



(the “Company”)

INTERIM MANAGEMENT’S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS

For the Six Months Ended June 30, 2019

General

This interim Management’s Discussion and Analysis (“Interim MD&A”) supplements, but does not form part of, the unaudited condensed interim consolidated financial statements of the Company for the six months ended June 30, 2019. The following information, prepared as of July 30, 2019, should be read in conjunction with the Company’s unaudited condensed interim consolidated financial statements for six months ended June 30, 2019 and the related notes contained therein. The Company reports its financial position, results of operations and cash flows in accordance with International Financial Reporting Standards (“IFRS”). In addition, the following should be read in conjunction with the consolidated financial statements of the Company for the year ended December 31, 2018 and the related MD&A. All amounts are expressed in Canadian dollars unless otherwise indicated. The June 30, 2019 condensed interim consolidated financial statements have not been reviewed by the Company’s auditors.

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

Forward Looking Information

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

- the Company’s planned exploration activities for its mineral properties;
- the intended use of proceeds received from past and possible future financing activities;
- the sufficiency of the Company’s cash position and its ability to raise equity capital or access debt facilities; and
- maturities of the Company’s financial liabilities or other contractual commitments.

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

Forward-looking Statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any results, performance or achievements expressed or implied by the Forward-looking Statements. Such uncertainties and factors include, among others:

- risks associated with mineral exploration and project development;
- fluctuations in commodity prices;
- fluctuations in foreign exchange rates and interest rates;
- credit and liquidity risks;

- changes in national and local government legislation, taxation, controls, regulations and political or economic developments in countries in which the Company does or may carry on business;
- reliance on key personnel;
- property title matters;
- local community relationships;
- risks associated with potential legal claims generally or with respect to environmental matters;
- adequacy of insurance coverage;
- dilution from further equity financing;
- competition; and
- uncertainties relating to general economic conditions.

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

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

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

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

Business of the Company

The Company is a Vancouver based mineral exploration entity engaged in the acquisition and exploration of precious and base metals properties. The Company is focusing on early- to mid-stage exploration projects in Europe in jurisdictions which are mining-friendly, with a strong mining code, and with excellent geological potential. The Company’s exploration activities are currently focused in Serbia.

Corporate Activity

In January 2019, Mr. Jeremy Crozier was appointed Acting President of the Company, to succeed Daniel James who resigned as President and a director. Mr. Crozier was subsequently appointed as President, CEO and a director of the Company, while Mr. Simon Ridgway remains on the Board of the Company in the capacity of Executive Chairman.

Mr. Crozier brings to the Company nearly 25 years of exploration, discovery, business development, and operating experience gained in Europe, North America and Africa, and holds BSc and MSc degrees in geology. He will play a central role in the advancement of the Tlmino Gold Project in Serbia, including ongoing drilling activities.

Serbia - Exploration Review

The Company is targeting gold (silver, lead and zinc) properties in the Oligo-Miocene igneous belt of Serbia. This belt of rocks runs NW-SE across much of the country, and is under-explored for gold and silver, despite an abundance of freely available geological data. Much of this information was generated by the Yugoslav State, during the 1960s and 1970s, through phases of national-scale geological mapping and systematic exploration for lead and zinc.

In mid-2016, the Company signed a strategic alliance with Fortuna Silver Mines Inc. (“Fortuna”), for the purposes of generating gold and silver exploration projects in Serbia. Since this time the Company has been granted five exploration licences – two of which comprise the Tlamino Project - and is in the process of applying for two others. Exploration work to date has led to the drill-definition of a zone of continuous gold mineralization at the Barje Prospect measuring 700 metres by 250 metres with potential for extension under cover to the Liska Prospect 1,500 metres to the southeast. In addition, the Company has identified further targets by means of soil geochemistry, geophysics, compilation of historic data, and field prospecting at its Karamanica Prospect.

Further to drilling programs conducted at the Tlamino Project in 2018 (see below for details), the Company and its partner, Fortuna, approved a \$2-million budget to continue drilling the Project in 2019 by conducting a program of up to 5,000 metres of diamond drilling; this program commenced on June 3, 2019.

