subsidiary, but for whom income tax deductions are not made at source;

"Employment Agreement" means, with respect to any Participant, any written agreement regarding a Participant's employment or engagement with the Corporation or a Subsidiary and that is between the Corporation or a Subsidiary and such Participant;

"Exchange" means the TSX Venture Exchange and any successor entity;

"Exercise Notice" means a notice in writing signed by a Participant and stating the Participant's intention to exercise a particular Award, if applicable;

"Grant Agreement" means an agreement evidencing the grant to a Participant of an Award, including a RSU Agreement, PSU Agreement and a SAR Agreement;

"Insider" has the meaning ascribed thereto by the Exchange in Policy 1.1 – *Interpretation* of the Exchange's Corporate Finance Manual;

"Investor Relations Activities" shall have the meaning ascribed thereto by the Exchange in Policy 1.1 – *Interpretation* of the Exchange's Corporate Finance Manual;

"Management Company Employee" means an individual employed by a company providing management services to Corporation, which services are required for the ongoing successful operation of the business enterprise of the Corporation ;

"Market Value" means (A) if the Common Shares of the Corporation are listed on the Exchange, the greater of \$0.05 and the last closing price of the Common Shares preceding the date on which the Market Value is to be determined ; or (B) if the Common Shares of the Corporation are not listed on any Exchange, the value as is determined solely by the Committee, acting reasonably and in good faith;

"Officer" means an officer of the Corporation or of a Subsidiary;;

"Participants" means Eligible Participants that are granted Awards under the Plan;

"Participant's Account" means an account maintained for each Participant's participation in RSUs, PSUs or DSUs under the Plan;

"Performance Criteria" means criteria established by the Committee which, without limitation, may include criteria based on the Participant's personal performance and the financial performance of the Corporation or of its Subsidiaries, and that may be used to determine the vesting of the Awards, when applicable;

"Person" includes an individual, corporation, company, limited liability company, cooperative, partnership, trust, unincorporated association, entity with juridical personality or governmental authority or body, and pronouns which refer to a Person shall have a similarly extended meaning;

"Plan" means this Omnibus Equity Compensation Plan, as amended or restated from time to time;

“PSU” means a right awarded to a Participant to receive a payment in the form of Common Shares or the Cash Equivalent as provided in Article 6 and subject to the terms and conditions of this Plan;

“PSU Agreement” means a written letter agreement between the Corporation and a Participant evidencing the grant of PSUs and the terms and conditions thereof, in such form as may be determined by the Committee from time to time in accordance with Section 6.5;

“PSU Settlement Date” has the meaning determined in Section 6.3(a)(i);

“PSU Vesting Date” has the meaning described thereto in Section 6.2(b);

“RSU” means a right awarded to a Participant to receive a payment in the form of Common Shares or the Cash Equivalent as provided in Article 5 and subject to the terms and conditions of this Plan;

“RSU Agreement” means a written letter agreement between the Corporation and a Participant evidencing the grant of RSUs and the terms and conditions thereof, in such form as may be determined by the Committee from time to time in accordance with Section 5.5;

“RSU Settlement Date” has the meaning determined in Section 5.3(a)(i);

“RSU Vesting Date” has the meaning described thereto in Section 5.2(b);

“Rule 701” means Rule 701 under the U.S. Securities Act;

“SAR” or “Share Appreciation Right” means a right to receive a payment in the form of Common Shares or the Cash Equivalent, equal to the appreciation in the Corporation’s Common Shares over a specified period, as set forth in the respective SAR Agreement and subject to the terms and conditions of this Plan;

“SAR Agreement” means a written letter agreement between the Corporation and a Participant evidencing the grant of SARs and the terms and conditions thereof, in such form as may be determined by the Committee from time to time in accordance with Section 7.7;

“SAR Price” has the meaning ascribed thereto in Section 7.2 hereof;

“SAR Term” has the meaning ascribed thereto in Section 7.4(a) hereof;

“SEC” means the United States Securities and Exchange Commission;

“Security Based Compensation Plan” includes any plan of the Corporation pursuant to which the Corporation may grant stock options, DSUs, PSUs, RSUs or SARs, a stock purchase plan and/or any other compensation or incentive mechanism involving the issuance or potential issuance of securities of the Corporation from treasury to a Participant;

“Subsidiary” has the meaning given to this term in the *Securities Act* (British Columbia), as amended;

“Successor Corporation” has the meaning ascribed thereto in Section 9.1(c);

“Tax Act” means the *Income Tax Act* (Canada) and the regulations thereunder, as amended;

“Termination Date” means the date on which a Participant ceases to be an Eligible Participant;

“Trading Day” means a day when trading occurs through the facilities of the Exchange;

“Unit” means an RSU, PSU or a DSU;

“Unit Restriction Period” means, subject to Section 9.3(a), the applicable restriction period in respect of a particular RSU or PSU, which period shall end on the Business Day preceding December 31 of the calendar year which is three (3) years after the calendar year in which the services in relation to which the RSU or PSU is granted were performed, or such shorter period as may be determined by the Committee at the time the RSU or PSU is granted;

“Unit Settlement Notice” means a notice by a Participant to the Corporation electing to receive Common Shares, the Cash Equivalent or a combination of both in respect of the vested Units;

“United States” means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;

“U.S. Person” means a “U.S. person” as that term is defined in Regulation S under the U.S. Securities Act; and

“U.S. Securities Act” means the United States Securities Act of 1933, as amended.

1.2 Interpretation

- (a) Whenever the Committee is to exercise discretion or authority in the administration of the terms and conditions of this Plan, the term “discretion” or “authority” means the sole and absolute discretion of the Committee.
- (b) The division of this Plan into Articles, Sections and other subdivisions and the insertion of headings are for convenient reference only and do not affect the interpretation of this Plan.
- (c) In this Plan, words importing the singular shall include the plural, and vice versa and words importing any gender include any other gender.
- (d) The words “including”, “includes” and “include” and any derivatives of such words mean “including (or includes or include) without limitation”. As used herein, the expressions “Article”, “Section” and other subdivision followed by a number, mean and refer to the specified Article, Section or other subdivision of this Plan, respectively.
- (e) Unless otherwise specified in the Award Agreement, all references to money amounts are to Canadian currency.
- (f) For purposes of this Plan, the legal representatives of a Participant shall only include the administrator, the executor or the liquidator of the Participant’s estate or will.

- (g) If any action may be taken within, or any right or obligation is to expire at the end of, a period of days under this Plan, then the first day of the period is not counted, but the day of its expiry is counted.

ARTICLE 2

PURPOSE AND ADMINISTRATION OF THE PLAN; ELIGIBLE PARTICIPANTS

2.1 Purpose of the Plan

The purpose of the Plan is to permit the Corporation to grant Awards to Eligible Participants, subject to certain conditions as hereinafter set forth, for the purposes of attracting and retaining individuals to serve as employees, officers, Directors, Consultants or advisors of the Corporation and its Subsidiaries who are expected to contribute to the Corporation's success and to achieve long-term objectives that will benefit the shareholders of the Corporation through the additional incentives inherent in the Awards hereunder.

2.2 Administration of the Plan

- (a) The Plan is under the direction of the Committee. The Committee shall from time to time determine the type and grants of Awards in its sole discretion. For greater certainty, the Committee shall have full power and authority, subject to the provisions of the Plan and such orders or resolutions not inconsistent with the provisions of the Plan as may from time to time be adopted by the Committee, to:
 - (i) select the Participants to whom Awards may from time to time be granted hereunder;
 - (ii) determine the type or types of Awards to be granted to each Participant hereunder;
 - (iii) determine the number of Common Shares (or dollar value) to be covered by each Award granted hereunder;
 - (iv) determine the terms and conditions, not inconsistent with the provisions of the Plan, of any Award granted hereunder;
 - (v) determine whether, to what extent and under what circumstances Awards may be settled in cash, Common Shares or other property;
 - (vi) determine whether, to what extent, and under what circumstances cash, Common Shares, other property and other amounts payable with respect to an Award made under the Plan shall be deferred either automatically or at the election of the Participant;
 - (vii) determine whether, to what extent and under what circumstances any Award shall be cancelled or suspended, or vesting terms or other restrictions waived or accelerated;
 - (viii) interpret and administer the Plan and any instrument or agreement entered into under or in connection with the Plan, including any Grant Agreement;

- (ix) correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Award in the manner and to the extent that the Committee shall deem desirable to carry it into effect;
 - (x) appoint such agents as it shall deem appropriate for the proper administration of the Plan;
 - (xi) amend the terms of any Grant Agreement, subject to and in accordance with Section 9.2; and
 - (xii) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan.
- (b) The Plan is drafted to provide the greatest amount of discretion to the Committee as to the types of Awards it wishes to grant; nothing herein obligates the Committee to utilize all or any of the types of Awards contemplated by this Plan nor does it obligate the Committee to grant to any Eligible Participant a particular type of Award.
- (c) The Committee may, from time to time, as it may deem expedient, adopt, amend and rescind rules and regulations for carrying out the provisions and purposes of the Plan, subject to any applicable rules of the Exchange. Subject to the provisions of the Plan, the Committee is authorized, in its sole discretion, to make such determinations under, and such interpretations of, and take such steps and actions in connection with, the proper administration of the Plan, as it may deem necessary or advisable. The interpretation, construction and application of the Plan and any provisions hereof made by the Committee shall be final and binding on all Eligible Participants.
- (d) The Committee may modify the terms and conditions of any Awards granted to Participants outside of Canada to comply with applicable foreign laws, and establish subplans and addendums and modify settlement procedures and other terms and procedures, to the extent the Committee determines such actions to be necessary or advisable (and such subplans and addendums and modifications shall be attached to this Plan as addendums).
- (e) No member of the Board or of the Committee shall be liable for any action or determination taken or made in good faith in the administration, interpretation, construction or application of the Plan or any Award granted hereunder.
- (f) Any determination approved by a majority of the Committee shall be deemed to be a determination of that matter by the Committee.

2.3 Eligible Participants

- (a) The Persons who shall be eligible to receive Awards ("**Eligible Participants**") shall be the Eligible Directors, Officers, Management Company Employees and Employees of the Corporation or a Subsidiary, as well as Consultants providing ongoing services to the Corporation and/or its Subsidiaries, who the Committee may determine from time to time, in its sole discretion. For greater certainty, a Person whose employment or engagement with the Corporation or a Subsidiary

has ceased for any reason, or who has given notice of such cessation, as the case may be, shall cease to be eligible to receive Awards hereunder as of the date on which such Person provides notice to the Corporation or the Subsidiary, as the case may be, in writing or verbally, of such cessation, or on the Termination Date for any cessation of a Participant's employment or engagement initiated by the Corporation.

- (b) Participation in the Plan shall be entirely voluntary and any decision not to participate shall not affect an Eligible Participant's employment or engagement with the Corporation or a Subsidiary.
- (c) Notwithstanding any express or implied term of this Plan to the contrary, the granting of an Award pursuant to the Plan shall in no way be construed as a guarantee of employment by the Corporation or a Subsidiary to the Participant or the commencement, extension, continuation or modification of any engagement between the Corporation or a Subsidiary and the Participant.
- (d) A Participant shall have no rights as a shareholder of the Corporation with respect to any Common Shares underlying their Awards until such Awards have been duly exercised, as applicable, and settled and Common Shares have been issued in respect thereof.
- (e) For Awards to be granted to Employees, Management Company Employees, Officers, Directors or Consultants, the Corporation and the Participant must each represent that the Participant is a bona fide Employee, Management Company Employee, Officer, Director or Consultant, as the case may be.

ARTICLE 3

SHARES SUBJECT TO PLAN; GRANTING OF AWARDS

3.1 Shares Subject to the Plan

- (a) The aggregate number of Common Shares that may be reserved for issuance pursuant to Awards shall not exceed 10% of the outstanding Common Shares at the time of the granting of an Award, LESS the aggregate number of Common Shares then reserved for issuance pursuant to any other Share Compensation Arrangement, subject to adjustment as provided in Section 9.1. For greater certainty, if an Award is exercised, settled, surrendered, terminated or expires without being exercised or settled the Common Shares reserved for issuance pursuant to such Award shall be available for new Awards granted under this Plan.
- (b) Grants of Awards shall be subject to the following limitations:
 - (i) subject to Section 3.1(b)(ii) below, the aggregate number of Common Shares that may be reserved for issuance pursuant to the Plan, and any other Security Based Compensation Plan, to any one Participant in any 12-month period must not exceed 5% of the issued and outstanding Common Shares (determined at the Date of Award), unless, if required by the Exchange, Disinterested Shareholder Approval is obtained;

- (ii) the aggregate number of Common Shares that may be reserved for issuance pursuant to the Plan, and any other Security Based Compensation Plan, to any one Consultant in any 12-month period must not exceed 2% of the issued and outstanding Common Shares (determined at the Date of Award);
 - (iii) the aggregate number of Common Shares that may be reserved for issuance pursuant to the Plan, and any other Security Based Compensation Plan, to Insiders (as a group) must not exceed, at any point in time, 10% of the issued and outstanding Common Shares (determined at the Date of Award), unless, if required by the Exchange, Disinterested Shareholder Approval is obtained;
 - (iv) the aggregate number of Common Shares that may be reserved for issuance pursuant to the Plan, and any other Security Based Compensation Plan, to Insiders (as a group) in any 12-month period must not exceed 10% of the issued and outstanding Common Shares (determined at the Date of Award), unless, if required by the Exchange, Disinterested Shareholder Approval is obtained; and
 - (v) no Awards shall be granted to any Consultant engaged to perform Investor Relations Activities or any Director, Officer, Management Company Employee, or Employee of the Corporation or any Subsidiary whose role and duties consist primarily of Investor Relations Activities.
- (c) The limitations set out in Section 3.1(b) only apply to Awards which can be settled in Common Shares and not Awards which may be settled in cash only.
 - (d) Awards may not be granted unless and until the Awards have been allocated to specific Persons, and then, once allocated, a minimum Market Value can be established.
 - (e) No Awards that can be settled in Common Shares issued from treasury may be granted if such grant would have the effect of causing the total number of Common Shares subject to all Awards then outstanding to exceed the maximum number of Common Shares reserved for issuance under the Plan in Section 3.1(a).
 - (f) Any Common Shares issued hereunder may consist, in whole or in part, of authorized and unissued shares, treasury shares or shares purchased in the open market or otherwise.

3.2 Granting of Awards

- (a) Any Award granted under the Plan shall be subject to the requirement that, if at any time counsel to the Corporation shall determine that the listing, registration or qualification of the Common Shares subject to such Award, if applicable, upon any securities exchange (including the Exchange) or under any law or regulation of any jurisdiction, or the consent or approval of any securities exchange (including the Exchange) or any governmental or regulatory body, is necessary as a condition of, or in connection with, the grant or exercise of such Award or the issuance or purchase of Common Shares thereunder, if applicable, such Award may not be

accepted or settled in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained on conditions acceptable to the Committee. Nothing herein shall be deemed to require the Corporation to apply for or to obtain such listing, registration, qualification, consent or approval.

- (b) Any Award granted under the Plan shall be subject to the requirement that the Corporation has the right to place any restriction or legend on any securities issued pursuant to this Plan as the Committee may, in its discretion, deem necessary or advisable including placing a legend to the effect that the securities have not been registered under the U.S. Securities Act and may not be offered or sold in the United States unless registration or an exemption from registration is available.
- (c) For Awards granted under the Plan to Participants in the United States or that are U.S. Persons, the Corporation intends to comply with Rule 701. Under Rule 701, a company can offer their own securities, as part of a written compensation plan, to Participants (Consultants must be natural persons) without having to comply with federal securities registration requirements. Compliance with Rule 701 in connection with the issuance of any Award to a Participant will be determined in the sole discretion of the Corporation.
- (d) The Corporation makes no representation or warranty as to the future market value of the Common Shares or with respect to any income tax matters affecting any Participant resulting from the grant of an Award, the exercise of any Award, or transactions in the Common Shares or otherwise in respect of participation under the Plan. Neither the Corporation, nor any of its Directors, Officers, Employees, shareholders or agents shall be liable for anything done or omitted to be done by such Person or any other Person with respect to the price, time, quantity or other conditions and circumstances of the issuance of Common Shares hereunder, or in any other manner related to the Plan. The Corporation and its Subsidiaries do not assume and shall not have responsibility for the income or other tax consequences resulting to any Participant and each Participant is advised to consult with his or her own tax advisors.
- (e) Participants (and their legal representatives) shall have no legal or equitable right, claim, or interest in any specific property or asset of the Corporation or any of its Subsidiaries. No asset of the Corporation or any of its Subsidiaries shall be held in any way as collateral security for the fulfillment of the obligations of the Corporation or any of its Subsidiaries under this Plan. Unless otherwise determined by the Committee, this Plan shall be unfunded. To the extent any Participant or his or her estate holds any rights by virtue of a grant of Awards under this Plan, such rights (unless otherwise determined by the Committee) shall be no greater than the rights of an unsecured creditor of the Corporation.
- (f) Unless otherwise determined by the Committee in accordance with the rules and policies of the Exchange, the Corporation shall not offer financial assistance to any Participant in regards to the exercise of any Award granted under this Plan.

ARTICLE 4 DEFERRED SHARE UNITS

4.1 Nature of DSUs

A DSU is an Award of share units to a Participant entitling the Participant to receive payment based on the value of one Common Share upon satisfaction of vesting conditions, retirement, termination or death, subject to such restrictions and conditions as the Committee may determine at the time of grant. Conditions may be based on such factors as may be determined by the Committee from time to time, including the achievement of pre-established Performance Criteria, and the Committee shall have absolute discretion to determine whether any consideration (other than services) is to be received by the Corporation or any Subsidiary as a condition precedent to the grant of DSUs, subject to such minimum consideration as may be required by applicable law and the rules and policies of the Exchange.

4.2 DSU Awards

- (a) Subject to the provisions herein set forth and any shareholder or regulatory approval which may be required, the Committee may, from time to time by resolution, in its sole discretion (i) designate the Participants who may receive DSUs under the Plan; (ii) fix the number of DSUs, if any, to be granted to each Eligible Director and the date or dates on which such DSUs shall be granted; and (iii) determine the relevant conditions and vesting provisions of such DSUs, the whole subject to the terms and conditions prescribed in this Plan.
- (b) The DSUs are structured so as to be considered to be a plan described in subsection 6801(d) of the regulations to the Tax Act or any successor to such provision.
- (c) Subject to the vesting and other conditions and provisions set forth herein and in any agreement relating to a grant of DSUs, the Committee shall determine whether each DSU awarded to a Participant shall entitle the Participant:
 - (i) to receive one (1) Common Share issued from treasury or purchased on the open market;
 - (ii) to receive the Cash Equivalent of one (1) Common Share; or
 - (iii) to elect to receive either one (1) Common Share from treasury or purchased on the open market, the Cash Equivalent of one (1) Common Share or a combination of cash and Common Shares.
- (d) DSUs will be credited in the registers maintained by the Corporation but will not be represented by any certificate or other document.

4.3 Settlement of DSUs

- (a) A Participant who (i) ceases to be a Director of the Corporation; (ii) ceases to be employed by the Corporation or its Subsidiaries; or (iii) ceases to provide services to the Corporation or its Subsidiaries, as applicable, (or, if deceased, their estate, successors, heirs or legal representatives) may request the settlement of all (but

not less than all) of their DSUs at any time during the period between the date on which they cease to be a Director of, or employed by or provide services to, the Corporation or its Subsidiaries and the DSU Expiry Date, in such manner as the Committee may determine from time to time and in accordance with such rules and regulations as the Committee may prescribe from time to time.

- (b) Any DSU which has not been settled prior to the DSU Expiry Date shall be automatically settled on the DSU Expiry Date.
- (c) Settlement of DSUs shall take place promptly following the DSU Settlement Date and, for greater certainty, before the DSU Expiry Date, through:
 - (i) in the case of the settlement of DSUs for their Cash Equivalent, delivery of a cheque to the Participant representing the Cash Equivalent;
 - (ii) in the case of the settlement of DSUs for Common Shares, delivery of a share certificate to the Participant or the entry of the Participant's name on the share register for the Common Shares; or
 - (iii) in the case of settlement of the DSUs for a combination of Common Shares and the Cash Equivalent, a combination of Section 4.3(c)(i) and Section 4.3(c)(ii) above.
- (d) Notwithstanding any other provision of this Plan, in the event that a DSU Settlement Date occurs during a Black Out Period imposed by the Corporation, then settlement of the applicable DSUs shall be automatically extended to the tenth (10th) day following the date that such Black Out Period is lifted, terminated or removed.

4.4 Death of a Participant

- (a) After the death of a Participant, if the Participant's estate, successors, heirs or legal representatives have an entitlement to the Participant's DSUs, a claim must be made within a period not exceeding 12 months after the date of the Participant's death.

ARTICLE 5 RESTRICTED SHARE UNITS

5.1 Nature of RSUs

A RSU is an Award granted for services rendered in a particular year entitling the Participant to receive payment based on the value of one Common Share once such Award has vested, subject to such restrictions and conditions as the Committee may determine at the time of grant. Conditions may be based on such factors as may be determined by the Committee from time to time, including continuing employment (or engagement) with the Corporation or a Subsidiary, and the Committee shall have absolute discretion to determine whether any consideration (other than services) is to be received by the Corporation or any Subsidiary as a condition precedent to the grant of RSUs, subject to such minimum consideration as may be required by applicable law and the rules and policies of the Exchange.

5.2 RSU Awards

- (a) Subject to the provisions herein set forth and any shareholder or regulatory approval which may be required, the Committee may, from time to time by resolution, in its sole discretion (i) designate the Eligible Participants who may receive RSUs under the Plan for services rendered in a particular year; (ii) fix the number of RSUs, if any, to be granted to each Eligible Participant and the date or dates on which such RSUs shall be granted; and (iii) determine the relevant conditions and vesting provisions and RSU Settlement Date of such RSUs, the whole subject to the terms and conditions prescribed in this Plan and in any RSU Agreement. For greater certainty, the terms and conditions of RSUs need not be the same with respect to each Participant.
- (b) Unless otherwise set forth in the RSU Agreement, each RSU shall vest as to 1/3 on each of the first, second and third anniversary of the Date of Award (each such date being a “**RSU Vesting Date**”).
- (c) Subject to the vesting and other conditions and provisions set forth herein and in the RSU Agreement, the Committee shall determine whether each RSU awarded to a Participant shall entitle the Participant:
 - (i) to receive one (1) Common Share issued from treasury or purchased on the open market;
 - (ii) to receive the Cash Equivalent of one (1) Common Share; or
 - (iii) to elect to receive either one (1) Common Share from treasury or purchased on the open market, the Cash Equivalent of one (1) Common Share or a combination of cash and Common Shares.

5.3 Settlement of RSUs

- (a) Except as otherwise provided in the RSU Agreement and subject to Section 9.3(a):
 - (i) all of the vested RSUs covered by a particular grant shall be settled as soon as practicable on any day (each such day being a “**RSU Settlement Date**”) following a RSU Vesting Date, but in no event later than the last day of the Unit Restriction Period; and
 - (ii) as soon as practicable following a RSU Settlement Date, if applicable, the Participant shall deliver a Unit Settlement Notice in respect of whether to receive Common Shares, the Cash Equivalent or a combination thereof.
- (b) Subject to Section 9.4, settlement of RSUs shall take place promptly following the RSU Settlement Date and, for greater certainty, before the last day of the Unit Restriction Period, through:
 - (i) in the case of settlement of RSUs for their Cash Equivalent, delivery of a cheque to the Participant representing the Cash Equivalent;

- (ii) in the case of settlement of RSUs for Common Shares, delivery of a share certificate to the Participant or the entry of the Participant's name on the share register for the Common Shares; or
- (iii) in the case of settlement of the RSUs for a combination of Common Shares and the Cash Equivalent, a combination of Section 5.3(b)(i) and Section 5.3(b)(ii) above.

5.4 Determination of Amounts

- (a) **Cash Equivalent of RSUs.** For purposes of determining the Cash Equivalent of RSUs to be made pursuant to Section 5.3, such calculation will be made on the RSU Settlement Date and shall equal the Market Value on the RSU Settlement Date multiplied by the number of vested RSUs in the Participant's Account which the Participant desires to settle in cash pursuant to the Unit Settlement Notice.
- (b) **Payment in Common Shares.** For the purposes of determining the number of Common Shares from treasury to be issued or purchased on the open market and delivered to a Participant upon settlement of RSUs pursuant to Section 5.3, such calculation will be made on the RSU Settlement Date and be the whole number of Common Shares equal to the whole number of vested RSUs then recorded in the Participant's Account which the Participant desires to settle pursuant to the Unit Settlement Notice. Common Shares issued from treasury or purchased on the open market, as applicable, will be issued or transferred, as applicable, in consideration for the past services of the Participant to the Corporation and the entitlement of the Participant under this Plan shall be satisfied in full by such issuance or transfer of Common Shares.

5.5 RSU Agreements

RSUs shall be evidenced by a RSU Agreement or included in an Employment Agreement, in such form not inconsistent with the Plan as the Committee may from time to time determine, provided that the substance of Article 5 and Article 8 be included therein. The RSU Agreement shall contain such terms that may be considered necessary in order that the RSU will comply with any provisions respecting restricted share units in the income tax or other laws in force in any country or jurisdiction of which the Participant may from time to time be a resident or citizen or the rules of any regulatory body having jurisdiction over the Corporation.

ARTICLE 6 PERFORMANCE SHARE UNITS

6.1 Nature of PSUs

A PSU is an Award granted for services rendered in a particular year entitling the Participant to receive payment based on the value of one Common Share once such Award has vested, subject to such restrictions and conditions as the Committee may determine at the time of grant. Conditions may be based on such factors as may be determined by the Committee from time to time, including continuing employment (or engagement) with the Corporation or a Subsidiary and Performance Criteria, and the Committee shall have absolute discretion to determine whether any consideration (other than services) is to be received by the Corporation or any Subsidiary as a

condition precedent to the grant of RSUs, subject to such minimum consideration as may be required by applicable law and the rules and policies of the Exchange.

6.2 PSU Awards

- (a) Subject to the provisions herein set forth and any shareholder or regulatory approval which may be required, the Committee may, from time to time by resolution, in its sole discretion (i) designate the Eligible Participants who may receive PSUs under the Plan for services rendered in a particular year; (ii) fix the number of PSUs, if any, to be granted to each Eligible Participant and the date or dates on which such PSUs shall be granted; and (iii) determine the relevant conditions, Performance Criteria (including the length of the period during which the Performance Criteria is to be measured), vesting provisions and PSU Settlement Date of such PSUs, the whole subject to the terms and conditions prescribed in this Plan and in any PSU Agreement. For greater certainty, the terms and conditions of PSUs need not be the same with respect to each Participant.
- (b) Except as provided in Section 8.2, as provided by the Committee or as may be provided in the PSU Agreement, PSUs will be distributed only after the end of the relevant period established by the Committee during which any Performance Criteria specified by the Committee with respect to the PSUs, as applicable, are to be measured as set out in the PSU Agreement.
- (c) Unless otherwise set forth in the PSU Agreement, each PSU shall vest as to 1/3 on each of the first, second and third anniversary of the Date of Award (each such date being a **"PSU Vesting Date"**).
- (d) Subject to the vesting and other conditions and provisions set forth herein and in the PSU Agreement, the Committee shall determine whether each PSU awarded to a Participant shall entitle the Participant:
 - (i) to receive one (1) Common Share issued from treasury or purchased on the open market;
 - (ii) to receive the Cash Equivalent of one (1) Common Share; or
 - (iii) to elect to receive either one (1) Common Share from treasury or purchased on the open market, the Cash Equivalent of one (1) Common Share or a combination of cash and Common Shares.

6.3 Settlement of PSUs

- (a) Except as otherwise provided in the PSU Agreement and subject to Section 9.3(c):
 - (i) all of the vested PSUs covered by a particular grant shall be settled as soon as practicable on any day (each such day being a **"PSU Settlement Date"**) following a PSU Vesting Date, but in no event later than the last day of the Unit Restriction Period; and

- (ii) as soon as practicable following a PSU Settlement Date, if applicable, the Participant shall deliver a Unit Settlement Notice in respect of whether to receive Common Shares, the Cash Equivalent or a combination thereof.
- (b) Subject to Section 9.4, settlement of PSUs shall take place promptly following the PSU Settlement Date and, for greater certainty, before the last day of the Unit Restriction Period, through:
 - (i) in the case of settlement of PSUs for their Cash Equivalent, delivery of a cheque to the Participant representing the Cash Equivalent;
 - (ii) in the case of settlement of PSUs for Common Shares, delivery of a share certificate to the Participant or the entry of the Participant's name on the share register for the Common Shares; or
 - (iii) in the case of settlement of the PSUs for a combination of Common Shares and the Cash Equivalent, a combination of Section 6.3(b)(i) and Section 6.3(b)(ii) above.

6.4 Determination of Amounts

- (a) **Cash Equivalent of PSUs.** For purposes of determining the Cash Equivalent of PSUs to be made pursuant to Section 6.3, such calculation will be made on the PSU Settlement Date and shall equal the Market Value on the PSU Settlement Date multiplied by the number of vested PSUs in the Participant's Account which the Participant desires to settle in cash pursuant to the Unit Settlement Notice.
- (b) **Payment in Common Shares.** For the purposes of determining the number of Common Shares from treasury to be issued or purchased on the open market and delivered to a Participant upon settlement of PSUs pursuant to Section 6.3, such calculation will be made on the PSU Settlement Date and be the whole number of Common Shares equal to the whole number of vested PSUs then recorded in the Participant's Account which the Participant desires to settle pursuant to the Unit Settlement Notice. Common Shares issued from treasury or purchased on the open market, as applicable, will be issued or transferred, as applicable, in consideration for the past services of the Participant to the Corporation and the entitlement of the Participant under this Plan shall be satisfied in full by such issuance or transfer of Common Shares.

6.5 PSU Agreements

PSUs shall be evidenced by a PSU Agreement or included in an Employment Agreement, in such form not inconsistent with the Plan as the Committee may from time to time determine, provided that the substance of Article 6 and Article 8 be included therein. The PSU Agreement shall contain such terms that may be considered necessary in order that the PSU will comply with any provisions respecting performance share units in the income tax or other laws in force in any country or jurisdiction of which the Participant may from time to time be a resident or citizen or the rules of any regulatory body having jurisdiction over the Corporation.