The Company has recently submitted the withdrawal of the Crnook Licence (see “Additional Prospecting on the Company’s Licences” below) and as a result, currently holds four granted exploration licences, each covering approximately 100 square kilometres, targeting gold-silver epithermal and gold-bearing porphyry systems associated with a Oligo-Miocene igneous belt. The licences are located adjacent to the borders of North Macedonia and Bulgaria, in the southeast of the country, and include the Donje Tlamino and Surlica-Dukat licences, which comprise the Tlamino Project optioned to Fortuna, and the adjacent Ljubata and Radovnica licences. In addition to the four granted licences, the Company has two active licence applications, one of which is adjacent to the existing Tlamino landholding, and the other covering prospective ground elsewhere in the Oligo-Miocene igneous belt of Serbia.

Option Agreement with Fortuna

Pursuant to an agreement signed in March 2017, as amended in September 2017, the Company granted to Fortuna the option to acquire an initial 51% interest in the Tlamino Project (comprised of the Donje Tlamino and Surlica-Dukat licences) by spending a minimum of US\$3.0 million on the Tlamino Project by no later than the third anniversary of the date of the option agreement. Once it has earned 51%, Fortuna can elect to form a 51:49 joint venture with the Company to further develop the Tlamino Project; or Fortuna can elect to be granted the option to earn an additional 19% interest in the Tlamino Project by completing a preliminary economic assessment on the Tlamino Project and spending an additional US\$5.0 million in qualified expenditures within three years following the date of the election by Fortuna.

The Tlamino Gold Project

The Tlamino Gold Project is located in southern Serbia, and includes three Prospects: Barje, Liska and Karamanica.

Barje and Liska Prospects

At the Barje Prospect, mineralization is hosted within shallowly dipping fault zones and their immediate hanging wall within a sequence of schist. Mineralization is truncated on its southern edge by an east-west fault with conglomerate sequences to the south. Liska, located approximately 1.5 kilometres to the southwest of Barje, was drilled in the 1970s by Yugoslav State companies, and a lensoid-shaped volume of rock with 1-2 % combined Pb and Zn was found to strike northeast towards Barje; State data does not include assays for Au or Ag from drill core samples. The mineralization at Liska is hosted in schist/gneiss at and immediately below the base of the conglomerate sequences and potentially represents the down-faulted continuation of the mineralization at Barje.

2018 Drill Program

During May and June 2018, the Company completed an initial seven drill holes at Barje-Liska, and a second phase of 24 drill holes was completed during the fall of 2018. The drill programs were fully funded by Fortuna and directed by a joint Fortuna-Medgold technical committee under the terms of the Tlamino Project Option Agreement between the Company and Fortuna.

Results from the 31 drill holes of the 2018 drilling program are shown in Tables 1 and 2 below. Based on 3D re-interpretation of drill data and geology, the previously-announced 500 metre by 400 metre mineralized zone at the Barje Prospect is now seen to extend 700 metres east-west by 250 metres north-south within a structurally-bound, shallowly-dipping hydrothermal breccia below altered schist. This mineralization ranges in vertical grade-thickness

from 10 to 151 gram-metres and appears to be bounded to its south by a fault. Drilling west of this zone returned only sporadic intervals of gold mineralization.

The Company drilled two holes south of the historically-reported mineralization at Liska during 2018, targeting an IP anomaly defined by the Company's geophysical surveys during 2017 and 2018; the two holes intersected only weak mineralization.

Additional maps and information for Barje-Liska are available on the Company's website at <http://medgoldresources.com/tlamino/>.

Table 1 – Barje Drill Intercepts, 2018. Including final assay results and estimation of vertical thickness.

Drill Hole	From	To	Interval	Vertical thickness ¹	Au	Ag	As	Pb	Zn
	(m)	(m)	(m)	(m)	(g/t)	(g/t)	(%)	(%)	(%)
BAR001 ²	2.38	33.20	30.82	23.7	2.06	55	0.67	0.17	0.37
BAR002 ²	13.35	48.00	34.65	27.3	3.11	28	0.76	0.13	0.30
including	42.00	44.00	2.00	1.6	23.88	340	3.29	1.08	2.61
BAR003 ³	2.00	28.10	26.10	22.3	2.44	219	0.92	0.11	0.19
including	3.60	9.60	6.00	5.1	4.20	754	0.88	0.27	0.09
BAR004 ³	2.20	24.30	22.10	22.1	1.83	109	0.61	0.17	0.34
BAR005 ⁴	1.60	102.40	100.80	78.9	0.52	5	0.26	0.07	0.27
including	82.15	102.40	20.25	15.8	1.08	11	0.05	0.25	1.14
BAR006 ⁴	74.00	104.00	30.00	27.8	5.45	25	1.47	0.25	0.76
including	85.00	95.00	10.00	9.3	2.73	10	1.22	0.09	0.24
and	95.00	104.00	9.00	8.3	14.17	58	2.70	0.69	2.11
BAR007 ⁴	53.00	77.00	24.00	20.4	0.52	4	0.44	0.01	0.02
and	89.50	101.60	12.10	10.3	3.40	12	1.37	0.11	0.30
BAR008 ⁵	41.45	54.80	13.35	13.2	5.06	109	0.74	1.44	2.85
including	48.95	54.80	5.85	5.8	10.35	484	0.50	5.03	10.67
BAR009 ⁵	0.00	28.00	28.00	25.5	0.86	7	0.52	0.02	0.08
BAR010 ⁵	19.80	58.00	38.20	33.5	3.98	158	0.85	0.21	0.45
including	48.15	55.00	6.85	6.0	13.49	788	1.36	1.01	2.08
BAR011 ⁵	62.00	72.75	10.75	9.8	4.76	33	2.93	0.16	0.51
BAR012b ⁵	57.80	73.00	15.20	13.3	1.68	10	1.55	0.14	0.35
BAR013 ⁵	70.50	89.10	18.60	18.6	3.09	22	1.31	0.40	0.87
BAR014 ⁶	87.00	120.00	33.00	25.5	1.14	10	0.45	0.05	0.12
including	117.70	120.00	2.30	1.8	7.46	111	1.32	0.58	1.21
BAR015 ⁶	135.00	143.20	8.20	7.7	2.29	19	1.62	0.40	1.06
BAR016 ⁶	101.00	120.90	19.90	18.1	1.01	11	0.48	0.03	0.10
BAR017 ⁶	No significant intersection of mineralization								
BAR018 ⁶	No significant intersection of mineralization								
BAR019 ⁶	154.90	167.90	13.00	11.5	0.74	5	0.58	0.10	0.26
and	201.00	208.60	7.60	6.7	0.70	4	0.63	0.05	0.16

BAR020 ⁶	No significant intersection of mineralization								
BAR021	No significant intersection of mineralization								
BAR022	No significant intersection of mineralization								
BAR023	No significant intersection of mineralization								
BAR024	174.00	175.10	1.10	1.1	1.64	4	0.39	0.00	0.00
BAR025	180.65	181.50	0.85	0.7	1.53	2	0.02	0.00	0.00
BAR026	No significant intersection of mineralization								
BAR027	No significant intersection of mineralization								
BAR028	22.00	28.00	6.00	5.2	1.45	1	0.03	0.00	0.00
BAR029	2.00	21.00	19.00	16.6	1.34	1	0.06	0.00	0.00
LIS001	No significant intersection of mineralization								
LIS002	No significant intersection of mineralization								

¹ - The mineralization is thought to be hosted along sub-horizontal to shallowly dipping structural zones. The vertical thickness is calculated from the length of intersect and the inclination of the drill hole as indicated by the drillhole survey. The vertical thickness is believed to be generally within $\pm 10\%$ of the true thickness. ² - Announced 11 June 2018. ³ - Announced 18 June 2018. ⁴ - Announced 5 July 2018. ⁵ - Announced 20 September 2018. ⁶ - Announced 19 November 2018.