ARTICLE 7 SHARE APPRECIATION RIGHTS

7.1 Nature of SARs

A SAR is an Award entitling the recipient to receive payment having a value equal to the excess of the Market Value of the Common Shares on the date of exercise over the exercise price of the SAR, which exercise price shall not be less than 100% of the Market Value of the Common Share on the Date of Award multiplied by the number of shares with respect to which the SAR shall have been exercised.

7.2 SAR Awards

Subject to the provisions set forth herein and any shareholder or regulatory approval which may be required, the Committee may, from time to time by resolution, in its sole discretion, (i) designate the Eligible Participants who may receive SAR Awards under the Plan; (ii) fix the number of SAR Awards to be granted to each Eligible Participant and the date or dates on which such SAR Awards shall be granted; and (iii) determine the price per Common Share to be payable upon the vesting of each such SAR (the "**SAR Price**"), the relevant conditions and vesting provisions (including the applicable Performance Criteria, if any) and the SAR Term, the whole subject to the terms and conditions prescribed in this Plan and in any SAR Agreement.

7.3 SAR Price

The SAR Price for the Common Shares that are the subject of any SAR shall be fixed by the Committee when such SAR is granted, but shall not be less than the Market Value of such Common Shares at the time of the grant.

7.4 SAR Term

- (a) The Committee shall determine, at the time of granting the particular SAR, the period during which the SAR is exercisable, which shall not be more than five (5) years from the date the SAR is granted ("**SAR Term**") and the vesting schedule of such SAR, which will be detailed in the respective SAR Agreement. Unless otherwise determined by the Committee, each unexercised SAR shall be cancelled at the expiry of such SAR.
- (b) Should the expiration date for a SAR fall within a Black Out Period, such expiration date shall be automatically extended without any further act or formality to that date which is the tenth (10th) day after the end of the Black Out Period, such tenth (10th) day to be considered the expiration date for such SAR for all purposes under the Plan. For greater certainty, the ten (10) day period referred to in this Section 7.4(b) may not be extended by the Committee.

7.5 Exercise of SARs

Prior to its expiration or earlier termination in accordance with the Plan, each SAR shall be exercisable as to all or such part or parts of the granted Common Shares and at such time or times and pursuant to the achievement of such Performance Criteria or other vesting conditions as the Committee at the time of granting the particular SAR, may determine in its sole discretion. For greater certainty, no SAR shall be exercised by a Participant during a Black Out Period.

7.6 Method of Exercise and Payment of Purchase Price

- (a) Subject to the provisions of the Plan, a SAR granted under the Plan shall be exercisable (from time to time as provided in Section 7.5 hereof) by the Participant (or by the liquidator, executor or administrator, as the case may be, of the estate of the Participant) by delivering a fully completed Exercise Notice to the Corporation at its corporate head office to the attention of the Corporate Secretary of the Corporation (or to the individual that the Corporate Secretary of the Corporation may from time to time designate) or give notice in such other manner as the Corporation may from time to time designate, not less than three (3) Business Days in advance of the effective date of the proposed exercise, which notice shall specify the number of Common Shares with respect to which the SAR is being exercised and the effective date of the proposed exercise.
- (b) Subject to the vesting and other conditions and provisions set forth herein and in the SAR Agreement, the Committee shall determine whether each SAR awarded to a Participant shall entitle the Participant:
 - (i) to receive Common Shares, issued from treasury or purchased on the open market, based on the excess of the Market Value of a Common Share on the effective date of such exercise over the SAR Price;
 - (ii) to receive the Cash Equivalent; or
 - (iii) to elect to receive either Common Shares from treasury or purchased on the open market, the Cash Equivalent or a combination of cash and Common Shares.
- (c) If, in accordance with Section 7.6(b) above, the Participant is entitled to receive Common Shares upon exercising a SAR, the Corporation shall, as soon as practicable after such exercise but no later than ten (10) Business Days following such exercise, forthwith cause the transfer agent and registrar of the Common Shares to either:
 - (i) deliver to the Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) a certificate in the name of the Participant representing in the aggregate such number of Common Shares as the Participant (or in the name of the liquidator, executor or administrator, as the case may be, of the estate of the Participant) shall be entitled to receive; or
 - (ii) in the case of Common Shares issued in uncertificated form, cause the issuance of the aggregate number of Common Shares as the Participant (or the liquidator, executor or administrator, as the case may be, of the estate of the Participant) shall be entitled to receive to be evidenced by a book position on the register of the shareholders of the Corporation maintained by the transfer agent and registrar of the Common Shares.

7.7 SAR Agreements

SARs shall be evidenced by a SAR Agreement or included in an Employment Agreement, in such form not inconsistent with the Plan as the Committee may from time to time determine, provided that the substance of Article 7 and Article 8 hereof be included therein. The SAR Agreement shall contain such terms that may be considered necessary in order that the SAR will comply with any provisions respecting stock appreciation rights in the income tax or other laws in force in any country or jurisdiction of which the Participant may from time to time be a resident or citizen or the rules of any regulatory body having jurisdiction over the Corporation.

ARTICLE 8 GENERAL CONDITIONS

8.1 General Conditions applicable to Awards

Each Award, as applicable, shall be subject to the following conditions:

- (a) **Employment or Other Relationship.** The granting of an Award to a Participant shall not impose upon the Corporation or a Subsidiary any obligation to retain the Participant in its employ in any capacity or otherwise commence, extend, continue or modify any engagement between the Corporation or a Subsidiary and the Participant. For greater certainty, the granting of Awards to a Participant shall not impose any obligation on the Corporation to grant any Awards in the future nor shall it entitle the Participant to receive future grants.
- (b) **Rights as a Shareholder.** Neither the Participant nor such Participant's personal representatives or legatees shall have any rights whatsoever as shareholder in respect of any Common Shares covered by such Participant's Awards until the date of issuance of a share certificate to such Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) or the entry of such person's name on the share register for the Common Shares. Without limiting the generality of the foregoing, no adjustment shall be made for dividends or other rights declared, granted or issued by the Corporation for which the record date is prior to the date such share certificate is issued or such person's name is entered on the share register for the Common Shares.
- (c) **Conformity to Plan.** In the event that an Award is granted or a Grant Agreement is executed which does not conform in all particulars with the provisions of the Plan, or purports to grant Awards on terms different from those set out in the Plan, then, subject to any overriding instruction from the Committee relating to such Award(s), the Award or the grant of such Award shall not be in any way void or invalidated, but the Award so granted and, if applicable, the Grant Agreement will be adjusted to become, in all respects, in conformity with the Plan.
- (d) **Vesting.** Notwithstanding any other provision in this Plan, no Award may vest prior to the date that is one year after the Date of Award, provided that the Committee may, in its discretion, accelerate the vesting of any Award in the event of (i) the death of the Participant, or (ii) the Participant ceasing to be an Eligible Participant as a result of a Change of Control.

(e) **Non-Transferability.** Other than by will or under the law of succession, r Awards are not assignable or transferable. Awards may be exercised only by:

- (i) the Participant to whom the Awards were granted;
- (ii) with the Corporation's prior written approval and subject to such conditions as the Corporation may stipulate, such Participant's family tax-free savings account or retirement savings trust or any registered retirement savings plans or registered retirement income funds of which the Participant is and remains the annuitant or holder, as applicable;
- (iii) upon the Participant's death, by the legal representative of the Participant's estate; or
- (iv) upon the Participant's incapacity, the legal representative having authority to deal with the property of the Participant,

provided that any such legal representative, as applicable, shall first deliver evidence satisfactory to the Corporation of its entitlement to exercise any Award.

For greater certainty, no Award granted hereunder may be pledged, hypothecated, charged, transferred, assigned or otherwise encumbered or disposed of on pain of nullity.

8.2 General Conditions applicable to Awards

Each Award (other than DSUs granted to Eligible Directors) shall be subject to the following conditions:

- (a) **Termination for Cause.** Upon a Participant ceasing to be an Eligible Participant for Cause, all unexercised vested or unvested Awards granted to such Participant shall terminate as of the Termination Date. For the purposes of the Plan, the determination by the Corporation that the Participant was discharged for "Cause" shall be binding on the Participant.
- (b) **Resignation.** In the case of a Participant ceasing to be an Eligible Participant due to such Participant's resignation, subject to any later expiration dates determined by the Committee in accordance with the rules and policies of the Exchange, all unexercised vested or unvested Awards granted to such Participant shall terminate on the Termination Date caused by of such resignation.
- (c) **Termination or Cessation.** In the case of a Participant ceasing to be an Eligible Participant for any reason (other than for Cause, resignation, death, Disability or retirement) the number of Awards that may vest is subject to pro ration over the applicable vesting period (ending on the Termination Date) and shall expire on the earlier of 90 days after the Termination Date, or the expiry date of the Awards. For greater certainty, the pro ration calculation referred to above shall be net of previously vested Awards.
- (d) **Death, Disability or Retirement.** If a Participant dies while in their capacity as an Eligible Participant, ceases to be an Eligible Participant as a result of a Disability

or ceases to be an Eligible Participant as a result of their retirement, the number of Awards that may vest is subject to pro ration over the applicable vesting period (ending on the Termination Date) and shall expire on the earlier of 180 days after the Participant's Termination Date, or the expiry date of the Awards. Provided, however, that if the Participant is determined to have breached any post-employment restrictive covenants in favour of the Corporation, then any Awards held by the Participant, whether vested or unvested, will immediately expire and the Participant shall pay to the Corporation any "in-the-money" amounts realized upon exercise of Awards following the Termination Date. For greater certainty, the pro ration calculation referred to above shall be net of previously vested Awards.

8.3 Unfunded Plan

Unless otherwise determined by the Committee, this Plan shall be unfunded. To the extent any Participant or their estate holds any rights by virtue of a grant of Awards under this Plan, such rights (unless otherwise determined by the Committee) shall be no greater than the rights of an unsecured creditor of the Corporation. Notwithstanding the foregoing, any determinations made shall be such that the DSU continuously meets the requirements of paragraph 6801(d) of the regulations to the Tax Act.

ARTICLE 9 ADJUSTMENTS AND AMENDMENTS

9.1 Adjustment to Common Shares Subject to Outstanding Awards

- (a) In the event of any subdivision of the Common Shares into a greater number of Common Shares at any time after the grant of an Award to a Participant and prior to the expiration of the term of such Award, the Corporation shall deliver to such Participant, at the time of any subsequent exercise or settlement of such Award in accordance with the terms hereof, in lieu of the number of Common Shares to which such Participant was theretofore entitled upon such exercise or settlement of such Award, but for the same aggregate consideration payable therefor, such number of Common Shares as such Participant would have held as a result of such subdivision if on the record date thereof the Participant had been the registered holder of the number of Common Shares to which such Participant was theretofore entitled upon such exercise or settlement of such Award.
- (b) In the event of any consolidation of Common Shares into a lesser number of Common Shares at any time after the grant of an Award to any Participant and prior to the expiration of the term of such Award, the Corporation shall deliver to such Participant at the time of any subsequent exercise or settlement of such Award in accordance with the terms hereof in lieu of the number of Common Shares to which such Participant was theretofore entitled upon such exercise or settlement of such Award, but for the same aggregate consideration payable therefor, such number of Common Shares as such Participant would have held as a result of such consideration if on the record date thereof the Participant had been the registered holder of the number of Common Shares to which such Participant was theretofore entitled upon such exercise or settlement of such Award.

- (c) If at any time after the grant of an Award to any Participant and prior to the expiration of the term of such Award, the Common Shares shall be reclassified, reorganized or otherwise changed, otherwise than as specified in Section 9.1(a) or Section 9.1(b) or, subject to the provisions of Section 9.3, the Corporation shall consolidate, merge or amalgamate with or into another corporation (the corporation resulting or continuing from such consolidation, merger or amalgamation being herein called the “**Successor Corporation**”), the Participant shall be entitled, subject to prior acceptance by the Exchange, to receive upon the subsequent exercise or settlement of the Award, in accordance with the terms hereof and shall accept in lieu of the number of Common Shares then subscribed for but for the same aggregate consideration payable therefor, the aggregate number of shares of the appropriate class or other securities of the Corporation or the Successor Corporation (as the case may be) or other consideration from the Corporation or the Successor Corporation (as the case may be) that such Participant would have been entitled to receive as a result of such reclassification, reorganization or other change of shares or, subject to the provisions of Section 9.3, as a result of such consolidation, merger or amalgamation, if on the record date of such reclassification, reorganization or other change of shares or the effective date of such consolidation, merger or amalgamation, as the case may be, such Participant had been the registered holder of the number of Common Shares to which such Participant was immediately theretofore entitled upon such exercise or settlement of such Award.
- (d) If, at any time after the grant of an Award to any Participant and prior to the expiration of the term of such Award, the Corporation shall make a distribution to all holders of Common Shares or other securities in the capital of the Corporation, of cash, evidences of indebtedness or other assets of the Corporation (excluding ordinary course dividends declared by the Corporation), or should the Corporation effect any transaction or change having a similar effect, then the price or the number of Common Shares to which the Participant is entitled upon exercise or settlement of an Award shall, subject to prior acceptance by the Exchange, be adjusted to take into account such distribution, transaction or change. The Committee shall determine the appropriate adjustments to be made in such circumstances in order to maintain the Participants' economic rights in respect of their Awards in connection with such distribution, transaction or change.
- (e) No fractional Common Share shall be delivered to a Participant under the Plan. Any fractional Common Share entitlement shall be satisfied by the payment of an amount in cash equal to such fractional Share entitlement multiplied by the Market Value on the applicable settlement date.

9.2 Amendment or Discontinuance of the Plan

- (a) The Committee may amend the Plan or any Award at any time without the consent of the Participants provided that such amendment shall:
 - (i) not adversely alter or impair any Award previously granted except as permitted by the provisions of this Article 9;

- (ii) be in compliance with applicable law and the rules and policies of the Exchange and subject to any regulatory approvals including, where required, the approval of the Exchange; and
- (iii) be subject to shareholder approval including Disinterested Shareholder Approval, if applicable, where required by law, the requirements of the Exchange or the provisions of the Plan, provided that shareholder approval including Disinterested Shareholder Approval shall not be required and the Committee may, from time to time, in its absolute discretion if in accordance with the rules and policies of the Exchange, make the following amendments to the Plan:
 - (A) subject to Section 8.1(d), any amendment to the vesting provisions of any Award granted under the Plan;
 - (B) any amendment to the expiration date of an Award (other than an Award held by an Insider) that does not extend the term of the Award past the original date of expiration for such Award;
 - (C) any amendment regarding the effect of termination of a Participant's employment or engagement;
 - (D) subject to Section 8.1(d), any amendment which accelerates the date on which any Award may be exercised or settled under the Plan;
 - (E) any amendment necessary to comply with any changes required by applicable regulatory authorities having jurisdiction over securities of the Corporation from time to time including, but not limited to, the Exchange or other mandatory provisions of applicable law;
 - (F) any amendments which are advisable to accommodate changes in tax laws;
 - (G) any amendments to the terms of Awards in order to maintain Award value in connection with an adjustment in the Common Shares of the Corporation;
 - (H) any amendments of a "housekeeping" nature, including those required to fix typographical errors or clarify existing provisions of the Plan that do not have the effect of altering the scope, nature and intent of such provisions;
 - (I) any amendment regarding the administration of the Plan;
 - (J) any amendment to add or amend provisions allowing for the granting of cash-settled awards, financial assistance or clawback; and

- (K) any other amendment that does not require the approval of the holders of Common Shares pursuant to the amendment provisions of the Plan and the rules and policies of the Exchange.
- (b) Notwithstanding Section 9.2(a)(iii) above, the Committee shall be required to obtain shareholder approval or Disinterested Shareholder Approval, if required by the Exchange, to make the following amendments:
 - (i) any amendment to increase the maximum number of Common Shares issuable from treasury under the Plan, except increases resulting from the adjustment provisions in Section 9.1 hereof;
 - (ii) any amendment to remove or increase the limits on the aggregate number of Common Shares that may be reserved for issuance under the Plan to any one Person or group or category of Persons;
 - (iii) subject to the Black Out Period provisions in the Plan, any amendment to the expiry or termination provisions applicable to Awards granted under the Plan;
 - (iv) any amendment which extends the expiry date of any Award held by an Insider, or the Unit Restriction Period of any Units held by an Insider, beyond the original expiry date, except in case of an extension due to a Black Out Period;
 - (v) any amendment to the non-assignability and non-transferability provisions contained in Plan, except as otherwise permitted by the Exchange or for estate planning or estate settlement purposes;
 - (vi) any amendment to expand the class of Eligible Participants to whom Awards may be granted under the Plan; and
 - (vii) any amendment to the amendment provisions of the Plan, provided that (A) Common Shares held directly or indirectly by Insiders benefiting from the amendments in Sections 9.2(b)(ii) and (iv); or (B) Common Shares held directly or indirectly by Insiders where the amendment will disproportionately benefit such Insiders over other Award holders, shall be excluded when obtaining such shareholder approval.
- (c) Subject to any required regulatory approvals including, if applicable the acceptance of the Exchange, the Board may, in its discretion, suspend or discontinue the Plan at any time without the consent of the Participants provided that such suspension or discontinuance shall not materially and adversely affect any Awards previously granted to a Participant under the Plan.

9.3 Change of Control

In the event of and in connection with a transaction that would constitute a Change of Control, notwithstanding any other provision in this Plan but subject to the specific terms and conditions of any Grant Agreement to the contrary and the acceptance of the Exchange, if required, the Committee shall have the right, in its discretion, to deal with any or all Awards (or any portion

thereof) issued under this Plan in the manner it deems fair and reasonable in the circumstances of the Change of Control. Without limiting the generality of the foregoing, in connection with a Change of Control, the Committee, without any action or consent required on the part of any Participant, shall have the right to:

- (a) determine that the Awards, in whole or in part and whether vested or unvested, shall remain in full force and effect in accordance with their terms after the Change of Control;
- (b) provide for the conversion or exchange of any or all Awards (or any portion thereof, whether vested or unvested) into or for options, rights, units or other securities in any entity participating in or resulting from a Change of Control;
- (c) cancel any unvested Awards (or any portions thereof) without payment of any kind to any Participant;
- (d) accelerate the vesting of outstanding Awards;
- (e) provide for outstanding Awards to be purchased;
- (f) accelerate the date by which any or all Awards or any portion thereof, whether vested or unvested, must be exercised or settled either in whole or in part;
- (g) deem any or all Awards or any portion thereof, whether vested or unvested (including those accelerated pursuant to this Plan) to have been exercised or settled in whole or in part, tender, on behalf of the Participant, the underlying Common Shares that would have been issued pursuant to the exercise or settlement of such Awards to any third party purchaser in connection with the Change of Control, and pay to the Participant on behalf of such third party purchaser an amount per underlying Common Share equal to the positive difference between the Change of Control price of the Common Shares and the applicable exercise or settlement price; or
- (h) take such other actions, and combinations of the foregoing actions or any other actions permitted under this Section 9.3 as it deems fair and reasonable under the circumstances.

9.4 Settlement of RSUs and PSUs during a Black Out Period

Notwithstanding any other provision of this Plan, in the event that a RSU Settlement Date or a PSU Settlement Date falls during a Black Out Period imposed by the Corporation, then such RSU Settlement Date or PSU Settlement Date shall be automatically extended to the tenth (10th) day following the date that such Black Out Period is lifted, terminated or removed.

ARTICLE 10 MISCELLANEOUS

10.1 Use of an Administrative Agent and Trustee

The Committee may in its sole discretion appoint from time to time one or more entities to act as administrative agent to administer the Awards granted under the Plan and to act as trustee to

hold and administer the assets that may be held in respect of Awards granted under the Plan, the whole in accordance with the terms and conditions determined by the Committee in its sole discretion. The Corporation, the administrative agent and the trustee, as applicable, will maintain records showing the holdings of the respective Awards, vesting periods, Performance Criteria and Participants.

10.2 Tax Withholding

- (a) Notwithstanding any other provision of this Plan, all distributions, deliveries of Common Shares or payments to a Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) under the Plan shall be made net of applicable source deductions and other applicable withholding taxes or other required deductions (collectively “**Applicable Taxes**”). If the event giving rise to the Applicable Taxes involves an issuance or delivery of Common Shares, then the Applicable Taxes may be satisfied by (i) having the Participant elect to have the appropriate number of such Common Shares underlying an Award sold by the Corporation’s transfer agent and registrar, any trustee appointed by the Corporation pursuant to Section 10.1 or broker, on behalf of and as agent for the Participant as soon as permissible and practicable, with the proceeds of such sale being delivered to the Corporation, which will in turn remit such amounts to the appropriate governmental authorities, or (ii) any other mechanism as may be required or appropriate to conform with local tax and other rules.
- (b) Notwithstanding Section 10.2(a), the applicable tax withholdings may be waived where a Participant directs in writing that a payment be made directly to the Participant’s registered retirement savings plan in circumstances to which subsection 100(3) of the regulations made under the Tax Act apply.

10.3 Right of Discharge Reserved; Claims to Awards

Nothing in the Plan nor the grant of an Award hereunder shall confer upon any Employee, Management Company Employee, Officer, Director or Consultant the right to continue in the employment or service of the Corporation or any Subsidiary or affect any right that the Corporation or any Subsidiary may have to terminate the employment or service of (or to demote or to exclude from future Awards under the Plan) any such Employee, Management Company Employee, Officer, Director or Consultant at any time for any reason. The Corporation shall not be liable for the loss of existing or potential profit from any Award granted hereunder in the event of termination of an employment or other relationship. No Employee, Management Company Employee, Officer, Director or Consultant shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of Employees, Management Company Employee, Officers, Directors or Consultants under the Plan.

10.4 Reorganization of the Corporation

The existence of any Awards shall not affect in any way the right or power of the Corporation or its shareholders to make or authorize any adjustment, recapitalization, reorganization or other change in the Corporation’s capital structure or its business, or any amalgamation, combination, merger or consolidation involving the Corporation or to create or issue any bonds, debentures, shares or other securities of the Corporation or the rights and conditions attaching thereto or to affect the dissolution or liquidation of the Corporation or any sale or transfer of all or any part of

its assets or business, or any other corporate act or proceeding, whether of a similar nature or otherwise.

10.5 Clawback

Notwithstanding any other provision in this Plan, any Award which is subject to recovery under any law, government regulation, stock exchange listing requirement or policy adopted by the Corporation, will be subject to such deductions and clawback as may be required to be made pursuant to such law, government regulation, stock exchange listing requirement or policy. Without limiting the generality of the foregoing, the proceeds from the exercise or disposition of Awards or Common Shares acquired under Awards will be subject to forfeiture and disgorgement to the Corporation, with interest and other related earnings, if the Participant to whom the Award was granted violates (i) a non-competition, non-solicitation, confidentiality or other restrictive covenant by which he or she is bound, or (ii) any policy adopted by the Corporation applicable to the Participant that provides for forfeiture or disgorgement with respect to incentive compensation that includes Awards under the Plan. In addition, the Board may require forfeiture and disgorgement to the Corporation of outstanding Awards and the proceeds from the exercise or disposition of Awards or Common Shares acquired under Awards, with interest and other related earnings, to the extent required by law, government regulation or the rules and policies of the Exchange, including any related policy adopted by the Corporation. Each Participant, by accepting or being deemed to have accepted an Award under the Plan, agrees to cooperate fully with the Board, and to cause any and all permitted assignees of the Participant to cooperate fully with the Board, to effectuate any forfeiture or disgorgement required hereunder. Neither the Board nor the Corporation nor any other Person, other than the Participant and his or her permitted assignees, if any, will be responsible for any adverse tax or other consequences to a Participant or his or her permitted assignees, if any, that may arise in connection with this Section 10.5.

10.6 Compliance with Securities Law

- (a) The Plan (including any amendments to it), the terms of the grant of any Award under the Plan, the grant of any Award and exercise of any Award, and the Corporation's obligation to sell and deliver Common Shares in respect of any Awards, shall be subject to all applicable federal, provincial, state and foreign laws, rules and regulations, the rules and policies of the Exchange and to such approvals by any regulatory or governmental agency as may, as determined by the Corporation, be required. The Corporation shall not be obliged by any provision of the Plan or the grant of any Award hereunder to issue, sell or deliver Common Shares in violation of such laws, rules and regulations or any condition of such approvals.
- (b) The Corporation shall have no obligation to issue any Common Shares pursuant to this Plan unless such Common Shares shall have been duly listed with the Exchange. Common Shares issued, sold or delivered to Participants under the Plan may be subject to limitations on sale or resale under applicable securities laws.

10.7 Other Plans

Nothing contained in the Plan shall prevent the Board from adopting other or additional compensation arrangements, subject to such regulatory or shareholder approvals including the

acceptance of the Exchange as may be required; and such arrangements may be either generally applicable or applicable only in specific cases.

10.8 Governing Laws

The Plan and all matters to which reference is made herein shall be governed by and interpreted in accordance with the laws of the province of British Columbia and the federal laws of Canada applicable therein.

10.9 Severability

The invalidity or unenforceability of any provision of the Plan shall not affect the validity or enforceability of any other provision and any invalid or unenforceable provision shall be severed from the Plan.

10.10 Foreign Participants

Awards may be granted to Participants who are foreign nationals or employed or providing services outside Canada, or both, on such terms and conditions different from those applicable to Awards to Directors, Officers, Employees, Management Company Employees or Consultants providing services in Canada as may, in the judgment of the Committee, be necessary or desirable in order to recognize differences in local law or tax policy. The Committee also may impose conditions on the exercise, vesting or settlement of Awards in order to minimize the Corporation's obligation with respect to tax equalization for Directors, Officers, Employees, Management Company Employees or Consultants on assignments outside their home country.

10.11 No Duty to Notify or Minimize Taxes; No Liability for Taxes

The Corporation has no duty or obligation to any Participant to advise such holder as to the time or manner of exercising any Award or to warn or otherwise advise such holder of a pending termination or expiration of an Award or a possible period in which the Award may not be exercised. The Corporation has no duty or obligation to minimize the tax consequences of an Award to the holder of such Award and will not be liable to any holder of an Award for any adverse tax consequences to such holder in connection with an Award. As a condition to accepting an Award under the Plan, each Participant (i) agrees to not make any claim against the Corporation, or any of its Officers, Directors, Employees, Subsidiaries, agents or advisors related to tax liabilities arising from such Award or other Corporation compensation and (ii) acknowledges that such Participant was advised to consult with his or her own personal tax, financial and other legal advisors regarding the tax consequences of the Award and has either done so or knowingly and voluntarily declined to do so.

10.12 No Registration Rights; No Right to Settle in Cash

The Corporation has no obligation to register with any governmental body or organization (including, without limitation, the SEC) any of (a) the offer or issuance of any Award, (b) any Common Shares issuable upon the exercise or settlement of any Award, or (c) the sale of any Common Shares issued upon exercise or settlement of any Award, regardless of whether the Corporation in fact undertakes to register any of the foregoing. In particular, in the event that any of (x) any offer or issuance of any Award, (y) any Common Shares issuable upon exercise or settlement of any Award, or (z) the sale of any Common Shares issued upon exercise or settlement of any Award are not registered with any governmental body or organization (including,

without limitation, the SEC) or otherwise exempt therefrom, the Corporation will not under any circumstance be required to settle its obligations, if any, under this Plan in cash.

10.13 Personal Information

Each Participant shall provide the Corporation with all information (including personal information) required by the Corporation in order to administer the Plan. Each Participant acknowledges that information required by the Corporation in order to administer the Plan may be disclosed to any custodian, administrative agent or trustee appointed in respect of the Plan and other third parties including the Exchange, and may be disclosed to such Persons (including Persons located in jurisdictions other than the Participant's jurisdiction of residence), in connection with the administration of the Plan. Each Participant consents to such disclosure and authorizes the Corporation to make such disclosure on the Participant's behalf.

10.14 Indemnity

To the extent allowable pursuant to applicable law, each member of the Committee or of the Board and any Person to whom the Committee has delegated any of its authority under the Plan shall be indemnified and held harmless by the Corporation from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by such Person in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action or failure to act pursuant to the Plan and against and from any and all amounts paid by him or her in satisfaction of judgment in such action, suit, or proceeding against him or her; provided that in relation to the subject matter of the proceeding the indemnitee acted honestly and in good faith with a view to the best interests of the Corporation or its Subsidiary, as applicable, and in the case of a proceeding other than a civil proceeding, the indemnitee had reasonable grounds for believing that his or her conduct in respect of which the proceeding was brought was lawful and, further provided, he or she gives the Corporation an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such Persons may be entitled pursuant to applicable law or the Corporation's Articles, or otherwise, or any power that the Corporation may have to indemnify them or hold them harmless.

10.15 Effective Date of the Plan; Termination of Plan

Subject to the acceptance of the Exchange, the Plan shall be effective on the date of the approval of the Plan by the holders of the shares entitled to vote at a duly constituted meeting of the shareholders of the Corporation. The Plan shall be null and void and of no effect if the foregoing condition is not fulfilled and in such event each Award shall, notwithstanding any of the preceding provisions of the Plan, be null and void and of no effect. Awards may be granted under the Plan at any time and from time to time until the Plan is terminated by the Board, on which date the Plan will expire except as to Awards then outstanding under the Plan. Such outstanding Awards shall remain in effect until they have been exercised, settled or terminated, or have expired.

10.16 Language

Each Participant agrees with the Corporation that this Plan and all agreements, notices, declarations and documents accessory to the Plan be drafted in English only. *Chaque participant consent avec la société à ce que ce Plan ainsi que toutes conventions, avis, déclarations et documents afférents au Plan soient rédigés en anglais seulement.*

ADDENDUM FOR PARTICIPANTS IN THE UNITED STATES

Capitalized terms used but not defined in this Addendum shall have the same meanings assigned to them in the Medgold Resources Corp. Omnibus Equity Compensation Plan (the “**Plan**”).

General

This Addendum includes additional terms and conditions that govern the Plan and Awards if the Participant works or resides in the United States or is otherwise a taxpayer to the United States.

The information contained herein is general in nature and may not apply to the Participant's particular situation. As a result, the Corporation is not in a position to assure the Participant of any particular result. Accordingly, the Participant is strongly advised to seek appropriate professional advice as to how the relevant laws may apply to the Participant's individual situation.

Section 409A and Section 457A of the Internal Revenue Code

With respect to Awards subject to Section 409A or Section 457A of the Internal Revenue Code of 1986, as amended, and the rules and regulations thereunder (the “**Code**”), the Plan is intended to be exempt from or otherwise to comply with the requirements of Section 409A and Section 457A of the Code and the provisions of the Plan and any Grant Agreement shall be interpreted in a manner that satisfies the requirements of Section 409A and Section 457A of the Code, and the Plan shall be operated accordingly. If any provision of the Plan or any term or condition of any Award is ambiguous such that an interpretation of the provision would otherwise frustrate or conflict with this intent, the provision, term or condition will be interpreted so as to avoid frustrating or conflicting with this intent. If an amount payable under an Award as a result of the Participant ceasing to be an Eligible Participant (other than due to death) at a time when the Participant is a “specified employee” under Section 409A of the Code constitutes a deferral of compensation subject to Section 409A of the Code, then payment of such amount shall not occur until six months and one day after the date of the Participant's Termination Date, except as permitted under Section 409A of the Code. If the Award includes a “series of installment payments” (within the meaning of Section 1.409A-2(b)(2)(iii) of the Treasury Regulations), the Participant's right to the series of installment payments shall be treated as a right to a series of separate payments and not as a right to a single payment, and if the Award includes “dividend equivalents” (within the meaning of Section 1.409A-3(e) of the Treasury Regulations), the Participant's right to the dividend equivalents shall be treated as a right to a payment or series of payments that is separate from the right to any other payments payable under the Award. Notwithstanding the foregoing, the tax treatment of the benefits provided under the Plan or any applicable Grant Agreement is not warranted or guaranteed, and in no event shall the Corporation be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the Participant on account of non-compliance with Section 409A or Section 457A of the Code.

Change of Control

For any Award that provides for accelerated distribution on a Change of Control of amounts that constitute “deferred compensation” (as defined in Section 409A of the Code), if the event that constitutes such Change of Control does not also constitute a change in the ownership or effective control of the Corporation, or in the ownership of a substantial portion of the Corporation's assets (in either case, as defined in Section 409A of the Code), such amount shall not be distributed on such Change of Control but instead shall vest as of such Change of Control and shall be

distributed on the scheduled payment date specified in the applicable Grant Agreement, except to the extent that earlier distribution would not result in the Participant who holds such Award incurring interest or additional tax under Section 409A of the Code.

Termination or Cessation of Employment

With respect to any Award subject to Section 409A of the Code (and not exempt therefrom), a Participant will cease to be an Eligible Participant upon the occurrence of the Participant's "separation from service" (as such term is defined under Section 409A of the Code).

SCHEDULE "I"

New Articles

MEDGOLD RESOURCES CORP.
(the “Company”)

The Company has as its articles the following articles.

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1. Interpretation

1.1 Definitions

In these Articles, unless the context otherwise requires:

- (1) “**appropriate person**” has the meaning assigned in the *Securities Transfer Act*;
- (2) “**board of directors**”, “**directors**” and “**board**” mean the directors or sole director of the Company for the time being;
- (3) “**Business Corporations Act**” means the *Business Corporations Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;
- (4) “**Interpretation Act**” means the *Interpretation Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;
- (5) “**legal personal representative**” means the personal or other legal representative of a shareholder;
- (6) “**protected purchaser**” has the meaning assigned in the *Securities Transfer Act*;
- (7) “**registered address**” of a shareholder means the shareholder’s address as recorded in the central securities register;
- (8) “**seal**” means the seal of the Company, if any;
- (9) “**securities legislation**” means statutes concerning the regulation of securities markets and trading in securities and the regulations, rules, forms and schedules under those statutes, all as amended from time to time, and the blanket rulings and orders, as amended from time to time, issued by the securities commissions or similar regulatory authorities appointed under or pursuant to those statutes; “**Canadian securities legislation**” means the securities legislation in any province or territory of Canada and includes the *Securities Act* (British Columbia); and “**U.S. securities legislation**” means the securities legislation in the federal jurisdiction of the United States and in any state of the United States and includes the Securities Act of 1933 and the Securities Exchange Act of 1934; and
- (10) “**Securities Transfer Act**” means the *Securities Transfer Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act.

1.2 *Business Corporations Act* and *Interpretation Act* Definitions Applicable

The definitions in the *Business Corporations Act* and the definitions and rules of construction in the *Interpretation Act*, with the necessary changes, so far as applicable, and unless the context requires otherwise, apply to these Articles as if they were an enactment. If there is a conflict between a definition in the *Business Corporations Act* and a definition or rule in the *Interpretation Act* relating to a term used in these Articles, the definition in the *Business*

Corporations Act will prevail in relation to the use of the term in these Articles. If there is a conflict or inconsistency between these Articles and the *Business Corporations Act*, the *Business Corporations Act* will prevail.

2. Shares and Share Certificates

2.1 Authorized Share Structure

The authorized share structure of the Company consists of shares of the class or classes and series, if any, described in the Notice of Articles of the Company.

2.2 Form of Share Certificate

Each share certificate issued by the Company must comply with, and be signed as required by, the *Business Corporations Act*.

2.3 Shareholder Entitled to Certificate or Acknowledgment

Unless the shares of which the shareholder is the registered owner are uncertificated shares, each shareholder is entitled, without charge, to (a) one share certificate representing the shares of each class or series of shares registered in the shareholder's name or (b) a non-transferable written acknowledgment of the shareholder's right to obtain such a share certificate, provided that in respect of a share held jointly by several persons, the Company is not bound to issue more than one share certificate or acknowledgment and delivery of a share certificate or an acknowledgment to one of several joint shareholders or to a duly authorized agent of one of the joint shareholders will be sufficient delivery to all.

2.4 Delivery by Mail

Any share certificate or non-transferable written acknowledgment of a shareholder's right to obtain a share certificate may be sent to the shareholder by mail at the shareholder's registered address and neither the Company nor any director, officer or agent of the Company is liable for any loss to the shareholder because the share certificate or acknowledgement is lost in the mail or stolen.

2.5 Replacement of Worn Out or Defaced Certificate or Acknowledgement

If the directors are satisfied that a share certificate or a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate is worn out or defaced, they must, on production to them of the share certificate or acknowledgment, as the case may be, and on such other terms, if any, as they think fit:

- (1) order the share certificate or acknowledgment, as the case may be, to be cancelled; and
- (2) issue a replacement share certificate or acknowledgment, as the case may be.

2.6 Replacement of Lost, Destroyed or Wrongfully Taken Certificate

If a person entitled to a share certificate claims that the share certificate has been lost, destroyed or wrongfully taken, the Company must issue a new share certificate, if that person:

- (1) so requests before the Company has notice that the share certificate has been acquired by a protected purchaser;
- (2) provides the Company with an indemnity bond sufficient in the Company's judgment to protect the Company from any loss that the Company may suffer by issuing a new certificate; and
- (3) satisfies any other reasonable requirements imposed by the directors.

A person entitled to a share certificate may not assert against the Company a claim for a new share certificate where a share certificate has been lost, apparently destroyed or wrongfully taken if that person fails to notify the Company of that fact within a reasonable time after that person has notice of it and the Company registers a transfer of the shares represented by the certificate before receiving a notice of the loss, apparent destruction or wrongful taking of the share certificate.

2.7 Recovery of New Share Certificate

If, after the issue of a new share certificate, a protected purchaser of the original share certificate presents the original share certificate for the registration of transfer, then in addition to any rights on the indemnity bond, the Company may recover the new share certificate from a person to whom it was issued or any person taking under that person other than a protected purchaser.

2.8 Splitting Share Certificates

If a shareholder surrenders a share certificate to the Company with a written request that the Company issue in the shareholder's name two or more share certificates, each representing a specified number of shares and in the aggregate representing the same number of shares as represented by the share certificate so surrendered, the Company must cancel the surrendered share certificate and issue replacement share certificates in accordance with that request.

2.9 Certificate Fee

There must be paid to the Company, in relation to the issue of any share certificate under Articles 2.5, 2.6 or 2.8, the amount, if any and which must not exceed the amount prescribed under the *Business Corporations Act*, determined by the directors.

2.10 Recognition of Trusts

Except as required by law or statute or these Articles, no person will be recognized by the Company as holding any share upon any trust, and the Company is not bound by or compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or fraction of a share or (except as required by law or statute or these Articles or as ordered by a court of competent jurisdiction) any other rights in respect of any share except an absolute right to the entirety thereof in the shareholder.

3. Issue of Shares

3.1 Directors Authorized

Subject to the *Business Corporations Act* and the rights, if any, of the holders of issued shares of the Company, the Company may issue, allot, sell or otherwise dispose of the unissued shares, and issued shares held by the Company, at the times, to the persons, including directors, in the manner, on the terms and conditions and for the issue prices (including any premium at which shares with par value may be issued) that the directors may determine. The issue price for a share with par value must be equal to or greater than the par value of the share.

3.2 Commissions and Discounts

The Company may at any time, pay a reasonable commission or allow a reasonable discount to any person in consideration of that person purchasing or agreeing to purchase shares of the Company from the Company or any other person or procuring or agreeing to procure purchasers for shares of the Company.

3.3 Brokerage

The Company may pay such brokerage fee or other consideration as may be lawful for or in connection with the sale or placement of its securities.

3.4 Conditions of Issue

Except as provided for by the *Business Corporations Act*, no share may be issued until it is fully paid. A share is fully paid when:

- (1) consideration is provided to the Company for the issue of the share by one or more of the following:
 - (a) past services performed for the Company;
 - (b) property;
 - (c) money; and
- (2) the value of the consideration received by the Company equals or exceeds the issue price set for the share under Article 3.1.

3.5 Share Purchase Warrants and Rights

Subject to the *Business Corporations Act*, the Company may issue share purchase warrants, options and rights upon such terms and conditions as the directors determine, which share purchase warrants, options and rights may be issued alone or in conjunction with debentures, debenture stock, bonds, shares or any other securities issued or created by the Company from time to time.

4. Share Registers

4.1 Central Securities Register

As required by and subject to the *Business Corporations Act*, the Company must maintain in British Columbia a central securities register. The directors may, subject to the *Business Corporations Act*, appoint an agent to maintain the central securities register. The directors may also appoint one or more agents, including the agent which keeps the central securities register, as transfer agent for its shares or any class or series of its shares, as the case may be, and the same or another agent as registrar for its shares or such class or series of its shares, as the case may be. The directors may terminate such appointment of any agent at any time and may appoint another agent in its place.

4.2 Closing Register

The Company must not at any time close its central securities register.

5. Share Transfers

5.1 Registering Transfers

Subject to the *Business Corporations Act*, a transfer of a share of the Company must not be registered unless the Company or the transfer agent or registrar for the class or series of share to be transferred has received:

- (1) in the case of a share certificate that has been issued by the Company in respect of the share to be transferred, that share certificate and a written instrument of transfer (which may be on a separate document or endorsed on the share certificate) made by the shareholder or other appropriate person or by an agent who has actual authority to act on behalf of that person;
- (2) in the case of a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate that has been issued by the Company in respect of the share to be transferred, a written instrument of transfer that directs that the transfer of the shares be registered, made by the shareholder or other appropriate person or by an agent who has actual authority to act on behalf of that person;
- (3) in the case of a share that is an uncertificated share, a written instrument of transfer that directs that the transfer of the share be registered, made by the shareholder or other appropriate person or by an agent who has actual authority to act on behalf of that person; and
- (4) such other evidence, if any, as the Company or the transfer agent or registrar for the class or series of share to be transferred may require to prove the title of the transferor or the transferor's right to transfer the share, that the written instrument of transfer is genuine and authorized and that the transfer is rightful or to a protected purchaser.

5.2 Form of Instrument of Transfer

The instrument of transfer in respect of any share of the Company must be either in the form, if any, on the back of the Company's share certificates or in any other form that may be approved by the directors or the transfer agent for the class or series of shares to be transferred.

5.3 Transferor Remains Shareholder

Except to the extent that the *Business Corporations Act* otherwise provides, the transferor of shares is deemed to remain the holder of the shares until the name of the transferee is entered in a securities register of the Company in respect of the transfer.

5.4 Signing of Instrument of Transfer

If a shareholder, or his or her duly authorized attorney, signs an instrument of transfer in respect of shares registered in the name of the shareholder, the signed instrument of transfer constitutes a complete and sufficient authority to the Company and its directors, officers and agents to register the number of shares specified in the instrument of transfer or specified in any other manner, or, if no number is specified, all the shares represented by the share certificates or set out in the written acknowledgments deposited with the instrument of transfer:

- (1) in the name of the person named as transferee in that instrument of transfer; or
- (2) if no person is named as transferee in that instrument of transfer, in the name of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered.

5.5 Enquiry as to Title Not Required

Neither the Company nor any director, officer or agent of the Company is bound to inquire into the title of the person named in the instrument of transfer as transferee or, if no person is named as transferee in the instrument of transfer, of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered or is liable for any claim related to registering the transfer by the shareholder or by any intermediate owner or holder of the shares, of any interest in the shares, of any share certificate representing such shares or of any written acknowledgment of a right to obtain a share certificate for such shares.

5.6 Transfer Fee

There must be paid to the Company, in relation to the registration of any transfer, the amount, if any, determined by the directors.

6. Transmission of Shares

6.1 Legal Personal Representative Recognized on Death

In the case of the death of a shareholder, the legal personal representative of the shareholder, or in the case of shares registered in the shareholder's name and the name of another person in joint tenancy, the surviving joint holder, will be the only person recognized by the Company as having any title to the shareholder's interest in the shares. Before recognizing a person as a legal personal representative of a shareholder, the directors may require the original grant of

probate or letters of administration or a court certified copy of them or the original or a court certified or authenticated copy of the grant of representation, will, order or other instrument or other evidence of the death under which title to the shares or securities is claimed to vest.

6.2 Rights of Legal Personal Representative

The legal personal representative of a shareholder has the same rights, privileges and obligations that attach to the shares held by the shareholder, including the right to transfer the shares in accordance with these Articles, if appropriate evidence of appointment or incumbency within the meaning of s. 87 of the *Securities Transfer Act* has been deposited with the Company. This Article 6.2 does not apply in the case of the death of a shareholder with respect to shares registered in the shareholder's name and the name of another person in joint tenancy.

7. Purchase of Shares

7.1 Company Authorized to Purchase Shares

Subject to Article 7.2, the special rights and restrictions attached to the shares of any class or series and the *Business Corporations Act*, the Company may, if authorized by the directors, purchase or otherwise acquire any of its shares at the price and upon the terms specified in such resolution.

7.2 Purchase When Insolvent

The Company must not make a payment or provide any other consideration to purchase or otherwise acquire any of its shares if there are reasonable grounds for believing that:

- (1) the Company is insolvent; or
- (2) making the payment or providing the consideration would render the Company insolvent.

7.3 Sale and Voting of Purchased Shares

If the Company retains a share redeemed, purchased or otherwise acquired by it, the Company may sell, gift or otherwise dispose of the share, but, while such share is held by the Company, it:

- (1) is not entitled to vote the share at a meeting of its shareholders;
- (2) must not pay a dividend in respect of the share; and
- (3) must not make any other distribution in respect of the share.

8. Borrowing Powers

The Company, if authorized by the directors, may:

- (1) borrow money in the manner and amount, on the security, from the sources and on the terms and conditions that they consider appropriate;

- (2) issue bonds, debentures and other debt obligations either outright or as security for any liability or obligation of the Company or any other person and at such discounts or premiums and on such other terms as they consider appropriate;
- (3) guarantee the repayment of money by any other person or the performance of any obligation of any other person; and
- (4) mortgage, charge, whether by way of specific or floating charge, grant a security interest in, or give other security on, the whole or any part of the present and future assets and undertaking of the Company.

9. Alterations

9.1 Alteration of Authorized Share Structure

Subject to Article 9.2 and the *Business Corporations Act*, the Company may:

- (1) by ordinary resolution:
 - (a) create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares;
 - (b) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established;
 - (c) if the Company is authorized to issue shares of a class of shares with par value:
 - (i) decrease the par value of those shares; or
 - (ii) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;
 - (d) alter the identifying name of any of its shares; or
 - (e) otherwise alter its shares or authorized share structure when required or permitted to do so by the *Business Corporations Act*.
- (2) by resolution of the directors, subdivide or consolidate all or any of its unissued, or fully paid issued, shares.

and, if applicable, alter its Notice of Articles and, if applicable, its Articles, accordingly.

9.2 Special Rights and Restrictions

Subject to the *Business Corporations Act*, the Company may by ordinary resolution:

- (1) create special rights or restrictions for, and attach those special rights or restrictions to, the shares of any class or series of shares, whether or not any or all of those shares have been issued;

- (2) vary or delete any special rights or restrictions attached to the shares of any class or series of shares, whether or not any or all of those shares have been issued; or
- (3) change all or any of its unissued, or fully paid issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value.

and alter its Articles and Notice of Articles accordingly.

9.3 Change of Name

The Company may by ordinary resolution or a resolution of the directors authorize an alteration of its Notice of Articles in order to change its name or adopt or change any translation of that name.

9.4 Other Alterations

If the *Business Corporations Act* does not specify the type of resolution and these Articles do not specify another type of resolution, the Company may by ordinary resolution alter these Articles.

10. Meetings of Shareholders

10.1 Annual General Meetings

Unless an annual general meeting is deferred or waived in accordance with the *Business Corporations Act*, the Company must hold its first annual general meeting within 18 months after the date on which it was incorporated or otherwise recognized, and after that must hold an annual general meeting at least once in each calendar year and not more than 15 months after the last annual reference date at such time and place as may be determined by the directors.

10.2 Resolution Instead of Annual General Meeting

If all the shareholders who are entitled to vote at an annual general meeting consent by a unanimous resolution under the *Business Corporations Act* to all of the business that is required to be transacted at that annual general meeting, the annual general meeting is deemed to have been held on the date of the unanimous resolution. The shareholders must, in any unanimous resolution passed under this Article 10.2, select as the Company's annual reference date a date that would be appropriate for the holding of the applicable annual general meeting.

10.3 Calling of Meetings of Shareholders

The directors may, whenever they think fit, call a meeting of shareholders.

10.4 Location of Meetings of Shareholders

Subject to the *Business Corporations Act*, a meeting of shareholders may be held in or outside of British Columbia as determined by a resolution of the directors.

10.5 Notice for Meetings of Shareholders

The Company must send notice of the date, time and location of any meeting of shareholders, in the manner provided in these Articles, or in such other manner, if any, as may be prescribed by ordinary resolution (whether previous notice of the resolution has been given or not), to each shareholder entitled to attend the meeting, to each director and to the auditor of the Company, unless these Articles otherwise provide, at least the following number of days before the meeting:

- (1) if and for so long as the Company is a public company, 21 days;
- (2) otherwise, 10 days.

10.6 Record Date for Notice

The directors may set a date as the record date for the purpose of determining shareholders entitled to notice of any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the *Business Corporations Act*, by more than four months. The record date must not precede the date on which the meeting is held by fewer than:

- (1) if and for so long as the Company is a public company, 21 days;
- (2) otherwise, 10 days.

If no record date is set, the record date is 5 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

10.7 Record Date for Voting

The directors may set a date as the record date for the purpose of determining shareholders entitled to vote at any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the *Business Corporations Act*, by more than four months. If no record date is set, the record date is 5 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

10.8 Failure to Give Notice and Waiver of Notice

The accidental omission to send notice of any meeting to, or the non-receipt of any notice by, any of the persons entitled to notice does not invalidate any proceedings at that meeting. Any person entitled to notice of a meeting of shareholders may, in writing or otherwise, waive or reduce the period of notice of such meeting.

10.9 Notice of Special Business at Meetings of Shareholders

If a meeting of shareholders is to consider special business within the meaning of Article 11.1, the notice of meeting must:

- (1) state the general nature of the special business; and

- (2) if the special business includes considering, approving, ratifying, adopting or authorizing any document or the signing of or giving of effect to any document, have attached to it a copy of the document or state that a copy of the document will be available for inspection by shareholders:
 - (a) at the Company's records office, or at such other reasonably accessible location in British Columbia as is specified in the notice; and
 - (b) during statutory business hours on any one or more specified days before the day set for the holding of the meeting.

11. Proceedings at Meetings of Shareholders

11.1 Special Business

At a meeting of shareholders, the following business is special business:

- (1) at a meeting of shareholders that is not an annual general meeting, all business is special business except business relating to the conduct of or voting at the meeting;
- (2) at an annual general meeting, all business is special business except for the following:
 - (a) business relating to the conduct of or voting at the meeting;
 - (b) consideration of any financial statements of the Company presented to the meeting;
 - (c) consideration of any reports of the directors or auditor;
 - (d) the setting or changing of the number of directors;
 - (e) the election or appointment of directors;
 - (f) the appointment of an auditor;
 - (g) the setting of the remuneration of an auditor;
 - (h) business arising out of a report of the directors not requiring the passing of a special resolution or an exceptional resolution;
 - (i) any other business which, under these Articles or the *Business Corporations Act*, may be transacted at a meeting of shareholders without prior notice of the business being given to the shareholders.

11.2 Special Majority

The majority of votes required for the Company to pass a special resolution at a meeting of shareholders is two-thirds (2/3) of the votes cast on the resolution.

11.3 Quorum

Subject to the special rights and restrictions attached to the shares of any class or series of shares, and Article 11.4, the quorum for the transaction of business at a meeting of shareholders is two persons who are, or who represent by proxy, shareholders who, in the aggregate, hold at least 10% of the issued shares entitled to be voted at the meeting.

11.4 One Shareholder May Constitute Quorum

If there is only one shareholder entitled to vote at a meeting of shareholders:

- (1) the quorum is one person who is, or who represents by proxy, that shareholder, and
- (2) that shareholder, present in person or by proxy, may constitute the meeting.

11.5 Other Persons May Attend

In addition to those person who are entitled to vote at a meeting of shareholders, the only other persons entitled to be present at the meeting are the directors, the president (if any), the secretary (if any), the assistant secretary (if any), any lawyer for the Company, the auditor of the Company and any other persons invited to be present at the meeting by the directors or by the chair of the meeting and any persons entitled or required under the *Business Corporations Act* or these Articles to be present at the meeting; but if any of those persons does attend the meeting, that person is not to be counted in the quorum and is not entitled to vote at the meeting unless that person is a shareholder or proxy holder entitled to vote at the meeting.

11.6 Requirement of Quorum

No business, other than the election of a chair of the meeting and the adjournment of the meeting, may be transacted at any meeting of shareholders unless a quorum of shareholders entitled to vote is present at the commencement of the meeting, but such quorum need not be present throughout the meeting.

11.7 Lack of Quorum

If, within one-half hour from the time set for the holding of a meeting of shareholders, a quorum is not present:

- (1) in the case of a general meeting requisitioned by shareholders, the meeting is dissolved, and
- (2) in the case of any other meeting of shareholders, the meeting stands adjourned to the same day in the next week at the same time and place.

11.8 Lack of Quorum at Succeeding Meeting

If, at the meeting to which the meeting referred to in Article 11.7(2) was adjourned, a quorum is not present within one-half hour from the time set for the holding of the meeting, the person or persons present and being, or representing by proxy, one or more shareholders entitled to attend and vote at the meeting constitute a quorum.

11.9 Chair

The following individual is entitled to preside as chair at a meeting of shareholders:

- (1) the chair of the board, if any;
- (2) if the chair of the board is absent or unwilling to act as chair of the meeting, the president, if any; or
- (3) a vice-president, if any.

11.10 Selection of Alternate Chair

If, at any meeting of shareholders, there is no chair of the board or president present within 15 minutes after the time set for holding the meeting, or if the chair of the board and the president are unwilling to act as chair of the meeting, or if the chair of the board and the president have advised the secretary, if any, or any director present at the meeting, that they will not be present at the meeting, the directors present must choose one of their number to be chair of the meeting or if all of the directors present decline to take the chair or fail to so choose or if no director is present, the shareholders entitled to vote at the meeting who are present in person or by proxy may choose any person present at the meeting to chair the meeting.

11.11 Adjournments

The chair of a meeting of shareholders may, and if so directed by the meeting must, adjourn the meeting from time to time and from place to place, but no business may be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

11.12 Notice of Adjourned Meeting

It is not necessary to give any notice of an adjourned meeting or of the business to be transacted at an adjourned meeting of shareholders except that, when a meeting is adjourned for 30 days or more, notice of the adjourned meeting must be given as in the case of the original meeting.

11.13 Decisions by Show of Hands or Poll

Subject to the *Business Corporations Act*, every motion put to a vote at a meeting of shareholders will be decided on a show of hands unless a poll, before or on the declaration of the result of the vote by show of hands, is directed by the chair or demanded by at least one shareholder entitled to vote who is present in person or by proxy.

11.14 Declaration of Result

The chair of a meeting of shareholders must declare to the meeting the decision on every question in accordance with the result of the show of hands or the poll, as the case may be, and that decision must be entered in the minutes of the meeting. A declaration of the chair that a resolution is carried by the necessary majority or is defeated is, unless a poll is directed by the chair or demanded under Article 11.13, conclusive evidence without proof of the number or proportion of the votes recorded in favour of or against the resolution.

11.15 Motion Need Not be Seconded

No motion proposed at a meeting of shareholders need be seconded unless the chair of the meeting rules otherwise, and the chair of any meeting of shareholders is entitled to propose or second a motion.

11.16 Casting Vote

In the case of an equality of votes, the chair of a meeting of shareholders, on a show of hands and on a poll, has a second or casting vote in addition to the vote or votes to which the chair may be entitled as a shareholder.

11.17 Manner of Taking Poll

Subject to Article 11.18, if a poll is duly demanded at a meeting of shareholders:

- (1) the poll must be taken:
 - (a) at the meeting, or within seven days after the date of the meeting, as the chair of the meeting directs; and
 - (b) in the manner, at the time and at the place that the chair of the meeting directs;
- (2) the result of the poll is deemed to be the decision of the meeting at which the poll is demanded; and
- (3) the demand for the poll may be withdrawn by the person who demanded it.

11.18 Demand for Poll on Adjournment

A poll demanded at a meeting of shareholders on a question of adjournment must be taken immediately at the meeting.

11.19 Chair Must Resolve Dispute

In the case of any dispute as to the admission or rejection of a vote given on a poll, the chair of the meeting must determine the dispute, and his or her determination made in good faith is final and conclusive.

11.20 Casting of Votes

On a poll, a shareholder entitled to more than one vote need not cast all the votes in the same way.

11.21 No Demand for Poll on Election of Chair

No poll may be demanded in respect of the vote by which a chair of a meeting of shareholders is elected.

11.22 Demand for Poll Not to Prevent Continuance of Meeting

The demand for a poll at a meeting of shareholders does not, unless the chair of the meeting so rules, prevent the continuation of a meeting for the transaction of any business other than the question on which a poll has been demanded.

11.23 Retention of Ballots and Proxies

The Company must, for at least three months after a meeting of shareholders, keep each ballot cast on a poll and each proxy voted at the meeting, and, during that period, make them available for inspection during normal business hours by any shareholder or proxyholder entitled to vote at the meeting. At the end of such three month period, the Company may destroy such ballots and proxies.

12. Votes of Shareholders

12.1 Number of Votes by Shareholder or by Shares

Subject to any special rights or restrictions attached to any shares and to the restrictions imposed on joint shareholders under Article 12.3:

- (1) on a vote by show of hands, every person present who is a shareholder or proxy holder and entitled to vote on the matter has one vote; and
- (2) on a poll, every shareholder entitled to vote on the matter has one vote in respect of each share entitled to be voted on the matter and held by that shareholder and may exercise that vote either in person or by proxy.

12.2 Votes of Persons in Representative Capacity

A person who is not a shareholder may vote at a meeting of shareholders, whether on a show of hands or on a poll, and may appoint a proxy holder to act at the meeting, if, before doing so, the person satisfies the chair of the meeting, or the directors, that the person is a legal personal representative or a trustee in bankruptcy for a shareholder who is entitled to vote at the meeting.

12.3 Votes by Joint Holders

If there are joint shareholders registered in respect of any share:

- (1) any one of the joint shareholders may vote at any meeting, either personally or by proxy, in respect of the share as if that joint shareholder were solely entitled to it; or
- (2) if more than one of the joint shareholders is present at any meeting, personally or by proxy, and more than one of them votes in respect of that share, then only the vote of the joint shareholder present whose name stands first on the central securities register in respect of the share will be counted.

12.4 Legal Personal Representatives as Joint Shareholders

Two or more legal personal representatives of a shareholder in whose sole name any share is registered are, for the purposes of Article 12.3, deemed to be joint shareholders.

12.5 Representative of a Corporate Shareholder

If a corporation, that is not a subsidiary of the Company, is a shareholder, that corporation may appoint a person to act as its representative at any meeting of shareholders of the Company, and:

- (1) for that purpose, the instrument appointing a representative must:
 - (a) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice for the receipt of proxies, or if no number of days is specified, two business days before the day set for the holding of the meeting or any adjourned meeting; or
 - (b) be provided, at the meeting or any adjourned meeting, to the chair of the meeting or adjourned meeting or to a person designated by the chair of the meeting or adjourned meeting;
- (2) if a representative is appointed under this Article 12.5:
 - (a) the representative is entitled to exercise in respect of and at that meeting the same rights on behalf of the corporation that the representative represents as that corporation could exercise if it were a shareholder who is an individual, including, without limitation, the right to appoint a proxy holder; and
 - (b) the representative, if present at the meeting, is to be counted for the purpose of forming a quorum and is deemed to be a shareholder present in person at the meeting.

Evidence of the appointment of any such representative may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

12.6 When Proxy Holder Need Not Be Shareholder

A person must not be appointed as a proxy holder unless the person is a shareholder, although a person who is not a shareholder may be appointed as a proxy holder if:

- (1) the person appointing the proxy holder is a corporation or a representative of a corporation appointed under Article 12.5;
- (2) the Company has at the time of the meeting for which the proxy holder is to be appointed only one shareholder entitled to vote at the meeting;
- (3) the shareholders present in person or by proxy at and entitled to vote at the meeting for which the proxy holder is to be appointed, by a resolution on which the proxy holder is not entitled to vote but in respect of which the proxy holder is to be counted in the quorum, permit the proxy holder to attend and vote at the meeting; or
- (4) the Company is a public company, or is a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of these Articles or to which the Statutory Reporting Company Provisions apply.