Table 2 – Barje - Liska Drill Collars 2018

Drill hole	Easting ¹	Northing ¹	Elevation	Azimuth	Inclination	Length
			(m)	(°)	(°)	(m)
BAR001	616847	4691858	1082	-50	180	54.9
BAR002	616933	4692085	1131	-50	140	99.3
BAR003	616846	4691859	1082	-60	0	49.1
BAR004	616846	4691858	1082	-90	0	100.2
BAR005	616820	4691998	1130	-50	135	125.6
BAR006	616688	4691951	1144	-70	135	151.6
BAR007	616688	4691951	1144	-60	315	153.4
BAR008	616713	4691883	1114	-80	180	92.8
BAR009	616909	4691901	1081	-65	135	56.1
BAR010	616936	4692083	1131	-60	70	80.5
BAR011	616696	4692051	1172	-65	30	98.5
BAR012b	616663	4692056	1179	-60	315	116.5
BAR013	616635	4691893	1145	-90	0	143.6
BAR014	616689	4691955	1144	-50	80	174.6
BAR015	616525	4692010	1206	-70	135	176.7
BAR016	616526	4692009	1206	-65	315	139.3
BAR017	616389	4691991	1232	-70	0	174.7
BAR018	616389	4691913	1234	-80	180	227.9
BAR019	616392	4691917	1234	-60	80	267.6
BAR020	616305	4691958	1248	-80	180	224.7

BAR021	616303	4691956	1249	-50	0	199.1
BAR022	616220	4692011	1242	-65	325	203.7
BAR023	616196	4691904	1242	-75	180	257.7
BAR024	616123	4691994	1262	-74	180	286.9
BAR025	616123	4691991	1262	-60	225	248.7
BAR026	615805	4692010	1246	-70	0	176.3
BAR027	615774	4691712	1208	-70	135	245.7
BAR028	616040	4692124	1263	-60	0	118.1
BAR029	615971	4692141	1264	-60	315	112.9
LIS001	615634	4690638	910	-60	135	200.6
LIS002	615932	4690457	894	-50	110	200.4

¹ - Coordinates are given in WGS84 datum and UTM zone 34 projection.

2019 Drill Program

A new phase of drilling at the Tlamino Project, consisting of up to 5,000 metres of diamond drilling, commenced on June 3, 2019. The initial focus of the 2019 program is to seek southward extensions to the gold and base metal mineralization defined at the Barje Prospect in 2018. Approximately 2,000 metres of drilling have been completed under this program to date, the results of which are pending.

Karamanica Prospect

Located approximately 8 kilometres northwest of Barje, the Karamanica Zone hosts a 2 kilometre by 1.5 kilometre soil anomaly in which samples returned values generally above 0.1 ppm gold. Within this anomaly locally-elevated concentrations of Ag, Cu, Pb, Zn, As and Sb are seen to form distinct NW-SE linear features, which are in turn partly co-incident with linear zones of anomalous IP chargeability indicated by the Company's geophysical surveys during 2018.

The strongest, chargeability anomaly, trending NW-SE, follows the trend of a fault structure associated with reported mineralization from historic drilling and underground workings at the Podvirovi polymetallic showing. Podvirovi is held in a mining permit by Bosil Metal doo, a subsidiary of Mineco Limited, immediately adjacent to the Company's landholding.

A historic Mineral Resource Estimate for Podvirovi was listed by Yugoslav State Agencies in 1989 as 2.216 million tonnes at 3.07% Pb, 3.06% Zn and 0.87% Cu in A+B+C₁ Resource categories*.

* While it is known that drilling and underground development for exploration were carried out at Podvirovi pre-1980, a Qualified Person has not completed sufficient work to classify the historic Mineral Resource Estimate as current Mineral Resources or Mineral Reserves. Key assumptions, parameters, and methods used in its preparation are moreover unknown, and systematic precious metal analyses were not performed. As such the Company is not treating the historical Mineral Resource Estimate as either current Mineral Resources or Mineral Reserves and notes that evidence of mineralization on the adjacent property is not necessarily indicative of mineralization on the Company's property. Mineral Resources calculated as A+B+C₁ Resource categories in the former-Yugoslavia would be equivalent to Mineral Resources of Indicated or Measured category within the CIM Definition Guidelines relating to NI 43-101.