12.7 Proxy Provisions Do Not Apply to All Companies

If and for so long as the Company is a public company or a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of its Articles or to which the Statutory Reporting Company Provisions apply, Articles 12.8 to 12.15 apply only insofar as they are not inconsistent with any Canadian securities legislation applicable to the Company or any U.S. securities legislation applicable to the Company or any rules of an exchange on which securities of the Company are listed.

12.8 Appointment of Proxy Holders

Every shareholder of the Company, including a corporation that is a shareholder but not a subsidiary of the Company, entitled to vote at a meeting of shareholders of the Company may, by proxy, appoint one or more (but not more than five) proxy holders to attend and act at the meeting in the manner, to the extent and with the powers conferred by the proxy.

12.9 Alternate Proxy Holders

A shareholder may appoint one or more alternate proxy holders to act in the place of an absent proxy holder.

12.10 Deposit of Proxy

A proxy for a meeting of shareholders must:

- (1) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice, or if no number of days is specified, two business days before the day set for the holding of the meeting or any adjourned meeting; or
- (2) unless the notice provides otherwise, be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting or adjourned meeting.

A proxy may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

12.11 Validity of Proxy Vote

A vote given in accordance with the terms of a proxy is valid notwithstanding the death or incapacity of the shareholder giving the proxy and despite the revocation of the proxy or the revocation of the authority under which the proxy is given, unless notice in writing of that death, incapacity or revocation is received:

- (1) at the registered office of the Company, at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or
- (2) at the meeting or any adjourned meeting, by the chair of the meeting or adjourned meeting, before any vote in respect of which the proxy has been given has been taken.

12.12 Form of Proxy

A proxy, whether for a specified meeting or otherwise, must be either in the following form or in any other form approved by the directors or the chair of the meeting:

[name of company]
(the "Company")

The undersigned, being a shareholder of the Company, hereby appoints *[name]* or, failing that person, *[name]*, as proxy holder for the undersigned to attend, act and vote for and on behalf of the undersigned at the meeting of shareholders of the Company to be held on *[month, day, year]* and at any adjournment of that meeting.

Number of shares in respect of which this proxy is given (if no number is specified, then this proxy is given in respect of all shares registered in the name of the shareholder): _____

Signed *[month, day, year]*

[Signature of shareholder]

[Name of shareholder—printed]

12.13 Revocation of Proxy

Subject to Article 12.14, every proxy may be revoked by an instrument in writing that is:

- (1) received at the registered office of the Company at any time up to and including the last business day before the day set for the holding of the meeting or any adjourned meeting at which the proxy is to be used; or
- (2) provided, at the meeting or any adjourned meeting, by the chair of the meeting or adjourned meeting, before any vote in respect of which the proxy has been taken.

12.14 Revocation of Proxy Must Be Signed

An instrument referred to in Article 12.13 must be signed as follows:

- (1) if the shareholder for whom the proxy holder is appointed is an individual, the instrument must be signed by the shareholder or his or her legal personal representative or trustee in bankruptcy;
- (2) if the shareholder for whom the proxy holder is appointed is a corporation, the instrument must be signed by the corporation or by a representative appointed for the corporation under Article 12.5.

12.15 Chair May Determine Validity of Proxy

The chair of any meeting of shareholders may determine whether or not a proxy deposited for use at the meeting, which may not strictly comply with the requirements of this Article 12 as to

form, execution, accompanying documentation, time of filing or otherwise, shall be valid for use at such meeting and any such determination made in good faith shall be final, conclusive and binding upon such meeting.

12.16 Production of Evidence of Authority to Vote

The chair of any meeting of shareholders may, but need not, inquire into the authority of any person to vote at the meeting and may, but need not, demand from that person production of evidence as to the existence of the authority to vote.

13. Directors

13.1 First Directors; Number of Directors

The first directors are the persons designated as directors of the Company in the Notice of Articles that applies to the Company when it is recognized under the *Business Corporations Act*. The number of directors, excluding additional directors appointed under Article 14.8, is set at:

- (1) subject to paragraphs (2) and (3), the number of directors that is equal to the number of the Company's first directors;
- (2) if the Company is a public company, the greater of three and the most recently set of:
 - (a) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and
 - (b) the number of directors set under Article 14.4;
- (3) if the Company is not a public company, the most recently set of:
 - (a) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and
 - (b) the number of directors set under Article 14.4.

13.2 Change in Number of Directors

If the number of directors is set under Articles 13.1(2)(a) or 13.1(3)(a), subject to Article 14.1:

- (1) the shareholders may elect or appoint the directors needed to fill any vacancies in the board of directors up to that number;
- (2) if the shareholders do not elect or appoint the directors needed to fill any vacancies in the board of directors up to that number contemporaneously with the setting of that number, then the directors may appoint, subject to Article 14.8, or the shareholders may elect or appoint, directors to fill those vacancies.

13.3 Directors' Acts Valid Despite Vacancy

An act or proceeding of the directors is not invalid merely because fewer than the number of directors set or otherwise required under these Articles is in office.

13.4 Qualifications of Directors

A director is not required to hold a share in the capital of the Company as qualification for his or her office but must be qualified as required by the *Business Corporations Act* to become, act or continue to act as a director.

13.5 Remuneration of Directors

The directors are entitled to the remuneration for acting as directors, if any, as the directors may from time to time determine. If the directors so decide, the remuneration of the directors, if any, will be determined by the shareholders. That remuneration may be in addition to any salary or other remuneration paid to any officer or employee of the Company as such, who is also a director.

13.6 Reimbursement of Expenses of Directors

The Company must reimburse each director for the reasonable expenses that he or she may incur in and about the business of the Company.

13.7 Special Remuneration for Directors

If any director performs any professional or other services for the Company that in the opinion of the directors are outside the ordinary duties of a director, or if any director is otherwise specially occupied in or about the Company's business, he or she may be paid remuneration fixed by the directors, or, at the option of that director, fixed by ordinary resolution, and such remuneration may be either in addition to, or in substitution for, any other remuneration that he or she may be entitled to receive.

13.8 Gratuity, Pension or Allowance on Retirement of Director

Unless otherwise determined by ordinary resolution, the directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any director who has held any salaried office or place of profit with the Company or to his or her spouse or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

14. Election and Removal of Directors

14.1 Election at Annual General Meeting

- (1) At each annual general meeting of the Company all the directors whose term of office expire at such annual general meeting shall cease to hold office immediately before the election of directors at such annual general meeting and the shareholders entitled to vote thereat shall elect to the board of directors, directors as otherwise permitted by any securities legislation in any province or territory of Canada or in the federal jurisdiction of the United States or in any states of the United States that is applicable to the Company and all regulations and rules made and promulgated under that legislation and all administrative policy statements, blanket orders and rulings, notices and other administrative directions issued by securities commissions or similar authorities appointed under that legislation as set out below. A retiring director shall be eligible for re-election;

- (2) Each director may be elected for a term of office of one or more years of office as may be specified by ordinary resolution at the time he is elected. In the absence of any such ordinary resolution, a director's term of office shall be one year of office. No director shall be elected for a term of office exceeding five years of office. The shareholders may, by resolution of not less than 3/4 of the votes cast on the resolution vary the term of office of any director; and
- (3) A director elected or appointed to fill a vacancy shall be elected or appointed for a term expiring immediately before the election of directors at the annual general meeting of the Company when the term of the director whose position he is filling would expire.

14.2 Consent to be a Director

No election, appointment or designation of an individual as a director is valid unless:

- (1) that individual consents to be a director in the manner provided for in the *Business Corporations Act*;
- (2) that individual is elected or appointed at a meeting at which the individual is present and the individual does not refuse, at the meeting, to be a director; or
- (3) with respect to first directors, the designation is otherwise valid under the *Business Corporations Act*.

14.3 Failure to Elect or Appoint Directors

If:

- (1) the Company fails to hold an annual general meeting, and all the shareholders who are entitled to vote at an annual general meeting fail to pass the unanimous resolution contemplated by Article 10.2, on or before the date by which the annual general meeting is required to be held under the *Business Corporations Act*; or
- (2) the shareholders fail, at the annual general meeting or in the unanimous resolution contemplated by Article 10.2, to elect or appoint any directors;

then each director then in office continues to hold office until the earlier of:

- (3) the date on which his or her successor is elected or appointed; and
- (4) the date on which he or she otherwise ceases to hold office under the *Business Corporations Act* or these Articles.

14.4 Places of Retiring Directors Not Filled

If, at any meeting of shareholders at which there should be an election of directors, the places of any of the retiring directors are not filled by that election, those retiring directors who are not re-elected and who are asked by the newly elected directors to continue in office will, if willing to do so, continue in office to complete the number of directors for the time being set pursuant to these Articles until further new directors are elected at a meeting of shareholders convened for that purpose. If any such election or continuance of directors does not result in the election or

continuance of the number of directors for the time being set pursuant to these Articles, the number of directors of the Company is deemed to be set at the number of directors actually elected or continued in office.

14.5 Directors May Fill Casual Vacancies

Any casual vacancy occurring in the board of directors may be filled by the directors.

14.6 Remaining Directors' Power to Act

The directors may act notwithstanding any vacancy in the board of directors, but if the Company has fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the directors may only act for the purpose of appointing directors up to that number or of summoning a meeting of shareholders for the purpose of filling any vacancies on the board of directors or, subject to the *Business Corporations Act*, for any other purpose.

14.7 Shareholders May Fill Vacancies

If the Company has no directors or fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the shareholders may elect or appoint directors to fill any vacancies on the board of directors.

14.8 Additional Directors

Notwithstanding Articles 13.1 and 13.2, between annual general meetings or unanimous resolutions contemplated by Article 10.2, the directors may appoint one or more additional directors, but the number of additional directors appointed under this Article 14.8 must not at any time exceed one-third of the number of the current directors who were elected or appointed as directors other than under this Article 14.8.

Any director so appointed ceases to hold office immediately before the next election or appointment of directors under Article 14.1(1), but is eligible for re-election or re-appointment.

14.9 Ceasing to be a Director

A director ceases to be a director when:

- (1) the term of office of the director expires;
- (2) the director dies;
- (3) the director resigns as a director by notice in writing provided to the Company or a lawyer for the Company; or
- (4) the director is removed from office pursuant to Articles 14.10 or 14.11.

14.10 Removal of Director by Shareholders

The shareholders may remove any director before the expiration of his or her term of office by a resolution of not less than 3/4 of the votes cast on such resolution. In that event, the shareholders may elect, or appoint by ordinary resolution, a director to fill the resulting vacancy.

If the shareholders do not elect or appoint a director to fill the resulting vacancy contemporaneously with the removal, then the directors may appoint or the shareholders may elect, or appoint by ordinary resolution, a director to fill that vacancy.

14.11 Removal of Director by Directors

The directors may remove any director before the expiration of his or her term of office if the director is convicted of an indictable offence, or if the director ceases to be qualified to act as a director of a company and does not promptly resign, and the directors may appoint a director to fill the resulting vacancy.

14.12 Nomination of Directors

- (1) Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Company. Nominations of persons for election to the board of directors of the Company may be made at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors:
 - (a) by or at the direction of the board, including pursuant to a notice of meeting;
 - (b) by or at the direction or request of one or more shareholders pursuant to a “proposal” made in accordance with Division 7 of Part 5 of the *Business Corporations Act*, or a requisition of the shareholders made in accordance with section 167 of the *Business Corporations Act*; or
 - (c) by any person (a “**Nominating Shareholder**”): (i) who, at the close of business on the date of the giving by the Nominating Shareholder of the notice provided for below in this Article 14.12 and at the close of business on the record date for notice of such meeting, is entered in the securities register of the Company as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and (ii) who complies with the notice procedures set forth below in this Article 14.12.
- (2) In addition to any other requirements under applicable laws, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given notice thereof that is both timely (in accordance with paragraph (3) below) and in proper written form (in accordance with paragraph (4) below) to the Corporate Secretary of the Company at the head office of the Company.
- (3) To be timely, a Nominating Shareholder’s notice to the Corporate Secretary of the Company must be made:
 - (a) in the case of an annual meeting of shareholders, not less than 40 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date (the “**Notice Date**”) on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the 10th day following the Notice Date; and

- (b) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting of shareholders was made.

The adjournment or postponement of a meeting of shareholders shall result in the commencement of a new time period for the giving of a Nominating Shareholder's notice in respect of such meeting, which time periods shall be as set out in (a) or (b) above, and which shall be determined based on the date of the adjourned or postponed meeting or the announcement thereof.

- (4) To be in proper written form, a Nominating Shareholder's notice to the Corporate Secretary of the Company must set forth:
 - (a) as to each person whom the Nominating Shareholder proposes to nominate for election as a director: (i) the name, age, business address and residential address of the person; (ii) the present principal occupation, business or employment of the person within the preceding 5 years, as well as the name and principal business of any company in which such employment is carried on; (iii) the citizenship of such person; (iv) the class or series and number of shares in the capital of the Company which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; (v) confirmation that the person meets the qualifications of directors set out in the *Business Corporations Act*; and (vi) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below); and
 - (b) as to the Nominating Shareholder giving the notice, full particulars regarding any proxy, contract, agreement, arrangement or understanding pursuant to which such Nominating Shareholder has a right to vote or direct the voting of any shares of the Company and any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below).
- (5) No person shall be eligible for election as a director of the Company unless nominated in accordance with the provisions of this Article 14.12; provided, however, that nothing in this Article 14.12 shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter that is properly before such meeting pursuant to the provisions of the *Business Corporations Act* or the discretion of the chair. The chair of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.

(6) For purposes of this Article 14.12:

- (a) **“Applicable Securities Laws”** means the applicable securities legislation of each province and territory of Canada in which the Company is a reporting issuer, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission and similar regulatory authority of each province and territory of Canada; and
- (b) **“public announcement”** shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Company under its profile on the System of Electronic Document Analysis and Retrieval at www.sedar.com.

- (7) Notwithstanding any other provision of this Article 14.12, notice given to the Corporate Secretary of the Company pursuant to this Article 14.12 may only be given by personal delivery, facsimile transmission or by email (at such email address as may be stipulated from time to time by the Corporate Secretary of the Company for purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery to the Corporate Secretary at the address of the head office of the Company, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received); provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Vancouver time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the next following day that is a business day.
- (8) Notwithstanding the foregoing, the board may, in its sole discretion, waive any requirement in this Article 14.12.

15. Powers and Duties of Directors

15.1 Powers of Management

The directors must, subject to the *Business Corporations Act* and these Articles, manage or supervise the management of the business and affairs of the Company and have the authority to exercise all such powers of the Company as are not, by the *Business Corporations Act* or by these Articles, required to be exercised by the shareholders of the Company.

15.2 Appointment of Attorney of Company

The directors may from time to time, by power of attorney or other instrument, under seal if so required by law, appoint any person to be the attorney of the Company for such purposes, and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the directors under these Articles and excepting the power to fill vacancies in the board of directors, to remove a director, to change the membership of, or fill vacancies in, any committee of the directors, to appoint or remove officers appointed by the directors and to declare dividends) and for such period, and with such remuneration and subject to such conditions as the directors may think fit. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorney as the directors think fit. Any

such attorney may be authorized by the directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in him or her.

15.3 Remuneration of Auditor

The directors may set the remuneration of the auditor of the Company.

16. Interests of Directors and Officers

16.1 Obligation to Account for Profits

A director or senior officer who holds a disclosable interest (as that term is used in the *Business Corporations Act*) in a contract or transaction into which the Company has entered or proposes to enter is liable to account to the Company for any profit that accrues to the director or senior officer under or as a result of the contract or transaction only if and to the extent provided in the *Business Corporations Act*.

16.2 Restrictions on Voting by Reason of Interest

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter is not entitled to vote on any directors' resolution to approve that contract or transaction, unless all the directors have a disclosable interest in that contract or transaction, in which case any or all of those directors may vote on such resolution.

16.3 Interested Director Counted in Quorum

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter and who is present at the meeting of directors at which the contract or transaction is considered for approval may be counted in the quorum at the meeting whether or not the director votes on any or all of the resolutions considered at the meeting.

16.4 Disclosure of Conflict of Interest or Property

A director or senior officer who holds any office or possesses any property, right or interest that could result, directly or indirectly, in the creation of a duty or interest that materially conflicts with that individual's duty or interest as a director or senior officer, must disclose the nature and extent of the conflict as required by the *Business Corporations Act*.

16.5 Director Holding Other Office in the Company

A director may hold any office or place of profit with the Company, other than the office of auditor of the Company, in addition to his or her office of director for the period and on the terms (as to remuneration or otherwise) that the directors may determine.

16.6 No Disqualification

No director or intended director is disqualified by his or her office from contracting with the Company either with regard to the holding of any office or place of profit the director holds with the Company or as vendor, purchaser or otherwise, and no contract or transaction entered into by or on behalf of the Company in which a director is in any way interested is liable to be voided for that reason.

16.7 Professional Services by Director or Officer

Subject to the *Business Corporations Act*, a director or officer, or any person in which a director or officer has an interest, may act in a professional capacity for the Company, except as auditor of the Company, and the director or officer or such person is entitled to remuneration for professional services as if that director or officer were not a director or officer.

16.8 Director or Officer in Other Corporations

A director or officer may be or become a director, officer or employee of, or otherwise interested in, any person in which the Company may be interested as a shareholder or otherwise, and, subject to the *Business Corporations Act*, the director or officer is not accountable to the Company for any remuneration or other benefits received by him or her as director, officer or employee of, or from his or her interest in, such other person.

17. Proceedings of Directors

17.1 Meetings of Directors

The directors may meet together for the conduct of business, adjourn and otherwise regulate their meetings as they think fit, and meetings of the directors held at regular intervals may be held at the place, at the time and on the notice, if any, as the directors may from time to time determine.

17.2 Voting at Meetings

Questions arising at any meeting of directors are to be decided by a majority of votes and, in the case of an equality of votes, the chair of the meeting does not have a second or casting vote.

17.3 Chair of Meetings

The following individual is entitled to preside as chair at a meeting of directors:

- (1) the chair of the board, if any;
- (2) in the absence of the chair of the board, the president, if any, if the president is a director; or
- (3) any other director chosen by the directors if:
 - (a) neither the chair of the board nor the president, if a director, is present at the meeting within 15 minutes after the time set for holding the meeting;
 - (b) neither the chair of the board nor the president, if a director, is willing to chair the meeting; or
 - (c) the chair of the board and the president, if a director, have advised the secretary, if any, or any other director, that they will not be present at the meeting.

17.4 Meetings by Telephone or Other Communications Medium

A director may participate in a meeting of the directors or of any committee of the directors in person or by telephone if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other. A director may participate in a meeting of the directors or of any committee of the directors by a communications medium other than telephone if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other and if all directors who wish to participate in the meeting agree to such participation. A director who participates in a meeting in a manner contemplated by this Article 17.4 is deemed for all purposes of the *Business Corporations Act* and these Articles to be present at the meeting and to have agreed to participate in that manner.

17.5 Calling of Meetings

A director may, and the secretary or an assistant secretary of the Company, if any, on the request of a director must, call a meeting of the directors at any time.

17.6 Notice of Meetings

Other than for meetings held at regular intervals as determined by the directors pursuant to Article 17.1, or as provided in Article 17.7, reasonable notice of each meeting of the directors, specifying the place, day and time of that meeting must be given to each of the directors by any method set out in Article 23.1 or orally or by telephone.

17.7 When Notice Not Required

It is not necessary to give notice of a meeting of the directors to a director if:

- (1) the meeting is to be held immediately following a meeting of shareholders at which that director was elected or appointed, or is the meeting of the directors at which that director is appointed;
- (2) the director has waived notice of the meeting; or
- (3) the director is not, at the time, in the province of British Columbia.

17.8 Meeting Valid Despite Failure to Give Notice

The accidental omission to give notice of any meeting of directors to, or the non-receipt of any notice by any director does not invalidate any proceedings at that meeting.

17.9 Waiver of Notice of Meetings

Any director may send to the Company a document signed by him or her waiving notice of any past, present or future meeting or meetings of the directors and may at any time withdraw that waiver with respect to meetings held after that withdrawal. After sending a waiver with respect to all future meetings and until that waiver is withdrawn, no notice of any meeting of the directors need be given to that director and all meetings of the directors so held are deemed not to be improperly called or constituted by reason of notice not having been given to such director.

17.10 Quorum

The quorum necessary for the transaction of the business of the directors is deemed to be set at a majority of directors or, if the number of directors is set at one, is deemed to be set at one director, and that director may constitute a meeting.

17.11 Validity of Acts Where Appointment Defective

Subject to the *Business Corporations Act*, an act of a director or officer is not invalid merely because of an irregularity in the election or appointment or a defect in the qualification of that director or officer.

17.12 Consent Resolutions in Writing

A resolution of the directors or of any committee of the directors may be passed without a meeting:

- (1) in all cases, if each of the directors entitled to vote on the resolution consents to it in writing; or
- (2) in the case of a resolution to approve a contract or transaction in respect of which a director has disclosed that he or she has or may have a disclosable interest, if each of the other directors who are entitled to vote on the resolution consent to it in writing.

A consent in writing under this Article may be by signed document, fax, email or any other method of transmitting legibly recorded messages. A consent in writing may be in two or more counterparts which together are deemed to constitute one consent in writing. A resolution of the directors or of any committee of the directors passed in accordance with this Article 17.12 is effective on the date stated in the consent in writing or on the latest date stated on any counterpart and is deemed to be a proceeding at a meeting of directors or of the committee of the directors and to be as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors that satisfies all the requirements of the *Business Corporations Act* and all the requirements of these Articles relating to meetings of the directors or of a committee of the directors.

18. Executive and Other Committees

18.1 Appointment and Powers of Executive Committee

The directors may, by resolution, appoint an executive committee consisting of the director or directors that they consider appropriate, and this committee has, during the intervals between meetings of the board of directors, all of the directors' powers, except:

- (1) the power to fill vacancies in the board of directors;
- (2) the power to remove a director;
- (3) the power to change the membership of, or fill vacancies in, any committee of the directors; and

- (4) such other powers, if any, as may be set out in the resolution or any subsequent directors' resolution.

18.2 Appointment and Powers of Other Committees

The directors may, by resolution:

- (1) appoint one or more committees (other than the executive committee) consisting of the director or directors that they consider appropriate;
- (2) delegate to a committee appointed under paragraph (1) any of the directors' powers, except:
 - (a) the power to fill vacancies in the board of directors;
 - (b) the power to remove a director;
 - (c) the power to change the membership of, or fill vacancies in, any committee of the directors; and
 - (d) the power to appoint or remove officers appointed by the directors; and
- (3) make any delegation referred to in paragraph (2) subject to the conditions set out in the resolution or any subsequent directors' resolution.

18.3 Obligations of Committees

Any committee appointed under Articles 18.1 or 18.2, in the exercise of the powers delegated to it, must:

- (1) conform to any rules that may from time to time be imposed on it by the directors; and
- (2) report every act or thing done in exercise of those powers at such times as the directors may require.

18.4 Powers of Board

The directors may, at any time, with respect to a committee appointed under Articles 18.1 or 18.2:

- (1) revoke or alter the authority given to the committee, or override a decision made by the committee, except as to acts done before such revocation, alteration or overriding;
- (2) terminate the appointment of, or change the membership of, the committee; and
- (3) fill vacancies in the committee.

18.5 Committee Meetings

Subject to Article 18.3(1) and unless the directors otherwise provide in the resolution appointing the committee or in any subsequent resolution, with respect to a committee appointed under Articles 18.1 or 18.2:

- (1) the committee may meet and adjourn as it thinks proper;
- (2) the committee may elect a chair of its meetings but, if no chair of a meeting is elected, or if at a meeting the chair of the meeting is not present within 15 minutes after the time set for holding the meeting, the directors present who are members of the committee may choose one of their number to chair the meeting;
- (3) a majority of the members of the committee constitutes a quorum of the committee; and
- (4) questions arising at any meeting of the committee are determined by a majority of votes of the members present, and in case of an equality of votes, the chair of the meeting does not have a second or casting vote.

19. Officers

19.1 Directors May Appoint Officers

The directors may, from time to time, appoint such officers, if any, as the directors determine and the directors may, at any time, terminate any such appointment.

19.2 Functions, Duties and Powers of Officers

The directors may, for each officer:

- (1) determine the functions and duties of the officer;
- (2) entrust to and confer on the officer any of the powers exercisable by the directors on such terms and conditions and with such restrictions as the directors think fit; and
- (3) revoke, withdraw, alter or vary all or any of the functions, duties and powers of the officer.

19.3 Qualifications

No officer may be appointed unless that officer is qualified in accordance with the *Business Corporations Act*. One person may hold more than one position as an officer of the Company. Any person appointed as the chair of the board or as the managing director must be a director. Any other officer need not be a director.

19.4 Remuneration and Terms of Appointment

All appointments of officers are to be made on the terms and conditions and at the remuneration (whether by way of salary, fee, commission, participation in profits or otherwise) that the directors think fit and are subject to termination at the pleasure of the directors, and an officer may in addition to such remuneration be entitled to receive, after he or she ceases to hold such office or leaves the employment of the Company, a pension or gratuity.

20. Indemnification

20.1 Definitions

In this Article 20:

- (1) “**eligible penalty**” means a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding;
- (2) “**eligible proceeding**” means a legal proceeding or investigative action, whether current, threatened, pending or completed, in which a director, former director of the Company (an “**eligible party**”) or any of the heirs and legal personal representatives of the eligible party, by reason of the eligible party being or having been a director of the Company:
 - (a) is or may be joined as a party; or
 - (b) is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding;
- (3) “**expenses**” has the meaning set out in the *Business Corporations Act*.

20.2 Mandatory Indemnification of Directors and Former Directors

Subject to the *Business Corporations Act*, the Company must indemnify a director or former director of the Company and his or her heirs and legal personal representatives against all eligible penalties to which such person is or may be liable, and the Company must, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by such person in respect of that proceeding. Each director is deemed to have contracted with the Company on the terms of the indemnity contained in this Article 20.2.

20.3 Indemnification of Other Persons

Subject to any restrictions in the *Business Corporations Act*, the Company may indemnify any person.

20.4 Non-Compliance with *Business Corporations Act*

The failure of a director or officer of the Company to comply with the *Business Corporations Act* or these Articles does not invalidate any indemnity to which he or she is entitled under this Part.

20.5 Company May Purchase Insurance

The Company may purchase and maintain insurance for the benefit of any person (or his or her heirs or legal personal representatives) who:

- (1) is or was a director, officer, employee or agent of the Company;
- (2) is or was a director, officer, employee or agent of a corporation at a time when the corporation is or was an affiliate of the Company;
- (3) at the request of the Company, is or was a director, officer, employee or agent of a corporation or of a partnership, trust, joint venture or other unincorporated entity;

- (4) at the request of the Company, holds or held a position equivalent to that of a director or officer of a partnership, trust, joint venture or other unincorporated entity;

against any liability incurred by him or her as such director, officer, employee or agent or person who holds or held such equivalent position.

21. Dividends

21.1 Payment of Dividends Subject to Special Rights

The provisions of this Article 21 are subject to the rights, if any, of shareholders holding shares with special rights as to dividends.

21.2 Declaration of Dividends

Subject to the *Business Corporations Act*, the directors may from time to time declare and authorize payment of such dividends as they may deem advisable.

21.3 No Notice Required

The directors need not give notice to any shareholder of any declaration under Article 21.2.

21.4 Record Date

The directors may set a date as the record date for the purpose of determining shareholders entitled to receive payment of a dividend. The record date must not precede the date on which the dividend is to be paid by more than two months. If no record date is set, the record date is 5 p.m. on the date on which the directors pass the resolution declaring the dividend.

21.5 Manner of Paying Dividend

A resolution declaring a dividend may direct payment of the dividend wholly or partly by the distribution of specific assets or of fully paid shares or of bonds, debentures or other securities of the Company, or in any one or more of those ways.

21.6 Settlement of Difficulties

If any difficulty arises in regard to a distribution under Article 21.5, the directors may settle the difficulty as they deem advisable, and, in particular, may:

- (1) set the value for distribution of specific assets;
- (2) determine that cash payments in substitution for all or any part of the specific assets to which any shareholders are entitled may be made to any shareholders on the basis of the value so fixed in order to adjust the rights of all parties; and
- (3) vest any such specific assets in trustees for the persons entitled to the dividend.

21.7 When Dividend Payable

Any dividend may be made payable on such date as is fixed by the directors.

21.8 Dividends to be Paid in Accordance with Number of Shares

All dividends on shares of any class or series of shares must be declared and paid according to the number of such shares held.

21.9 Receipt by Joint Shareholders

If several persons are joint shareholders of any share, any one of them may give an effective receipt for any dividend, bonus or other money payable in respect of the share.

21.10 Dividend Bears No Interest

No dividend bears interest against the Company.

21.11 Fractional Dividends

If a dividend to which a shareholder is entitled includes a fraction of the smallest monetary unit of the currency of the dividend, that fraction may be disregarded in making payment of the dividend and that payment represents full payment of the dividend.

21.12 Payment of Dividends

Any dividend or other distribution payable in cash in respect of shares may be paid by cheque, made payable to the order of the person to whom it is sent, and mailed to the address of the shareholder, or in the case of joint shareholders, to the address of the joint shareholder who is first named on the central securities register, or to the person and to the address the shareholder or joint shareholders may direct in writing. The mailing of such cheque will, to the extent of the sum represented by the cheque (plus the amount of the tax required by law to be deducted), discharge all liability for the dividend unless such cheque is not paid on presentation or the amount of tax so deducted is not paid to the appropriate taxing authority.

21.13 Capitalization of Retained Earnings or Surplus

Notwithstanding anything contained in these Articles, the directors may from time to time capitalize any retained earnings or surplus of the Company and may from time to time issue, as fully paid, shares or any bonds, debentures or other securities of the Company as a dividend representing the retained earnings or surplus or any part of the retained earnings or surplus so capitalized or any part thereof.

22. Documents, Records and Reports

22.1 Recording of Financial Affairs

The directors must cause adequate accounting records to be kept to record properly the financial affairs and condition of the Company and to comply with the *Business Corporations Act*.

22.2 Inspection of Accounting Records

Unless the directors determine otherwise, or unless otherwise determined by ordinary resolution, no shareholder of the Company is entitled to inspect or obtain a copy of any accounting records of the Company.

23. Notices

23.1 Method of Giving Notice

Unless the *Business Corporations Act* or these Articles provides otherwise, a notice, statement, report or other record required or permitted by the *Business Corporations Act* or these Articles to be sent by or to a person may be sent by any one of the following methods:

- (1) mail addressed to the person at the applicable address for that person as follows:
 - (a) for a record mailed to a shareholder, the shareholder's registered address;
 - (b) for a record mailed to a director or officer, the prescribed address for mailing shown for the director or officer in the records kept by the Company or the mailing address provided by the recipient for the sending of that record or records of that class;
 - (c) in any other case, the mailing address of the intended recipient;
- (2) delivery at the applicable address for that person as follows, addressed to the person:
 - (a) for a record delivered to a shareholder, the shareholder's registered address;
 - (b) for a record delivered to a director or officer, the prescribed address for delivery shown for the director or officer in the records kept by the Company or the delivery address provided by the recipient for the sending of that record or records of that class;
 - (c) in any other case, the delivery address of the intended recipient;
- (3) sending the record by fax to the fax number provided by the intended recipient for the sending of that record or records of that class;
- (4) sending the record by email to the email address provided by the intended recipient for the sending of that record or records of that class;
- (5) physical delivery to the intended recipient; or
- (6) as otherwise permitted by any securities legislation in any province or territory of Canada or in the federal jurisdiction of the United States or in any states of the United States that is applicable to the Company and all regulations and rules made and promulgated under that legislation and all administrative policy statements, blanket orders and rulings, notices and other administrative directions issued by securities commissions or similar authorities appointed under that legislation.

23.2 Deemed Receipt of Mailing

A notice, statement, report or other record that is:

- (1) mailed to a person by ordinary mail to the applicable address for that person referred to in Article 23.1 is deemed to be received by the person to whom it was mailed on the day (Saturdays, Sundays and holidays excepted) following the date of mailing;
- (2) faxed to a person to the fax number provided by that person referred to in Article 23.1 is deemed to be received by the person to whom it was faxed on the day it was faxed; and
- (3) emailed to a person to the email address provided by that person referred to in Article 23.1 is deemed to be received by the person to whom it was emailed on the day it was emailed.

23.3 Certificate of Sending

A certificate signed by the secretary, if any, or other officer of the Company or of any other corporation acting in that capacity on behalf of the Company stating that a notice, statement, report or other record was addressed as required by Article 23.1, prepaid and mailed or otherwise sent as permitted by Article 23.1 is conclusive evidence of that fact.

23.4 Notice to Joint Shareholders

A notice, statement, report or other record may be provided by the Company to the joint shareholders of a share by providing the notice to the joint shareholder first named in the central securities register in respect of the share.

23.5 Notice to Trustees

A notice, statement, report or other record may be provided by the Company to the persons entitled to a share in consequence of the death, bankruptcy or incapacity of a shareholder by:

- (1) mailing the record, addressed to them:
 - (a) by name, by the title of the legal personal representative of the deceased or incapacitated shareholder, by the title of trustee of the bankrupt shareholder or by any similar description; and
 - (b) at the address, if any, supplied to the Company for that purpose by the persons claiming to be so entitled; or
- (2) if an address referred to in paragraph (1)(b) has not been supplied to the Company, by giving the notice in a manner in which it might have been given if the death, bankruptcy or incapacity had not occurred.

23.6 Undelivered Notices

If on two consecutive occasions, a notice, statement, report or other record is sent to a shareholder pursuant to Article 23.1 and on each of those occasions any such record is returned because the shareholder cannot be located, the Company shall not be required to

send any further records to the shareholder until the shareholder informs the Company in writing of his or her new address.

24. Seal

24.1 Who May Attest Seal

Except as provided in Articles 24.2 and 24.3, the Company's seal, if any, must not be impressed on any record except when that impression is attested by the signatures of:

- (1) any two directors;
- (2) any officer, together with any director;
- (3) if the Company only has one director, that director; or
- (4) any one or more directors or officers or persons as may be determined by the directors.

24.2 Sealing Copies

For the purpose of certifying under seal a certificate of incumbency of the directors or officers of the Company or a true copy of any resolution or other document, despite Article 24.1, the impression of the seal may be attested by the signature of any director or officer or the signature of any other person as may be determined by the directors.

24.3 Mechanical Reproduction of Seal

The directors may authorize the seal to be impressed by third parties on share certificates or bonds, debentures or other securities of the Company as they may determine appropriate from time to time. To enable the seal to be impressed on any share certificates or bonds, debentures or other securities of the Company, whether in definitive or interim form, on which facsimiles of any of the signatures of the directors or officers of the Company are, in accordance with the *Business Corporations Act* or these Articles, printed or otherwise mechanically reproduced, there may be delivered to the person employed to engrave, lithograph or print such definitive or interim share certificates or bonds, debentures or other securities one or more unmounted dies reproducing the seal and the chair of the board or any senior officer together with the secretary, treasurer, secretary-treasurer, an assistant secretary, an assistant treasurer or an assistant secretary-treasurer may in writing authorize such person to cause the seal to be impressed on such definitive or interim share certificates or bonds, debentures or other securities by the use of such dies. Share certificates or bonds, debentures or other securities to which the seal has been so impressed are for all purposes deemed to be under and to bear the seal impressed on them.

25. Prohibitions

25.1 Definitions

In this Article 25:

- (1) “**security**” has the meaning assigned in the *Securities Act* (British Columbia);

(2) **“transfer restricted security”** means:

- (a) a share of the Company;
- (b) a security of the Company convertible into shares of the Company;
- (c) any other security of the Company which must be subject to restrictions on transfer in order for the Company to satisfy the requirement for restrictions on transfer under the “private issuer” exemption of Canadian securities legislation or under any other exemption from prospectus or registration requirements of Canadian securities legislation similar in scope and purpose to the “private issuer” exemption.

25.2 Application

Article 25.3 does not apply to the Company if and for so long as it is a public company or a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of these Articles or to which the Statutory Reporting Company Provisions apply.

25.3 Consent Required for Transfer of Shares or Transfer Restricted Securities

No share or other transfer restricted security may be sold, transferred or otherwise disposed of without the consent of the directors and the directors are not required to give any reason for refusing to consent to any such sale, transfer or other disposition.

SCHEDULE “J”

BMC MD&As

BALKAN METALS CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2022

The following Management's Discussion and Analysis ("MD&A") of Balkan Metals Corp. (the "Company" or "Balkan") and its subsidiaries (together the "Corporation") is prepared as at July 13, 2023, and should be read in conjunction with the audited consolidated financial statements and the accompanying notes for the audited consolidated financial statements of the Company for year ended December 31, 2022.

Since May 22, 2021, date of inception, the Company adopted International Financial Reporting Standards ("IFRS"). All dollar figures included herein and in the following MD&A are quoted in Canadian dollars unless otherwise stated. The audited consolidated financial statements for the year ended December 31, 2022 have been prepared in accordance with International Accounting Standard, as issued by the International Accounting Standards Board.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the valuation of the Company's common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) if it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances.

Forward Looking Information

This MD&A may contain "forward looking information" (as such term is defined under applicable Canadian securities laws) based on assumptions and judgments of management regarding events or results that may prove to be inaccurate as a result of risk factors beyond its control. Actual results may differ materially from the expected results. The forward-looking information is based on certain assumptions, which could change materially in the future. The forward-looking information in this MD&A describes the Company's expectations as of the date of this MD&A. The results or events anticipated or predicted in such forward-looking information may differ materially from actual results or events. The forward-looking information contained in this MD&A represents the expectations of the Company as of the date of this MD&A and, accordingly, is subject to change after such date. Readers should not place undue importance on forward-looking information and should not rely upon this information as of any other date.

DESCRIPTION OF THE BUSINESS

Balkan Metals Corp. is a private Canadian-based mineral exploration company which focuses on the acquisition, exploration and development of mineral projects, principally copper and gold assets in the Balkan region. To date, the Company was exclusively engaged in the Republic of Serbia ("Serbia"). Balkan's mandate is to acquire mineral exploration opportunities and advance them with further exploration to the point of development or sale to the third party for profit.

Balkan was incorporated under the *Business Corporations Act* (British Columbia) on May 22, 2021. The Company's registered and record and head office is at 820 - 1130 West Pender Street, Vancouver, BC, V6E 4A4. On October 1, 2021, the Company incorporated its wholly owned subsidiary, Balkan Metals Corporation D.O.O ("Balkan Serbia") in the Republic of Serbia. The share capital was registered and paid capital in an amount of \$13 (RSD 1,000) to own 100% shares of Balkan Serbia.

Pursuant to a Joint Venture and Earn-up Option Agreement dated October 11, 2021 with Mineral Grupa D.O.O, the Company agreed to acquire a 100% interest in the Miranovac mineral exploration permit, with the permit No. 310-02-00030/2018-02, (the "Miranovac Property") registered with Ministry of Mining and Energy (Serbia).

On January 6, 2022, the Company entered into a definitive Share Purchase Agreement to acquire all of the shares of Golden Age Resources D.O.O ("Golden Age" and/or "GAR"), which became a wholly-owned subsidiary of the Company. Golden Age is a mineral exploration company incorporated as a limited liability company under the laws of Republic of Serbia and with its current office at 64/19 Dragoslava Srejsovića Street, 11060, Palilula, Belgrade, Republic of Serbia. Following the acquisition of Golden Age, these fifteen mineral exploration licenses and applications became the Company's project portfolio (the "Balkan Properties") in Serbia.

On November 23, 2022, the Company entered into a non-binding arm's length Letter of Intent (the "LOI") with Medgold Resources Corp. ("Medgold"), the common shares of which are listed on the Venture Exchange (the "TSXV") pursuant to which

Medgold was to acquire (the “**Acquisition**”) all of the issued and outstanding common shares of the Company by way of three-cornered amalgamation (the “**Amalgamation**”). This transaction constitutes a reverse takeover of Medgold (the “**RTO**”). Medgold holds a portfolio of exploration licenses in Serbia, some of which are contiguous to the Company’s existing exploration permits.. The Company paid a non-refundable \$20,000 at the execution of the LOI. Medgold and the Company agreed that these funds are to be used to cover Medgold’s audits and unpaid property fees in Serbia.

As at December 31, 2022, the Company has not yet achieved profitable operations and had an accumulated deficit of \$523,906. For the year ended December 31, 2022 and the period from incorporation on May 22, 2021 to December 31, 2021, the Company incurred \$466,944 and \$56,962 of net loss, respectively

ANNUAL 2022 HIGHLIGHTS

The following is a summary of significant events and transactions that occurred during the year ended December 31, 2022:

- In January 2022, the Company acquired all of the shares of Golden Age and thereby gained a significant exploration foothold in Serbia.
- With fifteen copper-gold exploration licences and applications collectively covering 760km2, the Company became one of the largest exploration ground holders in Serbia.
- The Company has identified highly prospective targets with strong anomalies and significant exploration potential, including untested porphyry targets formerly held by First Quantum Minerals (“FQM”).
- The Timok East Project, comprising of the Luka and Makovište permits, has been selected as the main focus of the Company.
- Shortly after the Acquisition, the Company commenced exploration work on the Timok East Project; throughout 2022, the work of the Company and Golden Age consisted of digital capture and verification of historical exploration data, reconnaissance and detailed geological mapping, a reconnaissance soil sampling program with hand-held XRF analysis.
- In April 2022, the Company decided not to proceed with the Miranovac exploration property and terminated Joint Venture and Earn-In option agreement with Mineral Grupa.
- In September 2022, the Company successfully raised \$602,166 by way of private placements.
- In November 2022, Golden Age’s application for the Makovište exploration licence was granted.
- In November, 2022, the Company entered into a letter of intent with Medgold with respect to the Acquisition, which transaction will constitute a reverse take-over of Medgold and provide the Company with a public listing on TSXV.

SELECTED ANNUAL AND PERIOD FROM INCEPTION TO DECEMBER 31, 2021 FINANCIAL HIGHLIGHTS

The following financial data, which has been prepared in accordance with IFRS, is derived from the Company’s financial information for the annual audited financial information and audited financial information for the period from inception on May 22, 2021 to December 31, 2022.

	Year ended December 31, 2022	Period from Inception on May 22, 2021 to December 31, 2021
Revenue	-	-
Expenses	416,365	57,477
Other Items:		
Other interest income	145	282
Foreign exchange gain	25,453	233
Net income (loss)	(466,944)	(56,962)
Basic and diluted earnings (loss) per share	(0.02)	(0.01)
Cash	117,687	224,639
Total assets	1,060,626	375,436
Shareholders’ equity	646,058	323,138

RESULTS OF OPERATIONS

The Company has not earned any revenue during the reporting period of the year ended December 31, 2022.

For the Three Months ended December 31, 2022 and 2021

		Three Months Ended December 31, 2022		Three Months Ended December 31, 2021
Operating Expenses				
Audit and accounting fees	\$	55,318	\$	-
Bank charges		4,793		204
Consulting fees		43,878		420
Legal fees		25,520		6,035
Management fees		37,500		3,000
Office and administration		13,363		356
Travel expenses		1,174		-
Total Operating Expenses	\$	(219,054)	\$	(10,015)

For the three months ended December 31, 2022, the Company recorded a net loss of \$201,676 compared to net loss of \$9,186 for the same period ended December 31, 2021. The increase in net loss of \$192,490 was mainly due to an increase in operating expenses following the acquisition of Golden Age and fees associated with the Acquisition.

The main expenses incurred during the period for the three months ended December 31 2022, consisted of \$55,318 audit and accounting fees, \$4,793 in bank charges, \$43,878 in consulting fees, \$25,520 in legal fees, \$37,500 in management fees, \$13,363 in office and administration fees and \$1,174 in travel expenses.

For the year ended December 31, 2022 and the period from inception on May 22, 2021 to December 31, 2021

		Year Ended December 31, 2022		Year Ended December 31, 2021
Operating Expenses				
Audit and accounting fees	\$	80,864	\$	25,995
Bank charges		8,228		533
Consulting fees		58,190		4,378
Due diligence fees		-		3,106
Legal fees		39,170		12,535
Management fees		159,000		5,000
Marketing and investor relation fees		28,518		2,764
Office and administration		29,434		3,166
Travel expenses		12,961		-
Total Operating Expenses	\$	(416,365)	\$	(57,477)

For the year ended December 31, 2022, the Company recorded a net loss of \$466,944 compared to net loss of \$56,962 for the period ended since inception on May 22, 2021 to December 31, 2021. The increase of \$358,888 was mainly due to an increase of operating expenses offset by \$76,177 in impairment expenses and \$25,453 in foreign exchange gain for the year ended December 31, 2022.

The major expenses incurred during the year ended December 31, 2022, consisted of \$80,864 audit and accounting fees, \$8,228 in bank charges, \$58,190 in consulting fees, \$39,170 in legal fees in connection of general matters, \$159,000 in management fees, \$28,518 in marketing and investor relation fees, \$29,434 in office and administration fees and \$12,961 in travel expenses.

MINERAL PROPERTIES

Following the acquisition of Golden Age and re-evaluating the Miranovac exploration licence potential, the Company decided to terminate the Joint Venture and Earn-In Option Agreement with Mineral Grupa in April 2022. As at December 31, 2022, the total of \$76,177 in exploration and evaluation assets were recorded as an impairment expense, comprised of \$63,540 for the initial cash payment for the Miranovac Property Joint Venture and Earn-In Agreement and \$12,637 in exploration costs.

On January 6, 2022, the Company entered into a definitive Share Purchase Agreement (the “**GAR Purchase Agreement**”) to acquire all of the shares of Golden Age from the holders of such shares (the “**Vendors**”). Golden Age is a mineral exploration company incorporated as a limited liability company under the laws of Republic of Serbia and with its current office at 64/19 Dragoslava Srejskića Street, 11060, Palilula, Belgrade, Republic of Serbia. At closing, GAR held 9 exploration licenses in Serbia

and had submitted 6 applications for additional exploration licenses in Serbia (the “**Applications**”). In consideration for the Company’s purchase of all of the Golden Age shares, the Company agreed to (i) issue an aggregate of 2,200,000 common shares of the Company to the Vendors based on their pro rata ownership interest; (ii) pay \$73,762 (US\$59,000) in cash to the Vendors based on their pro rata ownership interest; (iii) assume responsibility for \$159,763 (US\$112,019) of certain debts to creditors of Golden Age; and (iv) issue an additional 1,800,000 common shares of the Company (“**Milestone Shares**”) based on the occurrence of Milestone Events, as defined in the GAR Purchase Agreement, such as the granting of each exploration license in respect of the Applications and the completion of the transfer of the Šatra exploration permit (formerly known as Selište) from an affiliate of FQM to Golden Age. On January 6, 2022, the Company issued 2,200,000 common shares of the Company to the Vendors at a deemed price of \$0.10 in respect of the Acquisition, valued at \$220,000 and paid \$73,762 to the Vendors. As of March 31, 2023, the Company had caused Golden Age to repay in full the \$159,763 (US\$112,019) of liabilities over which the Company assumed interest.

The Golden Age acquisition did not meet the definition of a business combination and therefore, has been accounted for as an asset purchase of exploration and evaluation assets. The consideration for the acquisition has been allocated at fair value of the assets acquired and liabilities assumed, based on management’s best estimate and taking into account all available information at the time of acquisition.

On the acquisition date, January 6, 2022, the purchase price of Golden Age has been allocated to the net assets acquired as follows:

Cash	\$	25
Mineral interests		508,592
Accounts payable and accrued liabilities		(159,764)
Net assets acquired	\$	348,853
Transaction costs in legal fees		55,091
Shares		220,000
Cash	\$	73,762
Total assets acquisition consideration paid	\$	348,853

As at December 31, 2022, the exploration and evaluation assets is summarized as follows:

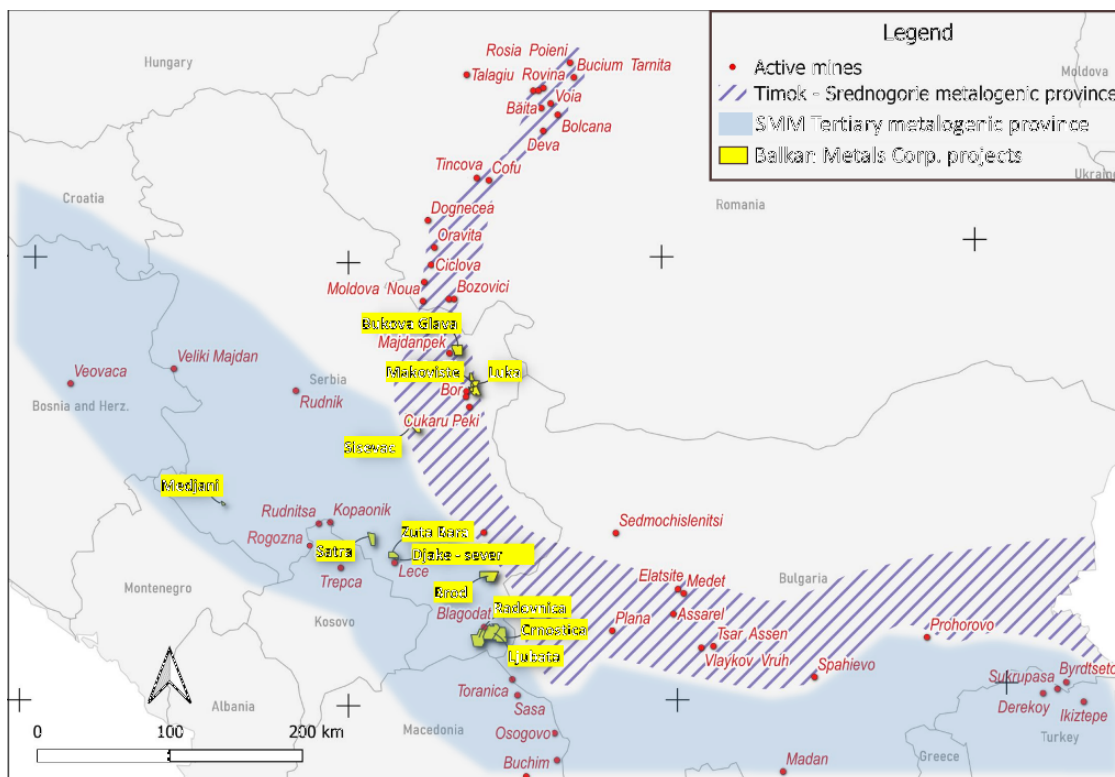
E&E capitalized	\$	309,910
Upon acquisition		508,592
Total exploration and evaluation assets	\$	818,502

Following the acquisition of Golden Age, the mineral exploration properties, held by Golden Age, became the Company’s project portfolio (the “**Balkan Properties**”) in Serbia.

1. Subsequently, the Company grouped exploration licences in three main projects, principally by its proximity and geological similarity. Timok East Project
2. Lece West Project
3. Besna Kobilja Project

The Timok East Project was selected as the focus of the Company in the near future and the Company’s principal project. The Timok East Project is located on the eastern margin of the Timok Magmatic Complex (“**TMC**”) – which is part of the Serbian sector of the Apuseni-Banat-Timok-Srednogorie magmatic arc. It is located in eastern Serbia, some 250km from the capital Belgrade. The Timok East Project comprises 2 mineral permits: Luka and Makovište and covers a total of 73.78km². All licences are held through the Company’s 100% owned subsidiary Golden Age.

The Luka property lies 5 km NE of the world-class Bor copper mine and 3 km from Veliki Krivelj copper mine, both owned and operated by Zijin Mining. Luka and Makovište are contiguous properties.



Project	Size km ²
Timok East Project	73.78
LUKA	42.63
MAKOVIŠTE*	31.15
BUKOVA GLAVA	52.35
Lece West Project	67.81
ŽUTA BARA	27.31
ŠATRA (ex-SELIŠTE)	37.30
DJAKE – SEVER	3.20
Besna Kobilica Project	566.54
RADOVNICA	98.3
LJUBATA	81.5
CRNOŠTICA	68.2
BROD	80.97
KITKA*	58.79
MEĐANI	5.36
STOJNIK*	98.5
KURŠUMLIJSKA B.*	3.15
SISEVAC	71.77
Total Exploration Ground:	760.48

*Permits Under Application

The Lece West Project, located in southern Serbia, approximately 300km south of Belgrade. The Lece West Project comprises of 3 mineral permits: Žuta Bara, Djake Sever and Šatra (formerly Selište). The project is fully owned and held by the Company's 100% owned Serbian subsidiary, Golden Age. The Project is located on the Vardar ophiolite belt, Lece-Kalkidiki-Meders Zone, in well-known mineralized region and covers 67.81 km². Formerly explored by FQM, Žuta Bara licence has 34 historic drill holes totalling 6,500m. During the exploration programme funded by CNE, the Company will be targeting porphyry copper-gold and Volcanic Massive Sulphide ("VMS") style mineralisation. See "Subsequent Events" for additional information.

Besna Kobilica Project is located in southern Serbia, on the border with the Republic of North Macedonia. It comprises nine

mineral licences and covers a total of 566.54 km². The Besna Kobila Project is located along the eastern margin of the Serbo-Macedonian Massif, known for a numerous, smaller and aging mining operations. The company will be targeting porphyry copper-gold and VMS style mineralisation. The project is fully owned and held by the Company's 100% owned subsidiary Golden Age.

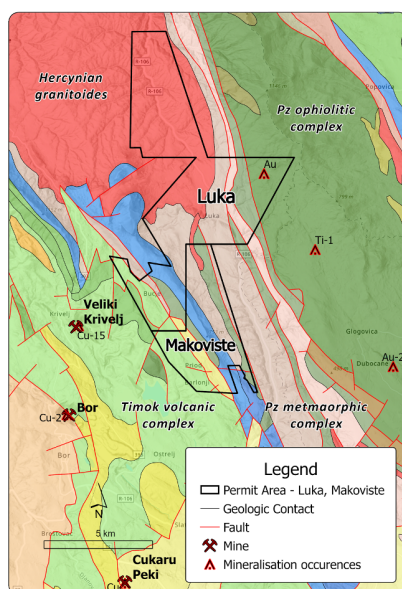
Balkan Properties are not subject to any royalties, back-in rights, or other agreements and encumbrances. All mineral licences are issued subject to payment of an annual rental fee of \$136 per km² (US\$100 per km²). Exploration cycle in Serbia is 3+ 3 + 2 years and at the end of every year the Company has to submit a report detailing that it has fulfilled a minimum of 75% of previously agreed exploration budget for 3 years (or 2 years during the last portion of the exploration cycle).

As of December 31, 2022, the Company has recorded \$105,722 (December 31, 2021 - \$131,268) of deferred acquisition and legal costs in connection with acquisition of Golden Age.

EVALUATION AND EXPLORATION ACTIVITIES

The Company's principal project is the Timok East Project, consisting of the Luka and Makovište exploration permits and the Company's ongoing exploration activities during the year ended December 31, 2022 as well as the first quarter 2023, were focused on these two contiguous licences. Makovište was in application when the Company acquired Golden Age, but it has been awarded to Golden Age on the 8th of November 2022 for a period of three years.

Between 2016 and 2018, the previous owner of the exploration permits, FQM, conducted an extensive regional stream sediment and follow up soil sampling identifying anomalous zones thought to represent underlying porphyry mineralization. A total of 126 soil samples were taken within the current Luka mineral licence boundaries. None were drill-tested.



The soil geochemical programs of FQM and Golden Age defined a broadly north-northwest to south-southeast trending copper in soil anomaly that is ~4 km long and up to ~400 m wide. The anomaly is broadly coincident with outcropping Jurassic and Cretaceous limestones that are bounded by basin margin faults at the eastern edge of the Timok Magmatic Complex.

To date, the work of the Company and Golden Age consisted of digital capture and verification of historical exploration data, reconnaissance and detailed geological mapping, a reconnaissance soil sampling program with hand-held XRF analysis. Additionally the Company, through its subsidiary - Golden Age drilled a single diamond hole (LKDD22-1) in the eastern part of the Luka exploration licence. The hole was drilled in PQ to 57 metres and then in HQ to a total depth of 425.6 metres. The hole was designed to target the Phase 1 Timok Andesite below Metavonica Epiclastites. Due to drilling difficulties the hole did not reach target and remained within hanging wall (cover units). For this reason the core was not assayed. The total cost of this hole, including site preparation and remediation, drilling, and geological and geotechnical logging, was CAD 104,189 — equating to an all in cost without assays of CAD 245/metre.

As of December 31, 2022, the cost related to the Balkan Properties can be summarized through the parent Company, Balkan and its subsidiary, Golden Age as follows:

	December 31, 2021	Additions	December 31, 2022
	\$	\$	\$
Miranovac Property:			
Acquisition costs			
Cash	63,540	-	63,540
Impairment	-	(63,540)	(63,540)
	63,540	-	-
Exploration costs			
Exploration expenditure	12,637	-	12,637
Impairment expenses	-	(12,637)	(12,637)
Sub-total – Miranovac Property	76,177	(76,177)	-
Golden Age Assets Acquisition			
Timok East Project			
Acquisition costs	-	388,208	388,208
Property holding fees and taxes	-	5,101	5,101
Field work	-	228,761	228,761
Others	-	23,939	23,939
		646,009	646,009
Lece West Project			
Acquisition costs	-	68,609	68,609
Property holding fees and taxes	-	6,357	6,357
Field work	-	12,776	12,776
Others	-	4,231	4,231
		91,973	91,973
Besna Kobila, Medjani Project			
Acquisition costs	-	51,775	51,775
Property fees, data analysis and reporting	-	25,553	25,553
Others	-	3,192	3,192
	-	80,520	80,520
Total exploration and evaluation assets	76,177	742,325	818,502

	May 22, 2021	Additions	December 31, 2021
	\$	\$	\$
Miranovac Property			
Acquisition costs			
Cash	-	63,540	63,540
Sub-total	-	63,540	63,540
Exploration costs			
Geology consulting fees	-	12,637	12,637
	-	12,637	12,637
Sub-total, Miranovac Property	-	76,177	76,177

As of December 31, 2022, a total of \$818,502 of exploration and evaluation assets were recorded, comprised of \$508,592 upon acquisition in connection with purchase 100% interest and outstanding common shares of Golden Age, including \$73,762 in cash payment, \$220,000 value for share issuance, \$86,454 in legal fees relation to the acquisition and \$31,655 in acquisition net assets allocated with debts settlement of \$159,763 and \$309,910 exploration costs were capitalized, including \$82,456 occurred in the parent company, Balkan and \$227,454 occurred through wholly owned subsidiary Golden Age.

As of December 31, 2022, the Company recorded \$105,722 (December 31, 2021 - \$55,091) of deferred costs in connection with the acquisition with Medgold and the acquisition of GAR in legal fees.

CASH FLOW FOR THE YEAR ENDED DECEMBER 31, 2022 AND THE PERIOD FROM INCEPTION ON MAY 22, 2021 TO DECEMBER 31, 2021

Year ended	Period since inception on
December 31, 2022	May 22, 2021 to December 31, 2021

Net cash used in operating activities	(45,534)	(24,193)
Net cash provided by financing activities	415,800	380,100
Net cash used in acquisition and exploration activities	(471,545)	(131,268)
Increase (decrease) in cash during the period	(106,952)	224,639

Cash Flow from Operating Activities

The Company recorded a net loss for the year ended December 31, 2022 of \$466,944, which when adjusted for \$76,177 in impairment expenses due to termination of property acquisition agreement, not involving cash and changes in working capital items totalling \$345,234, resulted in cash usage of \$45,534 in general operating activities.

During the year ended December 31, 2022 there were primarily related to audit and accounting fees, legal fees incurred in general corporate matters, consulting fees, management fees and office and administration fees and impairment expenses in connect with impairment on Miranovac property assets due to termination of the agreement with Mineral Grupa on April 22, 2022 and travel expenses.

The Company recorded a net loss for the period since inception on May 22, 2021 to December 31, 2021 of \$56,962, which when adjusted for working capital items totalling \$32,769, resulted in cash usage of \$24,193 in general operating activities. Expenses incurred during the period since inception on May 22, 2021 to December 31, 2021 were primarily due to audit and accounting fees, legal fees incurred in general corporate matters, management fees and consulting fees.