In addition to the exploration targets defined along the possible continuation of the Podvirovi structure, geochemical and geophysical anomalies coincidental with areas of similar structure and lithology to that hosting mineralization at Barje form a second style of exploration target on the Karamanica Prospect.

The potential continuation of the Podvirovi structure, as well as areas with potential for Barje-type mineralization, will be tested by drilling as part of the Company's 2019 exploration program.

Additional maps and information for Karamanica are available on the Company's website at <http://medgoldresources.com/tlamino/>.

Additional Prospecting on the Company's Licences

In the fall of 2017, the Company completed a ridge-and-spur soil sampling program within its Ljubata, Crnook and Radovnica licences. A total of 2,096 soil samples were collected at a sample spacing of 100 metres, with the objective of covering the trend of a detachment fault, which the Company at that time interpreted to have an important association with gold-silver, and lead-zinc mineralization in the region.

Ridge-and-spur sampling was extended with an additional 520 soil samples during 2018. Overall the program identified two areas of elevated multi-element geochemistry, one of which was followed up by additional soil sampling at 50 metre spacing along lines 200 metres apart during 2018 (664 samples). Results of the follow-up sampling indicated low-level, off-set, anomalies of gold and base-metals but no additional field work was carried out.

Based on re-interpretation of data by current Management, the Company has dropped the Crnook licence area due to lack of positive results. Prospecting will be continued on the Radovnica and Ljubata licences during 2019.

Data Verification / Quality Assurance and Quality Control (QA-QC)

Geophysical data from 2017 was collected by Géophysique TMC of Val-d'Or, Canada. Géophysique TMC's report, prepared by Joël Simard, P.Geol./Geoph. (Ontario), was reviewed to verify that information presented in this News Release is consistent with the report's findings and that no quality issues were reported during data collection or processing.

Geophysical data from 2018 was collected by Enerson Mühendislik Sond. Mad. Pet. Jeo. Mak. Elek. San. Tic. Ltd. Şti. ("Enerson") of Ankara, Turkey. Enerson's report was reviewed to verify that information presented in this MD&A is consistent with the report's findings and that no quality issues were reported during data collection or processing.

Sample and analytical data for the Company's soil sampling during 2016 to 2018 has been verified by reviewing the Company's sampling procedures and fieldwork reports for the work. Samples were delivered to the independent ALS Geochemistry laboratory facilities in Bor, Serbia. The samples were prepared using method code PREP-41 and a 25 g aliquot of the -180 micron fraction was analyzed for gold and a multi-element suit using method code AuME-TL43.

Drilling during 2018 was carried out by independent contractors using PQ and HQ size tooling. Average core recovery for the program was 92%, Drill core was cut in half by the Company using a rock saw with one half of the core then taken as a sample for analysis. Sample intervals were generally between 50 to 150 centimetres producing samples of between 2 to 9 kilograms. Samples were delivered to the independent ALS Geochemistry laboratory facilities in Bor, Serbia. The samples were crushed and pulverized using method code PREP-31, were fire assayed for Au using method code Au-ICP21, and were analyzed for multi-elements using method code ME-MS61 following a four-acid digestion. Overlimits were analyzed using an appropriate method. The Company routinely inserted multi-element geochemical standards, blanks, and field duplicate samples into the drill core sample stream as part of a documented Quality Assurance/Quality Control (QAQC) process to monitor laboratory performance, during the 2018 drilling program QAQC material was inserted into sample batches at the following rates per primary sample: ¼ core duplicates 1 in 30; granite blanks 1 in 30; certified reference material (CRM) 1 in 15. When laboratory analysis results for CRMs did not pass the Company's QAQC controls, and the CRM's had been inserted in a sequence of mineralized samples, the CRM's and surrounding samples of similar grade were re-assayed until results passed the Company's QAQC controls. Sample grades were checked against recovery percentage for potential bias; no discernable high- or low-grade bias was observed.