Cash Flow from Financing Activities

During the year ended December 31, 2022, the Company received \$674,276, comprised of its completion of private placements including the issuance of 6,021,663 common shares of the Company at a price of \$0.10 per share for the net proceeds of \$550,537, and \$25,000 advanced for shares to be issued, \$25 from an asset acquisition and \$159,763 debts were paid off from the acquisition of Golden Age.

During the period since inception on May 22, 2021 to December 31, 2021, the Company received \$440,150, comprised of its completion of private placements for its offering of issuance of 16,042,603 common shares of the Company for the net proceeds of \$397,725.

Cash Flow from Investing Activities

During the year ended December 31, 2022, the Company spent \$471,545 in acquisition and exploration costs, of which were \$260,699 cash in exploration and evaluation assets and of \$31,362 cash in legal fees related to acquisition of wholly owned subsidiary and \$73,762 cash payment for the acquisition Golden Age and \$105,722 for deferred acquisition costs, principally legal fees, in connection with amalgamation with Medgold.

During the period since inception on May 22, 2021 to December 31, 2021, the Company spent \$131,268 in acquisition, exploration and related costs, of which were \$76,177 cash in acquisition and exploration for Miranovac Property in Serbia and of \$55,091 cash in legal fees related to acquisition and \$73,762 cash payment for long term investment on the acquisition fully owned Golden Age Resource D.O.O .

SUMMARY OF QUARTERLY RESULTS

A summary of quarterly results is included in the table below. The financial information is derived from the Company's condensed interim unaudited consolidated financial statements.

	Three Months ended December 31, 2022	Three Months ended September 30, 2022	Three Months ended June 30, 2022	Three Months ended March 31, 2022
Revenue (\$)	-	-	-	-
Expenses (\$)	(219,054)	(86,511)	(59,667)	(51,134)
Other Items:				
Impairment expenses	-	-	(76,177)	-
Interest income	24	15	23	83
Foreign exchange gain (loss)	17,354	9,320	(848)	(373)
Net loss and comprehensive loss (\$)	(201,676)	(77,176)	(136,669)	(51,424)

Net loss per share -basic & diluted (\$)	(0.01)	(0.00)	(0.01)	(0.00)
Weighted avg. common shares -basic & diluted	24,264,266	20,311,588	18,242,603	18,120,381

	Three Months ended December 31, 2021	Three Months ended September 30, 2021	Period since inception on May 22, 2021 to June 30, 2021
Revenue (\$)	-	-	-
Expenses (\$)	(46,455)	(10,015)	(1,006)
Other Items:			
Interest income	149	133	-
Foreign exchange gain	(463)	696	-
Net loss and comprehensive loss(\$)	(46,769)	(9,186)	(1,006)
Net loss per share -basic & diluted (\$)	(0.00)	(0.02)	(10.06)
Weighted avg. common shares -basic & diluted	1,6042,603	594,502	100

Fluctuations in reported earnings/losses during the periods noted above are primarily due to changes in administration and office expenses, audit and accounting fees, legal fees, consulting fees and stock-based compensation related to the stock options granted to directors, officers and consultants. The Company had an accumulated deficit of \$523,906 since inception on May 22, 2021 to December 31, 2022.

FINANCING ACTIVITIES AND LIQUIDITY

On August 5, 2022, the Company closed a non-brokered private placement and issued 2,350,000 common shares of the Company at a price of \$0.10 per share for gross proceeds of \$235,000. In connection with the private placement, the Company paid a cash commission of 7% (\$13,300) on part of the gross proceeds of the offering in and issued 133,000 finder warrants with each finder warrant having an exercise price of \$0.10 per finder warrant for a period of 12 months from closing date of the private placement.

On September 14, 2022, the Company closed a non-brokered private placement and issued 2,100,000 common shares of the Company at a price of \$0.10 per share for gross proceeds of \$210,000. In connection with the private placement, the Company paid a cash commission of 7%- (\$14,700) on part of the gross proceeds of the offering and issued 147,000 finder warrants of with each finder warrant having an exercise price of \$0.10 per finder warrant for a period of 12 months from closing date of the offering.

On September 14, 2022, the Company closed a non-brokered private placement and issued 1,571,663 common shares of the Company at a price of \$0.10 per share for gross proceeds of \$157,663. In connection with the private placement, the Company paid a cash commission of 7% (\$11,002) on part of the gross proceeds of the offering and issued 110,016 finder warrants with each finder warrant having an exercise price of \$0.10 per finder warrant for a period of 12 months from closing date of the offering.

In December 2022, the Company received \$25,000 advanced for shares to be issued.

The Company has mineral properties in addition to cash and cash equivalents and sales tax receivables. The Company has not pledged any of its assets as security. Following completion of the Offering, Management believes that the Company will have sufficient working capital to satisfy the recommended exploration expenditure on the Balkan's Properties and the Company's office and administrative expenses for the next twelve-month period.

CAPITAL RESOURCES

Capital resources is comprised of the Company's shareholders' equity and any debt that it may issue. As at December 31, 2022, the Company's shareholders' equity was \$646,058 (December 31, 2021 - \$323,138) and it had no outstanding long-term debt. The capital was mostly from proceeds from the issuance of common shares. The net proceeds from Offering will be sufficient

to satisfy the first phase recommended exploration program expenditure on Timok East Project and the Company's office and administrative expenses for the next twelve-month period. Additional funds may be required to finance the Company's additional exploration of other Balkan Properties and other mineral assets acquisition.

COMMITMENTS

On January 7, 2022, the Company entered into an employment agreement with the Executive Chairman and Interim Chief Executive Officer of the Company. The Company agreed to pay \$12,500 per month for the management services performed for a term of 2 years with all benefit plans if the Company has any benefit policy.

On April 13, 2022, the Company entered into a loan agreement with the wholly owned subsidiary, Golden Age, in the amount of \$5,000,000. Pursuant to the agreement, the loan will be used for Golden Age regular operations in accordance with its registered activity, principally mineral exploration. No interest will be charged to Golden Age. The proceeds from the Offering will satisfy the next year loan commitment. The Company intends to raise additional funds through private placements in the market for the future commitments of the loan. As of December 31, 2022, the Company paid the loan in an amount of \$448,385.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements as at December 31, 2022 and December 31, 2021 or as of the date of this report.

RELATED PARTY DISCLOSURES

During the year ended December 31, 2022 and the period from inception on May 22, 2021 to December 31, 2021 the following related party transactions occurred in the normal course of operations:

- As of December 31, 2022, the Company advanced \$1,121 (December 31, 2021 - \$10,353) to the former director of the Company for operating expenses.
- As of December 31, 2022, the Company advanced \$2,576 (December 31, 2021 - \$Nil) to the director and CEO of the Company for operating expenses.
- As of December 31, 2022, the Company had \$Nil (December 31, 2021 - \$5,604) due to a Company which had the common director, Pan Pacific Resource Investments Ltd. in legal fees. The term of the due from related party is unsecured, non-interest bearing and due on demand.
- During the year ended December 31, 2022, the CEO and director of the Company accrued \$150,000 (the period from inception on May 22, 2021 to December 31, 2021 - \$5,000) in management fees.
- During the year ended December 31, 2022, a director of the Company accrued \$9,000 (the period from inception on May 22, 2021 to December 31, 2021 - Nil) in director fees.
- General and administrative fees of \$12,714 (December 31, 2021 - Nil) were charged to the Company by Commodity Energy Capital Limited, a company where the Company's CEO is also the Director
- During the year ended December 31, 2022, the General Manager and director of GAR, the Company's wholly owned subsidiary, charged \$35,487 in exploration field work fees and \$4,929 in wages and salaries.
- As of December 31, 2022, the Company had \$176,850 due to the directors of the Company.

All related party transactions were entered into in the normal course of business and are recorded at the exchange amount established and agreed to between the related parties. The term of the debt from related party is due on demand with no interest bearing.

PROPOSED TRANSACTIONS

There were no proposed transactions during the period except for that disclosed in "Material Events" section. All current transactions are fully disclosed in the audited consolidated financial statements for the year ended December 31, 2022.

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

(a) Fair value

The fair value of the Company's cash and cash equivalents, due from related parties, due to related party, share subscription received and accounts payable and accrued liabilities approximate their carrying value due to their short-term nature.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – inputs that are not based on observable market data.

For the year ended December 31, 2022 and from inception on May 22, 2021 to December 31, 2021, the fair value of cash and cash equivalents were measured at fair value.

As at:	December 31, 2022	December 31, 2021
Financial assets:		
FVTPL		
Cash	\$ 117,687	\$ 224,639
Other receivables	\$ 281	\$ 4,831
Amortized cost		
Due from related party	\$ 3,697	\$ 10,353
Financial liabilities:		
Amortized cost		
Accounts payable	\$ 237,718	\$ 46,694
Due to related party	\$ 176,850	\$ 5,604

The Company is exposed to varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes, inclusive of counterparty limits, controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

(b) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2022, the Company had \$117,687 (December 31, 2021 - \$224,639) cash to settle the total current liabilities of \$414,568 (December 31, 2021 - \$52,298). As at December 31, 2022, the total working capital deficit of the Company was \$278,166 (December 31, 2021 - \$191,870). The Company believes it will be able to raise funds from private placements to cover its expected short and long term cash requirements .

(c) Credit risk

Credit risk is the risk of a loss if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk is limited to its cash and cash equivalents. The Company limits its exposure to credit risk by holding its cash and cash equivalents in deposits with high credit quality Canadian financial institutions.

(d) Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. Management does not believe that the Company is exposed to any material market risk.

CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company considers capital to consist of shareholders' equity.

The Balkan Properties are in the exploration stage; as such the Company has historically relied on private placements to fund its activities.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended December 31, 2022.

OUTSTANDING SHARE DATA

As at December 31, 2022 and December 31, 2021 and the date of this report, the following securities were outstanding:

a) Authorized shares issued and outstanding:

As of December 31, 2022 and the filing date of this MD&A, the Company has issued and outstanding common shares: 24,264,266 and 25,466,091, as follows. The authorized share capital is unlimited no par value common shares:

Balance, May 22, 2021	-	\$	-
Issuance of seed capital	100		1
Balance, December 31, 2020	100		100
Share issuance for cash \$0.001	10,800,000		10,800
Share issuance for cash \$0.005	1,000,000		5,000
Debts settlement for share issuance at \$0.05	4,242,503		424,250
Share issuance cost	(60,050)		(60,050)
Balance, December 31, 2021	16,042,603	\$	380,100
Share issuance for acquisition at \$0.10	2,200,000		220,000
Share issuance for cash \$0.10	6,021,663		602,166
Share issuance cost	-		(72,737)
Balance, December 31, 2022	24,264,266	\$	1,129,902

On May 22, 2021, the Company issued 100 common shares to the sole founder of the Company at \$1.00 per share or valued at \$100.

On September 26, 2021, the Company closed a private placement and issued 10,800,000 founders common shares of the Company at a price of \$0.001 per share for gross proceeds of \$10,800. As of December 31, 2021, there were \$4,550 other receivables for shares issuance. As of December 31, 2022, the Company received the funds in full.

On September 27, 2021, the Company closed a private placement and issued 1,000,000 common shares of the Company at a price of \$0.005 per share for gross proceeds of \$5,000.

On September 28, 2021, the Company closed a private placement and issued 4,242,503 common shares of the Company at a price of \$0.10 per share for gross proceeds of \$424,250. In connection with the offering, the Company paid a 10% finder's fee in cash on the proceeds raised for a total of \$42,425. The proceeds of the funds were used for operating activities.

On January 6, 2022, the Company issued 2,200,000 common shares of the Company to the Vendors at a fair value price of \$0.10 per share for a total fair value of \$200,000 pursuant to the GAR Purchase Agreement in connection with the Acquisition of all of the shares of GAR.

On August 5, 2022, the Company closed a non-brokered private placement and issued 2,350,000 common shares of the Company at a price of \$0.10 per share for gross proceeds of \$235,000. In connection with the private placement, the Company paid a cash commission of 7% (\$13,300) on part of the gross proceeds of the offering and issued 133,000 finder warrants with each finder warrant having an exercise price of \$0.10 per finder warrant for a period of 12 months from closing date of the offering.

On September 14, 2022, the Company closed a non-brokered private placement and issued 2,100,000 common shares of the Company at a price of \$0.10 per share for gross proceeds of \$210,000. In connection with the private placement, the Company paid a cash commission of 7% (\$14,700) on a part of the gross proceeds of the offering and issued 147,000 finder warrants

with each finder warrant having an exercise price of \$0.10 per finder warrant for a period of 12 months from closing date of the offering.

On September 14, 2022, the Company closed a non-brokered private placement and issued 1,571,663 common shares of the Company at a price of \$0.10 per share for gross proceeds of \$157,663. In connection with the private placement, was subject to a cash commission to 7% of the gross proceeds of the offering in cash amount of \$11,002 and issued finder warrants of 110,016 at an exercise price of \$0.10 per finder warrant for a period of 12 months from closing date of the offering.

c) Finder Warrants

Date of Issuance	August 5, 2022	September 14, 2022
Number of agent's warrants	133,000	257,016
Dividend yield	0%	0%
Expected volatility	142%	143%
Risk-free interest rate	2.75%	2.75%
Forfeiture rate	0%	0%
Share price – on issuance	\$0.10	\$0.10
Exercise price	\$0.10	\$0.10
Term	12 months	12 months
Fair value per warrant	\$0.05	\$0.045
Fair value of warrants	\$7,035	\$13,702

The fair value of the share warrants granted was estimated at the date of grant using Black-Scholes option pricing model with following assumptions. As there was no trading history of the Company's common shares, the expected volatility was based on the historical share price volatility of two groups of comparable companies in the sector the companies operated over a period similar to the expected life of the Warrants. As of March 31, 2023, the Company recorded a fair value of \$24,787 for agent's warrants (December 31, 2022 - \$20,737).

As at December 31, 2022, there were 390,016 (December 31, 2021 – Nil) agent's warrants outstanding:

	Number of warrants	Weighted average exercise price	Weighted Average Remaining Contractual Life (Years)
Balance, December 31, 2021	-	-	-
Issued on:			
August 5, 2022	133,000	\$ 0.10	0.59
September 14, 2022	257,016	\$ 0.10	0.70
Balance, December 31, 2022	390,016	\$ 0.10	0.65

RISKS AND UNCERTAINTIES

The Company is in the business of acquiring, exploring and, if warranted, developing mineral resource properties, principally copper and gold properties.. Due to the nature of the Company's business and the present stage of exploration of its mineral property (which is primarily an early stage exploration property with no known resources or reserves that have not been explored by modern methods), the following risk factors, among others, may apply:

Exploration Stage Company:

The Balkan Properties are in the early stages of exploration and are without a known economic mineral resource of reserve. Development of the Balkan Properties will only follow upon obtaining satisfactory exploration results. The Company has no history of operations and is still in an early stage of development. There can be no assurance that the Company's existing or future exploration programs will result in the discovery of commercially viable mineral deposits. Further, there can be no assurance that even if a deposit of minerals is located, that it can be commercially mined.

Mineral Exploration and Development:

The exploration and development of minerals is highly speculative in nature and involves a high degree of financial and other risks over a significant period of time, during which even a combination of careful evaluation, experience and knowledge may not eliminate. The proposed program on the Balkan's Properties are an exploratory search for mineral deposits. While discovery of an ore body may result in significant rewards, few properties which are explored are ultimately developed into producing mines. Substantial expenses are required to establish ore reserves by drilling, sampling and other techniques and to design and

construct mining and processing facilities. Whether a mineral deposit will be commercially viable depends on a number of factors, including the particular attributes of the deposit, financing costs, the cyclical nature of commodity prices, and government regulations (including those related to prices, taxes, currency controls, royalties, land tenure, land use, importing and exporting of mineral products, and environmental protection). The effect of these factors or a combination thereof, cannot be accurately predicted but could have an adverse impact on the Company. The Company's operations are also subject to all of the hazards and risks normally encountered in mineral exploration and development. These risks include unusual and unexpected geological formations, seismic activity, rock bursts, cave-ins, water inflows and other conditions involved in the drilling and removal of material, environmental hazards, industrial accidents, periodic interruptions due to adverse weather conditions, labour disputes, political unrest aboriginal band claims and theft. The occurrence of any of the foregoing could result in damage to, or destruction of, mineral properties or interests, production facilities, personal injury, damage to life or property, environmental damage, delays or interruption of operations, increases in costs, monetary losses, legal liability and adverse government action. The Company does not currently carry insurance against these risks and there is no assurance that such insurance will be available in the future, or if available, at economically feasible premiums or upon acceptable terms. The potential costs associated with losses or liabilities not covered by insurance coverage may have a material adverse effect upon the Company's financial condition.

Operating History and Financial Resources:

The Company has no history of operations nor generating revenues and it is unlikely that the Company will generate any revenues from its current operations in the foreseeable future. The Company anticipates that its existing cash resources, together with the net proceeds of the Offering, will be sufficient to cover the Company's projected funding requirements for the ensuing year. If the Company's exploration program is successful, additional funds will be required for further exploration and development to determine if any deposits are economic and, if economic, to possibly bring such deposits to production. Additional funds will also be required for the Company to acquire and explore other mineral interests, if it elects to do so. The Company has limited financial resources and there is no assurance that sufficient additional funding will be available to enable it to fulfill the Company's existing obligations or for further exploration and development on acceptable terms or at all. Failure to obtain additional funding on a timely basis could result in delay or indefinite postponement of further exploration and development and could cause the Company to forfeit its interests in some or all of the Company's properties or to reduce or terminate the Company's operations. Additional funds raised by the Company from treasury share issuances may result in further dilution to its shareholders or result in a change of control.

Possible Loss of Interest in the Balkan Properties:

The Company's ability to maintain an interest in the Balkan Properties will be dependent on its ability to raise additional funds by equity financing. Failure to obtain additional financing may result in the Company being unable to expend certain minimum amounts on the exploration of the Balkan Properties. If the Company fails to incur such expenditures in a timely fashion, the Company may lose its Properties.

Competition:

The mineral exploration business is competitive in all of its phases. The Company competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources, in the search for and the acquisition of attractive mineral properties. The Company's ability to acquire properties in the future will depend not only on the Company's ability to develop the Balkan Properties, but also on the Company's ability to select and acquire additional suitable prospects for mineral exploration or development, if it elects to do so. In addition, the mining industry periodically faces a shortage of equipment and skilled personnel and there can be intense competition for experienced geologists, engineers, field personnel and other contractors. There is no assurance that the Company will be able to compete successfully with others in acquiring prospective properties, equipment or personnel.

Dilution:

Dilution per Common Share represents the amount by which the price per Common Share to be paid by a new investor will exceed the net tangible book value per Common Share immediately after the Offering is completed. The issue price of \$0.10 paid for each Common Share exceeds by \$0.084 per Common Share the net tangible book value per Common Share as at December 31, 2022 after giving effect to the Offering. As a result, investors will incur a significant and immediate dilution of their investment.

Environmental Risks and Hazards:

All phases of the Company's operations are subject to extensive environmental regulations. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation, provide for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry activities and

operations. They also set forth limitations on the generation, transportation, storage and disposal of hazardous waste. A breach of these regulations may result in the imposition of fines and penalties. In addition, certain types of mining operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, 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. The cost of compliance with changes in governmental regulations has the potential to reduce the viability or profitability of operations. Environmental hazards may exist on the properties in which the Company holds its interests or on properties that will be acquired which are unknown to the Company at present and which have been caused by previous or existing owners or operators of those properties.

Government Regulations:

The Company's current or future operations, including exploration and development activities and the commencement and continuation of commercial production, require licenses, permits or other approvals from various federal, provincial, territorial and/or local governmental authorities. Such operations are or will be governed by laws and regulations relating to prospecting, development, mining, production, exports, taxes, labour standards, occupational health and safety, waste disposal, toxic substances, land use, water use, environmental protection, and other matters. The Company believes that it is in substantial compliance with all material laws and regulations which currently apply to the Company's activities. There can be no assurance, however, that the Company will obtain on reasonable terms or at all the permits and approvals, and the renewals thereof, which the Company may require for the conduct of the Company's current or future operations or that compliance with applicable laws, regulations, permits and approvals will not have an adverse effect on any mining project which the Company may undertake. Possible changes to mineral tax legislation and, regulations could cause additional expenses, capital expenditures, restrictions and delay on the Company's planned exploration and operations, the extent of which cannot be predicted. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Title Risks:

While the Company has exercised the usual due diligence with respect to determining title to the Company's properties, there is no guarantee that title to such properties will not be challenged or impugned. The Company's properties have not been surveyed. The Company's properties may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects. If title defects do exist, it is possible that the Company may lose all or a portion of its rights, title, estate and interest in and to the properties, when and if earned, to which the title defects relate.. In the event that the Company does not fulfill its minimum exploration obligations, as submitted to the Ministry of Mining (Serbia), it will lose its interest in the Balkan's Properties.

Negative Operating Cash Flow:

Since inception, the Company has had negative operating cash flow. The negative operating cash flow is expected to continue for the foreseeable future as funds are expended on the exploration program on the Balkan's Properties and administrative costs. The Company cannot predict when it will reach positive operating cash flow.

Commodity Prices:

The price of the Company's securities, the Company's financial results and exploration, development and mining activities have previously been, and may in the future be, significantly adversely affected by declines in the price of precious or base metals. Precious or base metal prices fluctuate widely and are affected by numerous factors beyond the Company's control such as the sale or purchase of precious or base metals by various dealers, central banks and financial institutions, interest rates, exchange rates, inflation or deflation, currency exchange fluctuation, global and regional supply and demand, production and consumption patterns, speculative activities, increased production due to improved mining and production methods, government regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals, environmental protection, the degree to which a dominant producer uses its market strength to bring supply into equilibrium with demand, and international political and economic trends, conditions and events. The prices of precious or base metals have fluctuated widely in recent years, and future price declines could cause continued development of the Company's properties to be impracticable.

Foreign exchange rate and Currency Risk

Foreign exchange risk refers to the risk that a business' financial performance or financial position will be affected by changes in the exchange rates between currencies. The three types of foreign exchange risk include transaction risk, economic risk, and translation risk. Foreign exchange risk is a major risk to consider for exporters/importers and businesses that trade in international markets.

The risk occurs when a company engages in financial transactions or maintains consolidated financial statements in a currency other than where it is headquartered. For example, a company based in Canada that does business in Serbia – i.e., receives financial transactions in Serbian Dinar – reports its consolidated financial statements in Canadian dollars, is exposed to foreign exchange risk.

The financial transactions, which are received in Serbian Dinar, must be converted to Canadian dollars to be reported on the company's financial statements. Changes in the exchange rate between the Serbian Diner (foreign currency) and Canadian dollar (domestic currency) would be the risk, hence the term foreign exchange risk.

Foreign exchange risk can be caused by appreciation/depreciation of the base currency, appreciation/depreciation of the foreign currency, or a combination of the two. It is a major risk to consider for exporters/importers and businesses that trade in international markets.

In addition, 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.

Political and Regulatory Risk

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.

Potential Increase Cost due to Rising Inflation:

Inflation and other economic factors beyond the Company's control may cause an increase in costs and expenses, resulting in the Company being unable to complete its objectives with its currently available funds, if at all, which may have an adverse impact on the Company's operations.

Price Volatility and Lack of Active Market:

In recent years, the securities markets in Canada and elsewhere have experienced a high level of price and volume volatility, and the market prices of securities of many public companies, particularly resource issuers, have experienced significant fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. It may be anticipated that any quoted market for the Company's securities will be subject to such market trends and that the value of such securities may be affected accordingly. There is currently no market through which the Company's Common Shares can be sold and there can be no assurance that one will develop or be sustained after the Offering. If an active market does not develop, the liquidity of your investment may be limited and the market price of the Common Shares forming part of the Units may decline below the Offering Price.

Reliance on Management and Experts:

The Company's success will be largely dependent, in part, on the services of the Company's senior management and directors. The Company has not purchased any "key man" insurance, nor has the Company entered into any non-competition or non-disclosure agreements with any of the Company's directors, officers or key employees and has no current plans to do so. The Company may hire consultants and others for geological and technical expertise but there is no guarantee that the Company will be able to retain personnel with sufficient technical expertise to carry out the future development of the Company's properties.

Concentration of Ownership:

Immediately following the completion of the Transaction including the Offering, the Company's directors, major shareholders, executive officers and their respective associates will beneficially own 14,894,288 Common Shares representing approximately 32% of the Company's outstanding share capital assuming none of the foregoing persons participate in the Offering. These shareholders could significantly influence the outcome of actions taken by management that require shareholder approval. For

example, these shareholders could significantly influence the election of the Company's directors and control changes in management.

Conflicts of Interest:

Certain of the Company's directors, officers and other members of management do, and may in the future, serve as directors, officers, promoters and members of management of other companies and, therefore, it is possible that a conflict may arise between their duties as a director, officer, promoter or member of the Company's management team and their duties as a director, officer, promoter or member of management of such other companies. The Company's directors and officers are aware of the laws governing accountability of directors and officers for corporate opportunity and the requirement of directors to disclose conflicts of interest. The Company will rely upon these laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors or officers.

Litigation

The Company and/or its directors may be subject to a variety of civil or other legal proceedings, with or without merit.

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.

MATERIAL EVENTS

On March 7, 2022, Fred Jones resigned as a director and CFO of the Company.

On May 27, 2022, the Company appointed Michael Thomsen as a director of the Company.

Subsequent to the year ended December 31, 2022, on February 9, 2023, the Company appointed Eric M. Rasmussen to as a director of the Company.

The directors and officers of the Company as current are as follows:

• Elena Clarici:	Director, <i>CEO, Executive Chairman</i>
• Michael Thomsen:	<i>Director</i>
• Eric M. Rasmussen:	<i>Director</i>

Subsequent to the year ended December 31, 2022, the Company held shareholder general and special meeting on March 31, 2023. The Company has appointed MNP LLP as an auditor of the Company and continued to retain the above board of directors and management team.

CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION

This MD&A may contain certain statements that may be deemed "forward-looking statements." All statements in this document, other than statements of historical fact, that address events or developments that the Company expects to occur, are forward-looking statements. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by words "expects," "plans," "anticipates," "believes," "intends," "estimates," "projects," "potential," "interprets," and similar expressions, or that events or conditions "will," "would," "may," "could," or "should" occur. Forward-looking statements in this document include statements regarding liquidity and effects of accounting policy changes, the potential for unexpected costs and expenses, commodity price fluctuations, currency fluctuations, failure to obtain adequate financing on a timely basis and other risks and uncertainties. In addition, forward-looking statements are based on various assumptions including, without limitation, the expectations and beliefs of management that the Company can access financing. Should one

or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results may differ materially from those in forward-looking statements.

Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. Forward-looking statements are based on the beliefs, estimates and opinions of the Company's management on the date the statements are made. The Company undertakes no obligation to update these forward-looking statements in the event that management's beliefs, estimates or opinions, or other factors, should change except as required by law.

SUBSEQUENT EVENTS

On January 16, 2023, the Company closed a non-brokered private placement and issued 1,035,158 Common Shares at a price of \$0.15 per share for gross proceeds of \$155,274. In connection with the private placement, to the Company paid a cash commission of 7% on a portion of the the gross proceeds of the offering in amount of \$7,369 and issued finder warrants of 49,128 at an exercise price of \$0.15 per finder warrant for a period of 12 months from closing date of the offering.

On January 18, 2023, the Company closed a non-broker private placement and issued 166,667 Common Shares at a price of \$0.15 per share for gross proceeds of \$25,000. In connection with the private placement, to the Company paid a cash commission of 7% on a portion of the gross proceeds of the offering in the amount of \$1,750 and issued finder warrants of 11,666 at an exercise price of \$0.15 per finder warrant for a period of 12 months from closing date of the offering.

On January 18, 2023, the Company issued 1,000,000 Milestone Shares, each at a deemed fair market value price of \$0.18 per share to the Vendors upon the awarding to certain exploration licenses to Golden Age in accordance with the term of the GAR Purchase Agreement.

On January 30, 2023, the Company entered into a definitive amalgamation agreement (the "**Amalgamation Agreement**") with Medgold Resources Corp. ("**Medgold**" and following the Acquisition (as defined below), the "**Resulting Issuer**") and 1397383 B.C Ltd., a company incorporated under the laws of the province of British Columbia and a wholly owned subsidiary of Medgold pursuant to which Medgold would acquire all of the issued and outstanding common shares of the Company by way of three-cornered amalgamation (the "**Acquisition**"). Upon execution of the Amalgamation Agreement, the Company made a cash payment to Medgold of C\$30,000 which funds were used to pay for the renewal of Medgold's Serbia exploration licenses. The parties are working together to satisfy the conditions precedent to completion of the Acquisition, including seeking conditional approval of the TSX Venture Exchange. As of December 31, 2022, \$105,722 was recorded as deferred acquisition costs in connection with the Acquisition.

Concurrently with closing of the Acquisition, Balkan is to raise via private placement (the "**Offering**") no less than \$2.0 million by way of the sale of subscription receipts ("**Subscription Receipts**"), with each Subscription Receipt being issued at a price of \$0.20 and convertible immediately prior to closing of the Acquisition into a unit (a "**Unit**") comprised of one common share of the Company (a "**Unit Share**") and one share purchase warrant (a "**Warrant**"). As a consequence of the Amalgamation, each Unit Share will be exchanged for one common share of the Resulting Issuer (a "**Resulting Issuer Share**"), and each Warrant will entitle the holder to acquire one Resulting Issuer Share for a period of two years, at a price of \$0.25 per share for the first year and thereafter at a price of \$0.30 per share. In the event that at any time the following closing of the RTO the daily volume weighted average trading price of the Resulting Issuer Shares on the TSXV is greater than \$0.50 per Resulting Issuer Share for the preceding ten consecutive trading days, the Resulting Issuer may accelerate the expiry date of the Warrants by written notice to the holders and in such case the Warrants shall expire on the 30th day after the date of such note. The Resulting Issuer will use the net proceeds of the Offering to fund exploration activities on the Timok East Project and for working capital and general corporate purposes.

On January 27, 2023, in connection with the Acquisition, the Company entered into a convertible debenture agreement with Medgold pursuant to which the Company provided a loan to Medgold in the maximum principal amount of \$150,000 with interest at a rate of 5% per annum and compounded monthly and payable in arrears. On the termination of the Amalgamation Agreement in accordance with the terms thereof and prior to the maturity date, resulting in the parties not completing the Acquisition, the outstanding principal amount of the loan will be converted into common shares of Medgold at a price of (i) \$0.05 per Medgold share if the date of conversion occurs on or before January 27, 2024; and (ii) \$0.10 per Medgold share thereafter. On such conversion, any accrued interest shall be converted into common shares of Medgold at the lowest conversion price permitted by the TSXV. As the date of this report, the Company provided Medgold with the first tranche of \$75,000 and the second tranche of \$48,534 in convertible debentures, in total of \$123,534.

The Company was issued Technical Report on the Timok East property in accordance with National Instrument 43-101 – Disclosure Standards, comprising of two contiguous exploration licences known as Luka and Makovište, effective on March 23, 2023.

On April 24, 2023, the Company closed a non-brokered private placement and issued 833,333 common shares of the Company at a price of \$0.15 per share for gross proceeds of \$125,000. In connection with the private placement, the Company paid a cash commission of 7% (\$3,499) on part of the gross proceeds of the offering and issued 23,326 finder warrants, with each finder warrant having an exercise price of \$0.15 and a term of 12 months from closing date of the offering.

On April 30, 2023, the Company entered into an Amendments to Amalgamation Agreement dated January 30, 2023. The Company committed to pay to Medgold \$20,000, in each of the months of May, June and July of 2023, no more than \$60,000 upon written request from Medgold and such monthly payments be requested by Medgold only once in each calendar month and prior to July 2023. As of the date of the report, the Company has paid \$20,000.

On May 22, 2023, Balkan Metals Corp. and Golden Age, entered into a Letter of Agreement with Cobre Nuevo Exploration Pty Ltd. (“CNE”). Defining terms of a prospective farm-in joint venture (the “FIJV”) or similar commercial arrangement to explore for minerals. This agreement covers two permits of the Lece West Project: exploration licenses No 2326 Žuta Bara and No 2487 Đake Sever. As a precursor to the FIJV agreement, CNE will finance US\$75,000 of geophysics and US\$500,000 of drilling. BMC/GAR will be operator and entitled to earn 10% management fees. Following this initial expenditure and contingent to positive results of this phase, CNE and Balkan/Golden Age will enter into a full farm-in, joint venture agreement, whereby CNE will spend US\$5.0m to earn 51% in the Phase 1; followed by expenditure of US\$8.0m to earn additional 34%. Following this total of US\$13m exploration expenditure, CNE would’ve earned a total of 85%, while Balkan/GAR would remain with 15% in the Lece West project. BMC/GAR will have the option to convert this 15% into 1% NSR. Balkan/Golden Age remain the operator of the exploration work, earning 10% management fee.

On June 13, 2023, the Company amended the terms of the \$0.15 Private Placement to include a share purchase warrant with each common share issued pursuant to such private placement. Accordingly, the \$0.15 Private Placement became a unit private placement pursuant to which a total of 2,035,158 units (“Units”) were issued. Each Unit consists of one common share and one share purchase warrant of the Company (a “Unit Warrant”). Each Unit Warrant entitles the holder thereof to purchase one common share of the Company for a period of two years, with the exercise price being \$0.25 during the first year and \$0.30 during the second year.

Upon completion of the Acquisition, the terms of the warrants issued by the Company will entitle the holder to purchase common shares of the Resulting Issuer. If at any time following closing of the Acquisition the daily volume weighted average trading price of Resulting Issuer’s common shares (the “Resulting Issuer Shares”) on the TSXV is greater than \$0.50 per Resulting Issuer Share for the preceding 10 consecutive trading days, the Resulting Issuer may accelerate the expiry date of the Unit Warrants by written notice (which may be provided in a form of a news release) to the holders thereof and in such case, the Unit Warrants will expire on the 30th day after the date of such notice.

On July 12, 2023, the Company closed a fourth tranche of the \$0.15 Private Placement per unit and issued 833,333 common shares of the Company at a price of \$0.15 per share for gross proceeds of \$125,000. Each Unit consists of one common share and one common share purchase warrant. Each Unit Warrant entitles the holder thereof to purchase one common share of the Company for a period of two years, with the exercise price being \$0.25 during the first year and \$0.30 during the second year. In connection with this private placement, the Company paid a cash commission of 7% (\$4,200) on part of the gross proceeds of the offering and issued 28,000 finder warrants, with each finder warrant having an exercise price of \$0.15 and a term of 12 months from the closing date of the offering.

As of the date of the report, the Company received \$5,445 for share issuance for cash.

ADDITIONAL INFORMATION

Additional information about the Company is available upon the request from info@balkanmetals.co.

BALKAN METALS CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2023

The following Management's Discussion and Analysis ("MD&A") of Balkan Metals Corp. (the "Company" or "Balkan") and its subsidiaries (together the "Corporation") is prepared as at July 13, 2023, and should be read in conjunction with unaudited condensed interim consolidated financial statements for the three months ended March 31, 2023, and the audited financial statements and the accompanying notes to the audited financial statements of the Company for the year ended December 31, 2022.

Since May 22, 2021, date of inception, the Company adopted International Financial Reporting Standards ("IFRS"). All dollar figures included in this MD&A are quoted in Canadian dollars unless otherwise stated. The unaudited condensed interim financial statements for the three months ended March 31, 2023, have been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting and they do not include all of the information required for full annual financial statements in accordance with IFRS, as issued by the International Accounting Standards Board.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the valuation of the Company's common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) if it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances.

Forward-Looking Information

This MD&A may contain "forward-looking information" (as such term is defined under applicable Canadian securities laws) based on assumptions and judgments of management regarding events or results that may prove to be inaccurate as a result of risk factors beyond its control. Actual results may differ materially from the expected results. The forward-looking information is based on certain assumptions, which could change materially in the future. The forward-looking information in this MD&A describes the Company's expectations as of the date of this MD&A. The results or events anticipated or predicted in such forward-looking information may differ materially from actual results or events. The forward-looking information contained in this MD&A represents the expectations of the Company as of the date of this MD&A and, accordingly, is subject to change after such date. Readers should not place undue importance on forward-looking information and should not rely upon this information as of any other date.

DESCRIPTION OF THE BUSINESS

Balkan Metals Corp. is a private Canadian-based mineral exploration company which focuses on the acquisition, exploration and development of mineral projects, principally copper and gold assets in the Balkan region. To date, the Company was exclusively engaged in the Republic of Serbia ("Serbia"). Balkan's mandate is to acquire mineral exploration opportunities and advance them with further exploration to the point of development or sale to the third party for profit.

Balkan was incorporated under the *Business Corporations Act* (British Columbia) on May 22, 2021. The Company's registered and records and head office is at 820 - 1130 West Pender Street, Vancouver, BC, V6E 4A4. On October 1, 2021, the Company incorporated its wholly owned subsidiary, Balkan Metals Corporation D.O.O. ("Balkan Serbia") in the Republic of Serbia. The share capital was registered and paid capital in an amount of \$13 (RSD 1,000) to own 100% shares of Balkan Serbia.

On January 6, 2022, the Company entered into a definitive Share Purchase Agreement to acquire all of the shares of Golden Age Resources D.O.O. ("Golden Age" and/or "GAR"), which became a wholly-owned subsidiary of the Company. Golden Age is a mineral exploration company incorporated as a limited liability company under the laws of Republic of Serbia and with its current office at 64/19 Dragoslava Srejsovića Street, 11060, Palilula, Belgrade, Republic of Serbia.

Following the acquisition of Golden Age, fifteen mineral exploration licenses and applications, owned by Golden Age, became the Company's project portfolio (the "Balkan Properties") in Serbia.

On January 30, 2023, the Company entered into a definitive amalgamation agreement (the "Amalgamation Agreement") with Medgold Resources Corp. ("Medgold" and following the Acquisition (as defined below) the "Resulting Issuer") and 1397383 B.C Ltd., a

company incorporated under the laws of the province of British Columbia (the “MergeCo”) and a wholly-owned subsidiary of Medgold, pursuant to which Medgold would acquire (the “Acquisition”) all of the issued and outstanding common shares of the Company by way of three-cornered amalgamation (the “Amalgamation”). This transaction constitutes a reverse takeover of Medgold (the “RTO”). Upon execution of the Amalgamation Agreement, the Company made a cash payment to Medgold of C\$30,000, the proceeds of which were used to pay for the renewal of Medgold’s exploration licenses in Serbia. The parties are working together to satisfy the conditions precedent to completion of the Acquisition, including seeking conditional approval of the TSX Venture Exchange (the “TSXV”). As of March 31, 2023, \$468,279 (December 31, 2022 - \$105,722) was recorded deferred costs in connection with the Acquisition.

Concurrently with closing of the Acquisition, Balkan is to raise via private placement (the “Offering”) no less than \$2.0 million by way of the sale of subscription receipts (“**Subscription Receipts**”), with each Subscription Receipt being issued at a price of \$0.20 and convertible immediately prior to closing of the Acquisition into a unit (a “**Unit**”) comprised of one common share of the Company (a “**Unit Share**”) and one share purchase warrant (a “**Warrant**”). As a consequence of the Amalgamation, each Unit Share will be exchanged for one common share of the Resulting Issuer (a “**Resulting Issuer Share**”), and each Warrant will entitle the holder to acquire one Resulting Issuer Share for a period of two years, at a price of \$0.25 per share for the first year and thereafter at a price of \$0.30 per share. In the event that at any time the following closing of the RTO the daily volume weighted average trading price of the Resulting Issuer Shares on the TSXV is greater than \$0.50 per Resulting Issuer Share for the preceding ten consecutive trading days, the Resulting Issuer may accelerate the expiry date of the Warrants by written notice to the holders and in such case the Warrants shall expire on the 30th day after the date of such note. The Resulting Issuer will use the net proceeds of the Offering to fund exploration activities on the Timok East Project and for working capital and general corporate purposes.

As at March 31, 2023, the Company has not yet achieved profitable operations and had an accumulated deficit of \$673,743 (December 31, 2022 - \$523,906). For the three months ended March 31, 2023 and 2022, the Company incurred \$149,837 and \$51,424 of net loss, respectively.

FIRST QUARTER 2023 AND ANNUAL 2022 HIGHLIGHTS

The following is a summary of significant events and transactions that occurred during the year ended December 31, 2022 and the First Quarter 2023:

- In January 2022, the Company acquired all of the shares of Golden Age and thereby gained a significant exploration foothold in the Republic Serbia.
- With fifteen copper-gold exploration licences and applications collectively covering 760km², the Company became one of the largest exploration ground holders in Serbia.
- The Company has identified highly prospective targets with strong anomalies and significant exploration potential, including untested porphyry targets formerly held by First Quantum Minerals (“**FQM**”).
- The Timok East Project, comprising of the Luka and Makovište permits, has been selected as the main focus of the Company.
- Shortly after the Acquisition, the Company commenced exploration work on the Timok East Project; throughout 2022, the work of the Company and Golden Age consisted of digital capture and verification of historical exploration data, reconnaissance and detailed geological mapping, a reconnaissance soil sampling program with hand-held XRF analysis.
- In April 2022, the Company decided not to proceed with the Miranovac exploration property and terminated Joint Venture and Earn-In option agreement with Mineral Grupa.
- In September 2022, the Company successfully raised \$602,166 by way of private placements.
- In November 2022, Golden Age’s application for the Makovište exploration licence was granted.
- In November, 2022, the Company entered into a letter of intent with Medgold with respect to the Acquisition, which transaction will constitute a reverse take-over of Medgold and provide the Company with a public listing on TSXV.
- Furthermore, following the completion of the RTO, the Resulting Issuer will also hold the Tlamino Project in Serbia for which a preliminary economic assessment has been prepared.
- In January 2023, the Company has successfully raised \$180,274 by way of private placements.
- The Company was issued Technical Report on the Timok East property in accordance with National Instrument 43-101 – Disclosure Standards, comprising of two contiguous exploration licences known as Luka and Makovište, effective on March 23, 2023.

SELECTED FINANCIAL HIGHLIGHTS FOR YEAR 2023 AND PERIOD FROM INCEPTION TO DECEMBER 31, 2021

The following financial data, which has been prepared in accordance with IFRS, is derived from the Company's financial information for the annual audited financial information for year ended December 31, 2022 and the period from inception on May 22, 2021 to December 31, 2021.

	Year ended December 31, 2022	Period from Inception on May 22, 2021 to December 31, 2021
Revenue	-	-
Expenses	416,365	57,477
Other Items:		
Impairment expenses	(76,177)	-
Other interest income	145	282
Foreign exchange gain	25,453	233
Net income (loss)	(466,944)	(56,962)
Basic and diluted earnings (loss) per share	(0.02)	(0.01)
Cash	117,687	224,639
Total assets	1,060,626	375,436
Shareholders' equity	646,058	323,138

RESULTS OF OPERATIONS

The Company has not earned any revenue during the reporting periods of the three months ended March 31, 2023 and the year ended December 31, 2022.

For the Three Months ended March 31, 2023 and 2022

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Operating Expenses		
Audit and accounting fees	\$ 29,688	\$ 4,510
Bank charges	1,233	581
Consulting fees	10,279	-
Due diligence fees	-	499
Legal fees	38,510	2,267
Management fees	43,500	37,500
Office and administration	8,368	4,101
Travel expenses	1,710	1,676
Total Operating Expenses	\$ (133,288)	\$ (51,134)

For the three months ended March 31, 2023, the Company recorded a net loss of \$149,837 compared to net loss of \$51,424 for the same period ended March 31, 2022. The increase in net loss of \$98,413 was mainly due to an increase in operating expenses following the acquisition of Golden Age, and fees associated with the Acquisition and loss on convertible debenture fair market value.

The main expenses incurred during the period for the three months ended March 31, 2023, consisted of \$29,688 audit and accounting fees, \$1,233 in bank charges, \$10,279 in consulting fees, \$38,510 in legal fees, \$43,500 in management fees, \$8,368 in office and administration fees and \$1,710 in travel expenses.

MINERAL PROPERTIES

Golden Age Properties:

On January 6, 2022, the Company entered into a definitive Share Purchase Agreement (the "**GAR Purchase Agreement**") to acquire all of the shares of Golden Age from the holders of such shares (the "**Vendors**"). Golden Age is a mineral exploration company incorporated as a limited liability company under the laws of Republic of Serbia and with its current office at 64/19 Dragoslava Srejskića Street, 11060, Palilula, Belgrade, Republic of Serbia. At closing, GAR held 9 exploration licenses in Serbia and had submitted 6 applications for additional exploration licenses in Serbia (the "**Applications**"). In consideration for the Company's purchase of all of the Golden Age shares, the Company agreed to (i) issue an aggregate of 2,200,000 common shares of the Company

to the Vendors based on their pro rata ownership interest; (ii) pay \$73,762 (US\$59,000) in cash to the Vendors based on their pro rata ownership interest; (iii) assume responsibility for \$159,763 (US\$112,019) of certain debts to creditors of Golden Age; and (iv) issue an additional 1,800,000 common shares of the Company (“**Milestone Shares**”) based on the occurrence of Milestone Events, as defined in the GAR Purchase Agreement, such as the granting of each exploration license in respect of the Applications and the completion of the transfer of the Šatra exploration permit (formerly known as Selište) from an affiliate of FQM to Golden Age. On January 6, 2022, the Company issued 2,200,000 common shares of the Company to the Vendors at a deemed price of \$0.10 in respect of the Acquisition, valued at \$220,000 and paid \$73,762 to the Vendors. As of March 31, 2023, the Company had caused Golden Age to repay in full the \$159,763 (US\$112,019) of liabilities over which the Company assumed interest.

On January 18, 2023, the Company issued 1,000,000 Milestone Shares, each at a deemed fair market value price of \$0.15 per share, to the Vendors upon the awarding of certain exploration licenses to Golden Age in accordance with the terms of the GAR Purchase Agreement.

This acquisition did not meet the definition of a business combination and therefore, has been accounted for as an asset purchase of exploration and evaluation assets. The consideration for the acquisition has been allocated at fair value of the assets acquired and liabilities assumed, based on management’s best estimate and taking into account all available information at the time of acquisition. On the acquisition date, January 6, 2022, the purchase price of Golden Age has been allocated to the net assets acquired as follows:

Cash	\$	25
Mineral interests		508,592
Accounts payable and accrued liabilities		(159,764)
Net assets acquired	\$	348,853
Transaction costs in legal fees		55,091
Shares		220,000
Cash	\$	73,762
Total assets acquisition consideration paid	\$	348,853

As at March 31, 2023 and December 31, 2022, the exploration and evaluation assets is summarized as follows:

	March 31, 2023		December 31, 2022	
E&E capitalized	\$	363,912	\$	309,910
Upon acquisition		659,242		508,592
Total exploration and evaluation assets	\$	1,023,154	\$	818,502

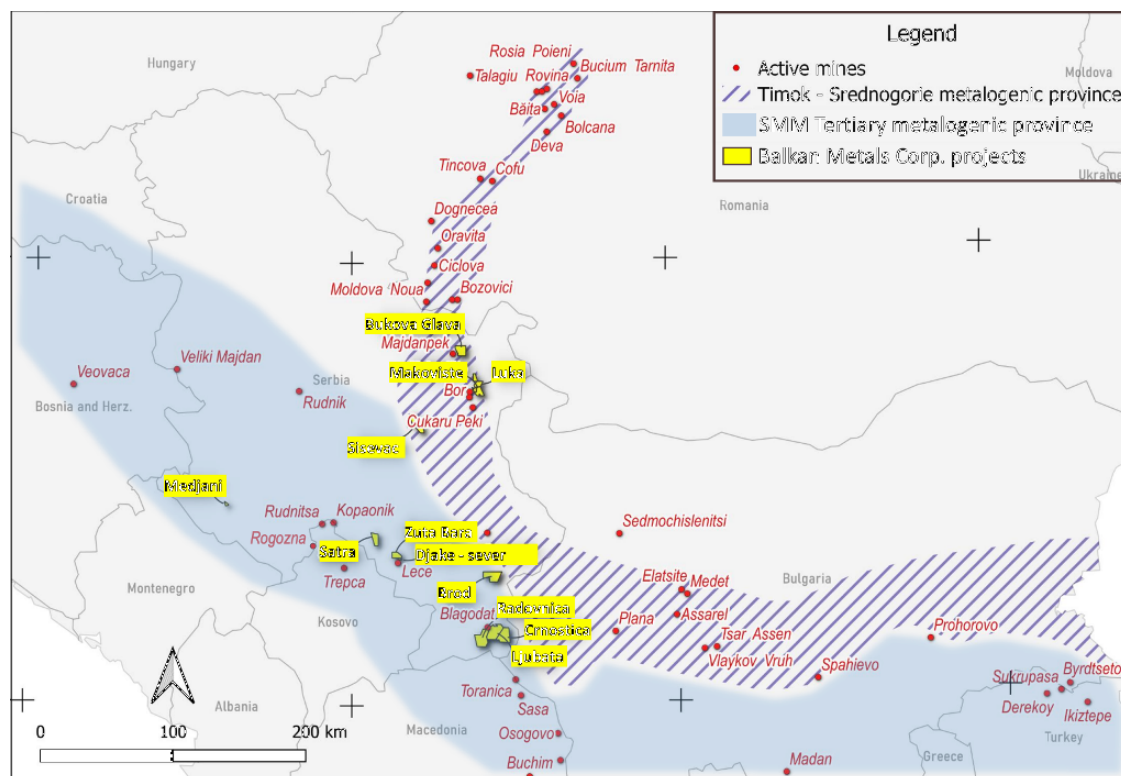
Following the acquisition of Golden Age, the mineral exploration properties held by Golden Age became the Company’s project portfolio (the “**Balkan Properties**”) in Serbia.

Subsequently, the Company grouped exploration licences in three main projects, principally by its proximity and geological similarity.

1. Timok East Project
2. Lece West Project
3. Besna Kobila Project

The Timok East Project was selected as the focus of the Company in the near future and the Company’s principal project. The Timok East Project is located on the eastern margin of the Timok Magmatic Complex (“**TMC**”) – which is part of the Serbian sector of the Apuseni-Banat-Timok-Srednogorie magmatic arc. It is located in eastern Serbia, some 250km from the capital Belgrade. The Timok East Project comprises 2 mineral permits: Luka and Makovište and covers a total of 73.78km². All licences are held through the Company’s 100% owned subsidiary Golden Age.

The Luka property lies 5 km NE of the world-class Bor copper mine and 3 km from Veliki Krivelj copper mine, both owned and operated by Zijin Mining. Luka and Makovište are contiguous properties.



Project	Size km ²
Timok East Project	73.78
LUKA	42.63
MAKOVIŠTE	31.15
BUKOVA GLAVA	52.35
Lece West Project	67.81
ŽUTA BARA	27.31
ŠATRA (ex-SELIŠTE)	37.30
DJAKE – SEVER	3.20
Besna Kobila Project	566.54
RADOVNICA	98.3
LJUBATA	81.5
CRNOŠTICA	68.2
BROD	80.97
KITKA*	58.79
MEĐANI	5.36
STOJNIK*	98.5
KURŠUMLIJSKA B.*	3.15
SISEVAC	71.77
Total Exploration Ground:	760.48

*Permits Under Application

The **Lece West Project**, located in southern Serbia, approximately 300km south of Belgrade. The Lece West Project comprises of 3 mineral permits: Žuta Bara, Djake Sever and Šatra (formerly Selište). The project is fully owned and held by the Company's 100% owned Serbian subsidiary, Golden Age. The Project is located on the Vardar ophiolite belt, Lece-Kalkidiki-Meders Zone, in well-known mineralized region and covers 67.81 km². Formerly explored by FQM, Žuta Bara licence has 34 historic drill holes totalling 6,500m. During the exploration programme funded by CNE, the Company will be targeting porphyry copper-gold and Volcanic Massive Sulphide ("VMS") style mineralisation. See "Subsequent Events" for additional information.

Besna Kobila Project is located in southern Serbia, on the border with the Republic of North Macedonia. It comprises nine mineral licences and covers a total of 566.54 km². The Besna Kobila Project is located along the eastern margin of the Serbo-Macedonian Massif, known for a numerous, smaller and aging mining operations. The company will be targeting porphyry copper-gold and VMS style mineralisation. The project is fully owned and held by the Company's 100% owned subsidiary Golden Age.

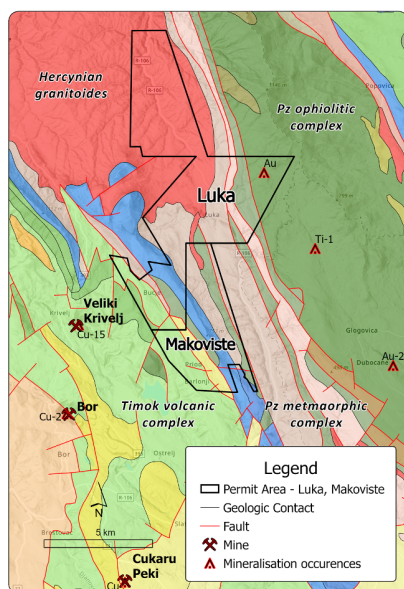
Balkan Properties are not subject to any royalties, back-in rights, or other agreements and encumbrances. All mineral licences are issued subject to payment of an annual rental fee of \$136 per km² (US\$100 per km²). Exploration cycle in Serbia is 3+ 3 + 2 years and at the end of every year the Company has to submit a report detailing that it has fulfilled a minimum of 75% of previously agreed exploration budget for 3 years (or 2 years during the last portion of the exploration cycle).

As of March 31, 2023, the Company has recorded \$1,023,154 (December 31, 2022 - \$818,502) of exploration and evaluation assets, including deferred acquisition and legal costs in connection with acquisition of Golden Age.

EVALUATION AND EXPLORATION ACTIVITIES

The Company's principal project is the Timok East Project, consisting of the Luka and Makovište exploration permits and the Company's ongoing exploration activities during the year ended December 31, 2022 as well as the first quarter 2023, were focused on these two contiguous licences. Makovište was in application when the Company acquired Golden Age, but it has been awarded to Golden Age on the 8th of November 2022 for a period of three years.

Between 2016 and 2018, the previous owner of the exploration permits, FQM, conducted an extensive regional stream sediment and follow up soil sampling identifying anomalous zones thought to represent underlying porphyry mineralization. A total of 126 soil samples were taken within the current Luka mineral licence boundaries. None were drill-tested.



The soil geochemical programs of FQM and Golden Age defined a broadly north-northwest to south-southeast trending copper in soil anomaly that is ~4 km long and up to ~400 m wide. The anomaly is broadly coincident with outcropping Jurassic and Cretaceous limestones that are bounded by basin margin faults at the eastern edge of the Timok Magmatic Complex.

To date, the work of the Company and Golden Age consisted of digital capture and verification of historical exploration data, reconnaissance and detailed geological mapping, a reconnaissance soil sampling program with hand-held XRF analysis. Additionally the Company, through its subsidiary - Golden Age drilled a single diamond hole (LKDD22-1) in the eastern part of the Luka exploration licence. The hole was drilled in PQ to 57 metres and then in HQ to a total depth of 425.6 metres. The hole was designed to target the Phase 1 Timok Andesite below Metavonica Epiclastites. Due to drilling difficulties the hole did not reach target and remained within hanging wall (cover units). For this reason the core was not assayed. The total cost of this hole, including site preparation and remediation, drilling, and geological and geotechnical logging, was CAD 104,189 — equating to an all in cost without assays of CAD 245/metre.

For the remaining part of 2023, the Company will continue to focus all of its exploration efforts on Luka and Makovište licences.

As of March 31, 2023 and December 31, 2022, the cost related to the Balkan Properties can be summarized through the parent Company, Balkan and its subsidiary, Golden Age as follows:

	December 31, 2022	Additions	March 31, 2023
	\$	\$	\$
Miranovac Property:			
Acquisition costs			
Cash	63,540	-	63,540
Impairment	(63,540)	-	(63,540)
	-	-	-
Timok East Project			
Exploration costs	388,208	114,991	503,199
Property holding fees and taxes	5,101	5,115	10,216
Field work	228,761	37,694	266,455
Others	23,939	-	23,939
	646,009	157,800	803,809
Lece West Project			
Exploration costs	68,609	20,323	88,932
Property holding fees and taxes	6,357	5,152	11,509
Field work	12,776	-	12,776
Others	4,231	-	4,231
	91,973	25,475	117,448
Besna Kobila, Medjani Project			
Exploration costs	51,775	-	25,430
Property fees, data acquisition and reporting	25,553	6,041	31,594
Others	3,192	-	1,568
	80,520	6,041	101,897
Total exploration and evaluation assets	818,502	204,652	1,023,154

	December 31, 2021	Additions	December 31, 2022
	\$	\$	\$
Miranovac Property:			
Acquisition costs			
Cash	63,540	-	63,540
Impairment	-	(63,540)	(63,540)
	63,540	-	-
Exploration costs			
Exploration expenditure	12,637	-	12,637
Impairment expenses	-	(12,637)	(12,637)
Sub-total – Miranovac Property	76,177	(76,177)	-
Timok East Project			
Exploration costs	-	388,208	388,208
Property holding fees and taxes	-	5,101	5,101
Field work	-	228,761	228,761
Others	-	23,939	23,939
	-	646,009	646,009
Lece West Project			
Exploration costs	-	68,609	68,609
Property holding fees and taxes	-	6,357	6,357
Field work	-	12,776	12,776
Others	-	4,231	4,231
	-	91,973	91,973
Besna Kobila, Medjani Project			
Exploration costs	-	51,775	51,775
Property fees, data acquisition and reporting	-	25,553	25,553
Others	-	3,192	3,192
	-	80,520	80,520
Total exploration and evaluation assets	76,177	742,325	818,502

As of March 31, 2023, a total of \$1,023,154 (December 31, 2022 - \$818,502) of exploration and evaluation assets were recorded.

CASH FLOW FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022

	Three Months ended March 31, 2023	Three Months ended March 31, 2022
Net cash used in operating activities	(46,596)	(35,148)
Net cash provided from financing activities	114,905	-
Net cash used in acquisition and exploration activities	(104,085)	(99,015)
Increase (decrease) in cash during the period	(33,808)	(134,163)

Cash Flow from Operating Activities

For the three months ended March 31, 2023, the Company recorded a net loss of \$149,837, which when adjusted for \$503 in accrued convertible debenture interest income and \$16,000 loss on convertible debenture fair market value, not involving cash and changes in working capital items totalling \$87,744, resulted in cash usage of \$46,596 in general operating activities.

For the same period ended March 31, 2022, the Company recorded a net loss of \$51,424, which when adjusted for changes in working capital items totalling \$16,276, resulted in cash usage of \$35,148 in general operating activities.

Cash Flow from Financing Activities

During the three months ended March 31, 2023, the Company received \$180,274, comprised of its completion of private placements resulting in the issuance of 1,201,825 common shares of the Company at a price of \$0.15 per share for net proceeds of \$139,905 after payments of \$15,369 in share issuance costs and \$25,000 advanced from the last fiscal year. As of March 31, 2023, the Company received a \$50,000 advance for a private placement. During the three months ended March 31, 2023, the Company provided Medgold with a \$75,000 first tranche under its convertible debenture with Medgold.

During the same period ended March 31, 2022, the Company did not conduct any financing activities.

Cash Flow from Investing Activities

During the three months ended March 31, 2023, the Company spent \$104,085, comprised of \$54,652 in acquisition and exploration costs and \$49,433 in deferred acquisition costs comprised principally of legal fees, 43-101 report fees and a deposit in connection with the Amalgamation.

During the same period ended March 31, 2022, the Company spent \$99,015 in acquisition and exploration and related costs.

SUMMARY OF QUARTERLY RESULTS

A summary of quarterly results is included in the table below. The financial information is derived from the Company's condensed interim unaudited consolidated financial statements.