Quoted Historical Mineral Resources

Mineral Resources were calculated in former-Yugoslavia according to laws and regulations applicable at that time, defined specifically by "Zakon o jedinstvenom načinu utvrđivanja, evidentiranja i prikupljanja podataka o rezervama mineralnih sirovina i podzemnih voda i o bilansu tih rezervi" (The Law on the Uniform Method of Establishing, Recording and Gathering Data on Reserves of Mineral Raw Materials and Underground Water and Their Balancing), Službeni list SFR Jugoslavije, br. 53/1977; and by "Pravilnik o klasifikaciji i kategorizaciji rezervi čvrstih mineralnih sirovina i vođenju evidencije o njima" (The Book of Regulations on Classification and

Categorization of Reserves of Solid Mineral Raw Materials and Keeping a File on Them), Službeni list SFR Jugoslavije br. 53/1979.

Qualified Person

Mr. Thomas Sant, FGS, CGeol, EurGeol, is the Company's Qualified Person as defined by National Instrument 43-101, and has approved the disclosure of the technical information in this Interim MD&A.

Quarterly Information

The following table provides information for the eight fiscal quarters ended June 30, 2019:

	June 30, 2019 (\$)	Mar. 31, 2019 (\$)	Dec. 31, 2018 (\$)	Sep. 30, 2018 (\$)	June 30, 2018 (\$)	Mar. 31, 2018 (\$)	Dec. 31, 2017 (\$)	Sep. 30, 2017 (\$)
Exploration expenditures from continuing operations	28,489	85,511	123,703	89,726	103,102	188,967	518,490	292,466
General and administrative expenses from continuing operations	211,948	354,739	154,151	255,357	237,751	146,820	121,371	303,053
Loss from continuing operations	(234,556)	(437,635)	(273,071)	(343,798)	(339,918)	(334,526)	(638,150)	(594,182)
Loss from discontinued operations	-	-	-	-	-	-	(149,293)	(31,143)
Basic and diluted loss per share for continuing operations	(0.00)	(0.01)	(0.00)	(0.01)	(0.00)	(0.00)	(0.01)	(0.01)
Basic and diluted loss per share for discontinued operations	-	-	-	-	-	-	(0.00)	(0.01)

The results of operations for prior periods presented in the Quarterly Information summary above have been restated to reflect the operations relating to Portugal and Spain being re-classified as discontinued operations.

General and administrative expenses from continuing operations for the quarters ended June 30, 2019, March 31, 2019, September 30, 2018 and September 30, 2017 were higher than most other quarters presented due to share-based payments charges of \$50,217, \$197,678, \$107,634 and \$128,554, respectively, which relate to the granting of stock options.

Results of Operations

Quarter ended June 30, 2019

For the quarter ended June 30, 2019, the Company had a net loss of \$234,556 compared to a net loss of \$339,918 for the quarter ended June 30, 2018, a decrease of \$105,362.

Exploration costs of \$28,489 were recorded during the current quarter compared to \$103,102 during the comparative quarter, a decrease of \$74,613. Exploration costs for the current quarter were less than the comparative quarter because most activity was on properties in Serbia optioned to and funded by Fortuna.

General and administrative expenses totaled \$211,948 for the current quarter compared to \$237,751 for the comparative quarter, a decrease of \$25,803. The most significant decrease during the current quarter was in shareholder communications which was \$35,818 lower due to the Company using more investor relations services during the comparative quarter. The most significant increase during the current quarter was share-based payments expense which was \$50,217 compared to \$1,302 in the comparative quarter. The share-based payments expense relates to the granting of stock options during the respective periods.

Six months ended June 30, 2019

For the six month period ended June 30, 2019, the Company had a net loss of \$672,191 compared to a net loss of \$674,444 for the six month period ended June 30, 2018, a decrease of \$2,253. Exploration costs for the current period were \$114,000 compared to \$292,069 for the comparative period, a decrease of \$178,069. As with the quarterly comparison, exploration costs for the current period were less because most activity was on properties in Serbia optioned to and funded by Fortuna.

General and administrative expenses totaled \$566,687 for the current period compared to \$384,571 for the comparative period, an increase of \$182,116. This increase is primarily due to the current period including a share-based payments expense of \$247,895 relating to the granting of stock options compared to an expense of \$30,454 in

the comparative period. General and administrative costs for the current period also included a foreign exchange loss of \$13,992 compared to foreign exchange gain of \$16,436 for the comparative period. Most notable cost decreases during the current period were \$49,863 in shareholder communications and \$16,657 in travel and accommodation. These costs were higher in the comparative period due to greater investor relations activities.