	Three Months ended March 31, 2023	Three Months ended December 31, 2022	Three Months ended September 30, 2022	Three Months ended June 30, 2022
Revenue (\$)	-	-	-	-
Expenses (\$)	(133,288)	(219,054)	(86,511)	(59,667)
Other Items:				
Interest income	16	24	15	23
Convertible debenture interest income	503	-	-	-
Convertible debenture loss	(16,000)	-	-	-
Foreign exchange gain (loss)	(1,068)	17,354	9,320	(848)
Net loss and comprehensive loss (\$)	(149,837)	(201,676)	(77,177)	(136,669)
Net loss per share -basic & diluted (\$)	(0.01)	(0.01)	(0.00)	(0.01)
Weighted avg. common shares -basic & diluted	26,048,730	24,264,266	20,311,588	18,242,603

	Three Months ended March 31, 2022	Three Months ended December 31, 2021	Three Months ended September 30, 2021	Period since inception on May 22, 2021 to June 30, 2021
Revenue (\$)	-	-	-	-
Expenses (\$)	(51,134)	(46,455)	(10,015)	(1,006)
Other Items:				
Interest income	83	149	133	-
Foreign exchange gain	(373)	(463)	696	-
Net loss and comprehensive loss (\$)	(51,424)	(46,769)	(9,186)	(1,006)
Net loss per share -basic & diluted (\$)	(0.00)	(0.00)	(0.02)	(10.06)
Weighted avg. common shares -basic & diluted	18,120,381	1,6042,603	594,502	100

Fluctuations in reported earnings/losses during the periods noted above are primarily due to changes in administration and office expenses, audit and accounting fees, legal fees, consulting fees and stock-based compensation related to the stock options granted to directors, officers and consultants. The Company had an accumulated deficit of \$673,743 since inception on May 22, 2021 to March 31, 2023.

FINANCING ACTIVITIES AND LIQUIDITY

On January 16, 2023, the Company closed the first tranche of a non-brokered private placement (the “**\$0.15 Private Placement**”) and issued 1,035,158 common shares of the Company at a price of \$0.15 per share for gross proceeds of \$155,274. In connection with this private placement, the Company paid a cash commission of 7% (\$7,369) on part of the gross proceeds of the offering and issued 49,128 finder warrants, with each finder warrant having an exercise price of \$0.15 and a term of 12 months from the closing date of the offering.

On January 18, 2023, the Company closed the second tranche of the \$0.15 Private Placement and issued 166,667 common shares of the Company at a price of \$0.15 per share for gross proceeds of \$25,000. In connection with this private placement, the Company paid a cash commission of 7% (\$1,750) on part of the gross proceeds of the offering and issued 11,666 finder warrants, with each finder warrant having an exercise price of \$0.15 and a term of 12 months from the closing date of the offering.

In March 2023, the Company received \$50,000 as an advance for shares to be issued and was issued on April 24, 2023, subsequently.

The Company has mineral properties in addition to cash and cash equivalents and sales tax receivables. The Company has not pledged any of its assets as security. Following the Offering, Management believes that the Company will have sufficient working capital to satisfy the recommended exploration expenditure on the Balkan Properties and the Company’s office and administrative expenses for the next twelve-month period.

CAPITAL RESOURCES

Capital resources is comprised of the Company’s shareholders’ equity and any debt that it may issue. As at March 31, 2023, the Company’s shareholders’ equity was \$838,094 (December 31, 2022 - \$646,058) and it had no outstanding long-term debt. The capital was mostly from proceeds from the issuance of common shares. The net proceeds from Offering will be sufficient to satisfy the recommended first phase exploration program expenditures on Timok East Project and the Company’s office and administrative expenses for the next twelve-month period. Additional funds may be required to finance the Company’s additional exploration of other Balkan Properties and other mineral assets acquisition.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements as at March 31, 2023 and December 31, 2022 or as of the date of this report.

CONVERTIBLE DEBENTURE

On January 27, 2023, in connection with the Acquisition, the Company entered into a convertible debenture agreement with Medgold pursuant to which the Company provided a loan to Medgold in the maximum principal sum of \$150,000 with a maturity date of January 27, 2025, with interest at the rate of 5% per annum, compounded monthly and payable in arrears. If the transaction falls through, the outstanding principal amount of the loan will be converted into common shares of Medgold at a price of (i) \$0.05 per Medgold share if the date of conversion occurs on or before January 27, 2024; and (ii) \$0.10 per Medgold share thereafter. On such conversion, any accrued interest shall be converted into common shares of Medgold at the lowest conversion price permitted by the TSXV.

During the period ended March 31, 2023, the Company provided Medgold with the first tranche of \$75,000 in convertible debenture funding. The Company fair valued the convertible debenture and recognized the loss of \$16,000 during the three months period ended March 31, 2023. Details are as follows:

	March 31, 2023	December 31, 2022
Face value of debenture at date of issue,		
Convertible debenture	\$ 75,000	\$ -
Fair value loss	(16,000)	-
Accrued interest	503	-
Total receivable	\$ 59,503	\$ -

COMMITMENTS

On January 7, 2022, the Company entered into an employment agreement with the Executive Chairman and Chief Executive Officer of the Company. The Company agreed to pay \$12,500 per month for the management services performed for a term of 2 years with all benefit plans if the Company has any benefit plan.

On April 13, 2022, the Company entered into an inter-company loan agreement with its wholly owned subsidiary, Golden Age, for the maximum amount of \$5,000,000. Pursuant to the agreement, the inter-company loan will be used by GAR for its regular operations in accordance with its registered activity, namely in relation to the mineral exploration. The loan is non-interest bearing. The Company intends to raise funds through private placements in order to provide such inter-company loans to GAR. As of March 31, 2023, the Company has provided inter-company loans to GAR of a total of \$448,385 (December 31, 2022 - \$423,385).

RELATED PARTY DISCLOSURES

During the three months ended March 31, 2023 and 2022 the following related party transactions occurred in the normal course of operations:

- As of March 31, 2023, the Company advanced \$Nil (December 31, 2022 - \$1,121) to the former director of the Company for operating expenses.
- As of March 31, 2023, the Company advanced \$Nil (December 31, 2022 - \$2,576) to the director and CEO of the Company for operating expenses.
- During the three months ended March 31, 2023, the CEO and director of the Company charged \$37,500 (March 31, 2022 - \$37,500) in management fees and \$3,178 in office and administration fees.
- During the three months, a director of the Company accrued \$6,000 (March 31, 2022 - \$Nil) in director fees.
- During the three year ended the March 31, 2023, the General Manager and director of GAR, the Company's wholly owned subsidiary, charged \$2,206 (March 31, 2022 - \$2,206) in wages and salaries.
- As of December 31, 2022, the Company had \$197,428 due to the directors of the Company.

All related party transactions were entered into in the normal course of business and are recorded at the exchange amount established and agreed to between the related parties. The term of the debt from related party is due on demand with no interest bearing.

PROPOSED TRANSACTIONS

There were no proposed transactions during the period except for that disclosed in “Material Events” section. All current transactions are fully disclosed in the audited consolidated financial statements for the three months ended March 31, 2023 and the year ended December 31, 2022.

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

(a) Fair value

The fair value of the Company’s cash and cash equivalents, due from related parties, due to related party, share subscription received and accounts payable and accrued liabilities approximate their carrying value due to their short-term nature.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – inputs that are not based on observable market data.

For the three months ended March 31, 2023 and the year ended December 31, 2022, there is no asset that was measured at fair value except convertible debenture receivable.

As at:	March 31, 2023	December 31, 2022
Financial assets:		
<i>Fair value through profit and loss</i>		
Convertible debenture receivable	\$ 59,503	\$ -
<i>Amortized cost</i>		
Cash	\$ 83,879	\$ 117,687
Other receivable	\$ 1,270	282
Financial liabilities:		
<i>Amortized cost</i>		
Accounts payable	\$ 627,523	\$ 237,718
Due to related parties	\$ 197,428	\$ 176,850

The Company is exposed to varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes, inclusive of counterparty limits, controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

(b) Liquidity risk

The Company’s approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2023, the Company had \$83,879 (December 31, 2022 - \$117,687) cash and \$112,109 (December 31, 2022 - \$136,02) current assets to settle the total current liabilities of \$824,951 (December 31, 2022 - \$414,568). As at March 31, 2023, the total working capital deficiency of the Company was \$712,842 (December 31, 2022 - \$278,166 deficiency). The Company believes it will be able to raise funds from private placements to cover its expected short and long term cash requirements.

(c) Credit risk

Credit risk is the risk of a loss if a counterparty to a financial instrument fails to meet its contractual obligations. The Company’s exposure to credit risk is limited to its cash and cash equivalents. The Company limits its exposure to credit risk by holding its cash and cash equivalents in deposits with high credit quality Canadian financial institutions.

(d) Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. Management does not believe that the Company is exposed to any material market risk.

CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company considers capital to consist of shareholders' equity.

The Balkan Properties are in the exploration stage; as such the Company has historically relied on private placements to fund its activities.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended December 31, 2022.

OUTSTANDING SHARE DATA

As at March 31, 2023 and December 31, 2022 and the date of this report, the following securities were outstanding:

a) Authorized shares issued and outstanding:

As of March 31, 2023, the Company has issued and outstanding common shares: 26,466,091 (December 31, 2022 - 24,264,266), as follows. The authorized share capital is unlimited no par value common shares:

Balance, December 31, 2021	16,042,603	\$	380,100
Share issuance for acquisition at \$0.10	2,200,000		220,000
Share issuance for cash \$0.10	6,021,663		602,166
Share issuance cost	-		(72,365)
Balance, December 31, 2022	24,264,266	\$	1,129,901
Share issuance for acquisition at \$0.15	1,201,825		180,274
Share issuance for cash \$0.15	1,000,000		150,000
Share issuance cost	-		(19,419)
Balance, March 31, 2023	26,466,091		1,440,756

On January 6, 2022, the Company issued 2,200,000 common shares of the Company to the Vendors at a fair value price of \$0.10 per share (for a total fair value price of \$200,000) pursuant to the GAR Purchase Agreement in connection with the acquisition of all of the shares of GAR.

On August 5, 2022, the Company closed a non-brokered private placement and issued 2,350,000 common shares of the Company at a price of \$0.10 per share for gross proceeds of \$235,000. In connection with the private placement, the Company paid a cash commission of 7% (\$13,300) on part of the gross proceeds of the offering and issued 133,000 finder warrants, with each finder warrant having an exercise price of \$0.10 and a term of 12 months from the closing date of the offering.

On September 14, 2022, the Company closed a second tranche of the non-brokered private placement and issued 3,671,663 common shares of the Company at a price of \$0.10 per share for gross proceeds of \$367,663. In connection with the private placement, the Company paid a cash commission of 7% (\$25,702) on part of the gross proceeds of the offering and issued 257,016 finder warrants, with each finder warrant having an exercise price of \$0.10 and a term of 12 months from the closing date of the offering.

On January 16, 2023, the Company closed the first tranche of a non-brokered private placement (the "\$0.15 Private Placement") and issued 1,035,158 common shares of the Company at a price of \$0.15 per share for gross proceeds of \$155,274. In connection with this private placement, the Company paid a cash commission of 7% (\$7,369) on part of the gross proceeds of the offering and issued 49,128 finder warrants, with each finder warrant having an exercise price of \$0.15 and a term of 12 months from the closing date of the offering.

On January 18, 2023, the Company closed the second tranche of the \$0.15 Private Placement and issued 166,667 common shares of the Company at a price of \$0.15 per share for gross proceeds of \$25,000. In connection with this private placement, the Company

paid a cash commission of 7% (\$1,750) on part of the gross proceeds of the offering and issued 11,666 finder warrants, with each finder warrant having an exercise price of \$0.15 and a term of 12 months from the closing date of the offering.

On January 18, 2023, the Company issued an additional 1,000,000 Milestone Shares to the Vendors upon the grant of certain exploration licenses in Serbia at a deemed fair market value price of \$0.15 per share valued at \$150,000 and in accordance with the GAR Purchase Agreement.

On March 28, 2023, the Company received \$50,000 an advance for share issuance at \$0.15 per share for cash and the shares were issued on April 24, 2023, subsequently.

c) Warrants

(i) Finder Warrants

As at March 31, 2023, there were 450,810 (December 31, 2022 – 390,016) finder warrants outstanding and the fair value of the share warrants granted was estimated at the date of grant using Black-Scholes option pricing model with following assumptions:

Date of Issuance	August 5, 2022	September 14, 2022	January 16, 2023	January 18, 2023
Number of agent's warrants	133,000	257,016	49,128	11,666
Dividend yield	0%	0%	0%	0%
Expected volatility	142%	143%	115%	115%
Risk-free interest rate	2.75%	2.75%	3.75%	3.75%
Forfeiture rate	0%	0%	0%	0%
Share price – on issuance	\$0.10	\$0.10	\$0.15	\$0.15
Exercise price	\$0.10	\$0.10	\$0.15	\$0.15
Term	12 months	12 months	12 months	12 months
Fair value per warrant	\$0.05	\$0.045	\$0.06	\$0.06
Fair value of warrants	\$7,035	\$13,702	\$3,273	\$777

As there was no trading history of the Company's common shares, the expected volatility was based on the historical share price volatility of two groups of comparable companies in the sector the companies operated over a period similar to the expected life of the Warrants. As of March 31, 2023, the Company recorded a fair value of \$24,787 for the finder warrants (December 31, 2022 - \$20,737).

The following is a summary of finder warrants transactions for the period ended March 31, 2023 and the year ended December 31, 2022:

	Number of warrants	Weighted average exercise price	Weighted average remaining contractual life (Years)
Balance, December 31, 2021	-	-	-
Issued on:			
August 5, 2022	133,000	\$ 0.10	0.59
September 14, 2022	257,016	\$ 0.10	0.70
Balance, December 31, 2022	390,016	\$ 0.10	0.65
August 5, 2022	133,000	\$ 0.10	0.34
September 14, 2022	257,016	\$ 0.10	0.45
January 16, 2023	49,128	\$ 0.10	1.80
January 18, 2023	11,666	\$ 0.12	1.80
Balance, March 31, 2023	450,810	\$ 0.10	0.60

(ii) Share purchase warrants

The following is a summary of share purchase warrant transactions for the period ended March 31, 2023 and the year ended December 31, 2022:

	Number of Warrants	Weighted Exercise price the first year	Weighted Exercise price the second year
Warrants outstanding and exercisable, as at December 31, 2022:	-	-	
Warrants issued on January 16, 2023	1,035,158	\$0.25	\$0.30
Warrants issued on January 18, 2023	166,667	\$0.25	\$0.30
Warrants outstanding and exercisable, as at March 31, 2023	1,201,825	\$0.25	\$0.30

The fair value of the warrants granted above was estimated at \$Nil using the residual method.

RISKS AND UNCERTAINTIES

The Company is in the business of acquiring, exploring and, if warranted, developing mineral resource properties, principally copper and gold properties. Due to the nature of the Company's business and the present stage of exploration of its mineral property (which is primarily an early stage exploration property with no known resources or reserves that have not been explored by modern methods), the following risk factors, among others, may apply:

Exploration Stage Company:

The Balkan Properties are in the early stages of exploration and are without a known economic mineral resource of reserve. Development of the Balkan Properties will only follow upon obtaining satisfactory exploration results. The Company has no history of operations and is still in an early stage of development. There can be no assurance that the Company's existing or future exploration programs will result in the discovery of commercially viable mineral deposits. Further, there can be no assurance that even if a deposit of minerals is located, that it can be commercially mined.

Mineral Exploration and Development:

The exploration and development of minerals is highly speculative in nature and involves a high degree of financial and other risks over a significant period of time, during which even a combination of careful evaluation, experience and knowledge may not eliminate. The proposed program on the Balkan's Properties are an exploratory search for mineral deposits. While discovery of an ore body may result in significant rewards, few properties which are explored are ultimately developed into producing mines. Substantial expenses are required to establish ore reserves by drilling, sampling and other techniques and to design and construct mining and processing facilities. Whether a mineral deposit will be commercially viable depends on a number of factors, including the particular attributes of the deposit, financing costs, the cyclical nature of commodity prices, and government regulations (including those related to prices, taxes, currency controls, royalties, land tenure, land use, importing and exporting of mineral products, and environmental protection). The effect of these factors or a combination thereof, cannot be accurately predicted but could have an adverse impact on the Company. The Company's operations are also subject to all of the hazards and risks normally encountered in mineral exploration and development. These risks include unusual and unexpected geological formations, seismic activity, rock bursts, cave-ins, water inflows and other conditions involved in the drilling and removal of material, environmental hazards, industrial accidents, periodic interruptions due to adverse weather conditions, labour disputes, political unrest aboriginal band claims and theft. The occurrence of any of the foregoing could result in damage to, or destruction of, mineral properties or interests, production facilities, personal injury, damage to life or property, environmental damage, delays or interruption of operations, increases in costs, monetary losses, legal liability and adverse government action. The Company does not currently carry insurance against these risks and there is no assurance that such insurance will be available in the future, or if available, at economically feasible premiums or upon acceptable terms. The potential costs associated with losses or liabilities not covered by insurance coverage may have a material adverse effect upon the Company's financial condition.

Operating History and Financial Resources:

The Company has no history of operations nor generating revenues and it is unlikely that the Company will generate any revenues from its current operations in the foreseeable future. The Company anticipates that its existing cash resources, together with the net proceeds of the Offering, will be sufficient to cover the Company's projected funding requirements for the ensuing year. If the Company's exploration program is successful, additional funds will be required for further exploration and development to determine if any deposits are economic and, if economic, to possibly bring such deposits to production. Additional funds will also be required for the Company to acquire and explore other mineral interests, if it elects to do so. The Company has limited financial resources and there is no assurance that sufficient additional funding will be available to enable it to fulfill the Company's existing obligations or for further exploration and development on acceptable terms or at all. Failure to obtain additional funding on a timely basis could result in delay or indefinite postponement of further exploration and development and could cause the Company to forfeit its interests

in some or all of the Company's properties or to reduce or terminate the Company's operations. Additional funds raised by the Company from treasury share issuances may result in further dilution to its shareholders or result in a change of control.

Possible Loss of Interest in the Balkan Properties:

The Company's ability to maintain an interest in the Balkan Properties will be dependent on its ability to raise additional funds by equity financing. Failure to obtain additional financing may result in the Company being unable to expend certain minimum amounts on the exploration of the Balkan Properties. If the Company fails to incur such expenditures in a timely fashion, the Company may lose its Properties.

Competition:

The mineral exploration business is competitive in all of its phases. The Company competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources, in the search for and the acquisition of attractive mineral properties. The Company's ability to acquire properties in the future will depend not only on the Company's ability to develop the Balkan Properties, but also on the Company's ability to select and acquire additional suitable prospects for mineral exploration or development, if it elects to do so. In addition, the mining industry periodically faces a shortage of equipment and skilled personnel and there can be intense competition for experienced geologists, engineers, field personnel and other contractors. There is no assurance that the Company will be able to compete successfully with others in acquiring prospective properties, equipment or personnel.

Dilution:

Dilution per Common Share represents the amount by which the price per Common Share to be paid by a new investor will exceed the net tangible book value per Common Share immediately after the Offering is completed. The issue price of \$0.10 paid for each Common Share exceeds by \$0.084 per Common Share the net tangible book value per Common Share as at December 31, 2022 after giving effect to the Offering. As a result, investors will incur a significant and immediate dilution of their investment.

Environmental Risks and Hazards:

All phases of the Company's operations are subject to extensive environmental regulations. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation, provide for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry activities and operations. They also set forth limitations on the generation, transportation, storage and disposal of hazardous waste. A breach of these regulations may result in the imposition of fines and penalties. In addition, certain types of mining operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, 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. The cost of compliance with changes in governmental regulations has the potential to reduce the viability or profitability of operations. Environmental hazards may exist on the properties in which the Company holds its interests or on properties that will be acquired which are unknown to the Company at present and which have been caused by previous or existing owners or operators of those properties.

Government Regulations:

The Company's current or future operations, including exploration and development activities and the commencement and continuation of commercial production, require licenses, permits or other approvals from various federal, provincial, territorial and/or local governmental authorities. Such operations are or will be governed by laws and regulations relating to prospecting, development, mining, production, exports, taxes, labour standards, occupational health and safety, waste disposal, toxic substances, land use, water use, environmental protection, and other matters. The Company believes that it is in substantial compliance with all material laws and regulations which currently apply to the Company's activities. There can be no assurance, however, that the Company will obtain on reasonable terms or at all the permits and approvals, and the renewals thereof, which the Company may require for the conduct of the Company's current or future operations or that compliance with applicable laws, regulations, permits and approvals will not have an adverse effect on any mining project which the Company may undertake. Possible changes to mineral tax legislation and, regulations could cause additional expenses, capital expenditures, restrictions and delay on the Company's planned exploration and operations, the extent of which cannot be predicted. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Title Risks:

While the Company has exercised the usual due diligence with respect to determining title to the Company's properties, there is no guarantee that title to such properties will not be challenged or impugned. The Company's properties have not been surveyed. The Company's properties may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects. If title defects do exist, it is possible that the Company may lose all or a portion of its rights, title, estate and interest in and to the properties, when and if earned, to which the title defects relate. In the event that the Company does not fulfill its minimum exploration obligations, as submitted to the Ministry of Mining (Serbia), it will lose its interest in the Balkan Properties.

Negative Operating Cash Flow:

Since inception, the Company has had negative operating cash flow. The negative operating cash flow is expected to continue for the foreseeable future as funds are expended on the exploration program on the Balkan's Properties and administrative costs. The Company cannot predict when it will reach positive operating cash flow.

Commodity Prices:

The price of the Company's securities, the Company's financial results and exploration, development and mining activities have previously been, and may in the future be, significantly adversely affected by declines in the price of precious or base metals. Precious or base metal prices fluctuate widely and are affected by numerous factors beyond the Company's control such as the sale or purchase of precious or base metals by various dealers, central banks and financial institutions, interest rates, exchange rates, inflation or deflation, currency exchange fluctuation, global and regional supply and demand, production and consumption patterns, speculative activities, increased production due to improved mining and production methods, government regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals, environmental protection, the degree to which a dominant producer uses its market strength to bring supply into equilibrium with demand, and international political and economic trends, conditions and events. The prices of precious or base metals have fluctuated widely in recent years, and future price declines could cause continued development of the Company's properties to be impracticable.

Foreign exchange rate and Currency Risk

Foreign exchange risk refers to the risk that a business' financial performance or financial position will be affected by changes in the exchange rates between currencies. The three types of foreign exchange risk include transaction risk, economic risk, and translation risk. Foreign exchange risk is a major risk to consider for exporters/importers and businesses that trade in international markets.

The risk occurs when a company engages in financial transactions or maintains consolidated financial statements in a currency other than where it is headquartered. For example, a company based in Canada that does business in Serbia – i.e., receives financial transactions in Serbian Dinar – reports its consolidated financial statements in Canadian dollars, is exposed to foreign exchange risk.

The financial transactions, which are received in Serbian Dinar, must be converted to Canadian dollars to be reported on the company's financial statements. Changes in the exchange rate between the Serbian Diner (foreign currency) and Canadian dollar (domestic currency) would be the risk, hence the term foreign exchange risk.

Foreign exchange risk can be caused by appreciation/depreciation of the base currency, appreciation/depreciation of the foreign currency, or a combination of the two. It is a major risk to consider for exporters/importers and businesses that trade in international markets.

In addition, 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.

Political and Regulatory Risk

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.

Potential Increase Cost due to Rising Inflation

Inflation and other economic factors beyond the Company's control may cause an increase in costs and expenses, resulting in the Company being unable to complete its objectives with its currently available funds, if at all, which may have an adverse impact on the Company's operations.

Price Volatility and Lack of Active Market:

In recent years, the securities markets in Canada and elsewhere have experienced a high level of price and volume volatility, and the market prices of securities of many public companies, particularly resource issuers, have experienced significant fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. It may be anticipated that any quoted market for the Company's securities will be subject to such market trends and that the value of such securities may be affected accordingly. There is currently no market through which the Company's Common Shares can be sold and there can be no assurance that one will develop or be sustained after the Offering. If an active market does not develop, the liquidity of your investment may be limited and the market price of the Common Shares forming part of the Units may decline below the Offering Price.

Reliance on Management and Experts:

The Company's success will be largely dependent, in part, on the services of the Company's senior management and directors. The Company has not purchased any "key man" insurance, nor has the Company entered into any non-competition or non-disclosure agreements with any of the Company's directors, officers or key employees and has no current plans to do so. The Company may hire consultants and others for geological and technical expertise but there is no guarantee that the Company will be able to retain personnel with sufficient technical expertise to carry out the future development of the Company's properties.

Concentration of Ownership:

Immediately following the completion of the Offering, the Company's directors, major shareholders, executive officers and their respective associates will beneficially own 14,894,288 Common Shares representing approximately 32% of the Company's outstanding share capital assuming none of the foregoing persons participate in the Offering. These shareholders could significantly influence the outcome of actions taken by management that require shareholder approval. For example, these shareholders could significantly influence the election of the Company's directors and control changes in management.

Conflicts of Interest:

Certain of the Company's directors, officers and other members of management do, and may in the future, serve as directors, officers, promoters and members of management of other companies and, therefore, it is possible that a conflict may arise between their duties as a director, officer, promoter or member of the Company's management team and their duties as a director, officer, promoter or member of management of such other companies. The Company's directors and officers are aware of the laws governing accountability of directors and officers for corporate opportunity and the requirement of directors to disclose conflicts of interest. The Company will rely upon these laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors or officers.

Litigation

The Company and/or its directors may be subject to a variety of civil or other legal proceedings, with or without merit.

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.

MATERIAL EVENTS

On February 9, 2023, the Company appointed Eric M. Rasmussen to as a director of the Company.

The directors and officers of the Company as current are as follows:

• Elena Clarici:	Director, <i>CEO, Executive Chairman</i>
• Michael Thomsen:	<i>Director</i>
• Eric M. Rasmussen:	<i>Director</i>

On March 31, 2023, the Company held shareholder general and special meeting. The Company has appointed MNP LLP as an auditor of the Company and continued to retain the above board of directors and management team.

CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION

This MD&A may contain certain statements that may be deemed "forward-looking statements." All statements in this document, other than statements of historical fact, that address events or developments that the Company expects to occur, are forward-looking statements. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by words "expects," "plans," "anticipates," "believes," "intends," "estimates," "projects," "potential," "interprets," and similar expressions, or that events or conditions "will," "would," "may," "could," or "should" occur. Forward-looking statements in this document include statements regarding liquidity and effects of accounting policy changes, the potential for unexpected costs and expenses, commodity price fluctuations, currency fluctuations, failure to obtain adequate financing on a timely basis and other risks and uncertainties. In addition, forward-looking statements are based on various assumptions including, without limitation, the expectations and beliefs of management that the Company can access financing. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results may differ materially from those in forward-looking statements.

Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. Forward-looking statements are based on the beliefs, estimates and opinions of the Company's management on the date the statements are made. The Company undertakes no obligation to update these forward-looking statements in the event that management's beliefs, estimates or opinions, or other factors, should change except as required by law.

SUBSEQUENT EVENTS

On April 24, 2023, the Company closed a non-brokered private placement and issued 833,333 common shares of the Company at a price of \$0.15 per share for gross proceeds of \$125,000. In connection with the private placement, the Company paid a cash commission of 7% (\$3,499) on part of the gross proceeds of the offering and issued 23,326 finder warrants, with each finder warrant having an exercise price of \$0.15 and a term of 12 months from closing date of the offering.

On April 30, 2023, the Company entered into an Amendments to Amalgamation Agreement dated January 30, 2023. The Company committed to pay to Medgold \$20,000, in each of the months of May, June and July of 2023, no more than \$60,000 upon written request from Medgold and such monthly payments be requested by Medgold only once in each calendar month and prior to July 2023. As of the date of the report, the Company paid \$20,000.

On May 22, 2023, Balkan Metals Corp. and Golden Age, entered into a Letter of Agreement with Cobre Nuevo Exploration Pty Ltd. ("CNE"). Defining terms of a prospective farm-in joint venture (the "FIJV") or similar commercial arrangement to explore for minerals. This agreement covers two permits of the Lece West Project: exploration licenses No 2326 Žuta Bara and No 2487 Đake Sever. As a precursor to the FIJV agreement, CNE will finance US\$75,000 of geophysics and US\$500,000 of drilling. BMC/GAR will be operator and entitled to earn 10% management fees. Following this initial expenditure and contingent to positive results of this phase, CNE and Balkan/Golden Age will enter into a full farm-in, joint venture agreement, whereby CNE will spend US\$5.0m to earn 51% in the Phase 1; followed by expenditure of US\$8.0m to earn additional 34%. Following this total of US\$13m exploration expenditure, CNE would've earned a total of 85%, while Balkan/GAR would remain with 15% in the Lece West project. BMC/GAR

will have the option to convert this 15% into 1% NSR. Balkan/Golden Age remain the operator of the exploration work, earning 10% management fee.

On June 13, 2023, the Company amended the terms of the \$0.15 Private Placement to include a share purchase warrant with each common share issued pursuant to such private placement. Accordingly, the \$0.15 Private Placement became a unit private placement pursuant to which a total of 2,035,158 units (“**Units**”) were issued. Each Unit consists of one common share and one share purchase warrant of the Company (a “**Unit Warrant**”). Each Unit Warrant entitles the holder thereof to purchase one common share of the Company for a period of two years, with the exercise price being \$0.25 during the first year and \$0.30 during the second year.

Upon completion of the Acquisition, the terms of the warrants issued by the Company will entitle the holder to purchase common shares of the Resulting Issuer. If at any time following closing of the Acquisition the daily volume weighted average trading price of Resulting Issuer’s common shares (the “**Resulting Issuer Shares**”) on the TSXV is greater than \$0.50 per Resulting Issuer Share for the preceding 10 consecutive trading days, the Resulting Issuer may accelerate the expiry date of the Unit Warrants by written notice (which may be provided in a form of a news release) to the holders thereof and in such case, the Unit Warrants will expire on the 30th day after the date of such notice.

On July 12, 2023, the Company closed a fourth tranche of the \$0.15 Private Placement per unit and issued 833,333 common shares of the Company at a price of \$0.15 per share for gross proceeds of \$125,000. Each Unit consists of one common share and one common share purchase warrant. Each Unit Warrant entitles the holder thereof to purchase one common share of the Company for a period of two years, with the exercise price being \$0.25 during the first year and \$0.30 during the second year. In connection with this private placement, the Company paid a cash commission of 7% (\$4,200) on part of the gross proceeds of the offering and issued 28,000 finder warrants, with each finder warrant having an exercise price of \$0.15 and a term of 12 months from the closing date of the offering.

As of the date of the report, the Company received \$5,445 for share issuance for cash.

ADDITIONAL INFORMATION

Additional information about the Company is available upon the request from info@balkanmetals.co.