Liquidity and Capital Resources

The Company's cash resource as at June 30, 2019 was \$1,512,283, an increase from \$1,436,399 as at December 31, 2018. At June 30, 2019, the Company had current assets totaling \$1,554,322 and current liabilities totaling \$410,537, for working capital of \$1,143,785. Included in current liabilities is an exploration advance of \$104,222 provided by Fortuna during the period ended June 30, 2019 for Tlamino Project exploration, which funds were expended by the Company on behalf of Fortuna subsequent to the period-end.

In October 2018, the Company closed a private placement of 4,902,800 units at \$0.30 per unit for gross proceeds of \$1,470,840. Each unit consisted of one common share and one share purchase warrant entitling the holder to purchase an additional common share exercisable for two years at a price of \$0.40. Current cash resources are being used for exploration work and general working capital requirements.

The Company expects its capital resources to be sufficient to cover its corporate operating costs and carry out exploration activities for the next twelve months. However, actual funding requirements may vary from those planned due to a number of factors including potential property acquisitions and exploration activity. As such, the Company may need to raise additional capital and believes it will be able to do so, but recognizes the uncertainty attached thereto.

Related Party Transactions

See Note 11 of the condensed interim consolidated financial statements for the six months ended June 30, 2019 for details of other related party transactions which occurred in the normal course of business.

Other Data

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

Share Position and Outstanding Options

As at July 30, 2019, the Company's outstanding share position is 94,789,032 common shares and the following stock options and share purchase warrants are outstanding:

No. of options	Exercise price	Expiry date
100,000	\$0.20	February 26, 2020
2,230,000	\$0.15	February 23, 2024
500,000	\$0.11	June 18, 2024
1,390,000	\$0.15	June 28, 2026
400,000	\$0.20	July 24, 2027
150,000	\$0.20	February 7, 2028
2,025,000	\$0.15	January 15, 2029
570,000	\$0.15	June 2, 2029
7,365,000		
No. of warrants	Exercise price	Expiry date
4,902,800	\$0.40	October 16, 2020

Accounting Policies and Basis of Presentation

The Company's significant accounting policies and future changes in accounting policies are presented in the audited consolidated financial statements for the year ended December 31, 2018. The following outlines the new accounting standards and amendments adopted by the Company effective January 1, 2019:

IFRS 16 Leases

IFRS 16 Leases requires lessees to recognize assets and liabilities for most leases. For lessors, there is little change to the existing accounting in IAS 17 Leases. The adoption of IFRS 16 did not have a material impact on the Company's condensed interim consolidated financial statements.

IFRIC 23 Uncertainty over Income Tax Treatments

This new Interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 Income Taxes when there is uncertainty over income tax treatments.

The main features of IFRIC 23 are as follows:

- An entity considers an uncertain tax treatment separately or together with other uncertain tax treatments depending on which approach better predicts the resolution of the uncertainty.
- Taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates are determined based on whether it is probable that a taxation authority will accept an uncertain tax treatment.
- An entity reassesses judgments or estimates relating to uncertain tax treatments when facts and circumstances change.

The adoption of IFRIC 23 did not have a material impact on the Company's condensed interim consolidated financial statements.

Risks and Uncertainties

Mineral Property Exploration and Mining Risks

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

Joint Venture Funding Risk

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

Commodity Price Risk

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

Financing and Share Price Fluctuation Risks

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

Securities markets have at times in the past experienced a high degree of price and volume volatility, and the market price of securities of many companies, particularly those considered to be exploration stage companies such as the Company, have experienced wide fluctuations in share prices which have not necessarily been related to their operating performance, underlying asset values or prospects. There can be no assurance that these kinds of share

price fluctuations will not occur in the future, and if they do occur, how severe the impact may be on the Company's ability to raise additional funds through equity issues and corresponding effect on the Company's financial position.

Political, Regulatory and Currency Risks

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

Insured and Uninsured Risks

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

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

Environmental and Social Risks

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

Competition

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