



FINANCIAL REVIEW

First Quarter Ended March 31, 2017



(An Exploration Stage Company)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Three Months Ended March 31, 2017

(Expressed in Canadian Dollars)

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

In accordance with National Instrument 51-102 of the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed the unaudited condensed interim consolidated financial statements for the three months ended March 31, 2017. These financial statements have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company.

Medgold Resources Corp.

(Exploration Stage Company)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

(Expressed in Canadian Dollars)

As at	March 31, 2017	December 31, 2016
ASSETS		
Current assets		
Cash	\$ 1,959,308	\$ 837,243
Amounts receivable	31,498	102,000
Prepaid expenses and deposits (Note 10)	56,426	36,875
Total current assets	2,047,232	976,118
Non-current assets		
Long-term deposits (Note 10)	61,000	61,000
Exploration bonds (Note 6)	411,143	408,593
Property and equipment (Note 5)	172,848	114,856
Exploration and evaluation assets (Note 6)	43,020	43,020
Total non-current assets	688,011	627,469
	\$ 2,735,243	\$ 1,603,587
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 136,029	\$ 206,110
Due to related parties (Note 10)	41,782	32,760
Total liabilities	177,811	238,870
Shareholders' equity		
Share capital (Note 7)	11,473,829	9,264,500
Other reserves (Note 7)	1,120,341	1,491,350
Accumulated other comprehensive loss	(173,664)	(173,664)
Deficit	(9,863,074)	(9,217,469)
Total shareholders' equity	2,557,432	1,364,717
	\$ 2,735,243	\$ 1,603,587

APPROVED ON BEHALF OF THE BOARD ON MAY 29, 2017:

"Simon Ridgway"
Simon Ridgway, Director

"Daniel James"
Daniel James, 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 COMPREHENSIVE LOSS (UNAUDITED)

(Expressed in Canadian Dollars)

	Three months ended March 31,	
	2017	2016
Exploration expenditures (Note 9)	\$ 518,378	\$ 153,645
General and administrative expenses		
Depreciation	8,667	5,217
Finance costs	-	18,654
Foreign exchange loss (gain)	478	(43,479)
Office and administration (Notes 10 and 14)	20,440	27,064
Interest charges (Note 14)	-	16,650
Legal and accounting	2,555	13,011
Management fees (Note 10)	26,320	33,337
Salaries and benefits (Note 10)	27,054	24,428
Shareholder communications (Note 10)	20,386	19,071
Transfer agent and regulatory fees (Note 10)	11,695	8,725
Travel and accommodation (Note 10)	10,296	7,384
	127,891	130,062
Loss before other items	(646,269)	(283,707)
Other items		
Interest and other income	664	-
Net loss for the period	\$ (645,605)	\$ (283,707)
Other comprehensive loss		
Items that may be reclassified subsequently to profit or loss:		
Unrealized loss on foreign exchange translation	-	(61,385)
Comprehensive loss for the period	\$ (645,605)	\$ (345,092)
Loss per share, basic and diluted	\$ (0.01)	\$ (0.01)
Weighted average number of shares outstanding	79,537,758	51,877,695

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

Medgold Resources Corp.

(Exploration Stage Company)

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

For the three months ended March 31, 2017 and 2016

(Expressed in Canadian Dollars)

	Number of common shares	Share capital	Other equity reserves			Accumulated other comprehensive loss	Deficit	Total shareholders' equity
			Warrants reserve	Share-based payment reserve	Equity portion of convertible debenture reserve			
Balance, December 31, 2015	51,877,695	\$ 6,037,899	\$ 191,193	\$ 533,038	\$ 842,680	\$ (47,203)	\$ (7,017,123)	\$ 540,484
Loss for the period	-	-	-	-	-	-	(283,707)	(283,707)
Warrants issued for finance fee	-	-	17,300	-	-	-	-	17,300
Unrealized foreign exchange loss	-	-	-	-	-	(61,385)	-	(61,385)
Balance, March 31, 2016	51,877,695	6,037,899	208,493	533,038	842,680	(108,588)	(7,300,830)	212,692
Loss for the period	-	-	-	-	-	-	(1,916,639)	(1,916,639)
Shares issued for private placement	12,000,000	1,350,000	350,000	-	-	-	-	1,700,000
Shares issued for debenture conversion	2,166,667	842,680	-	-	(842,680)	-	-	-
Shares issued for services	300,000	46,875	-	-	-	-	-	46,875
Share issuance costs	-	(11,508)	-	-	-	-	-	(11,508)
Warrants exercised	6,256,240	981,454	-	-	-	-	-	981,454
Transfer of contributed surplus on exercise of warrants	-	17,100	(17,100)	-	-	-	-	-
Share-based payments	-	-	-	416,919	-	-	-	416,919
Unrealized foreign exchange loss	-	-	-	-	-	(65,076)	-	(65,076)
Balance, December 31, 2016	72,600,602	9,264,500	541,393	949,957	-	(173,664)	(9,217,469)	1,364,717
Loss for the period	-	-	-	-	-	-	(645,605)	(645,605)
Warrants exercised	12,413,573	1,838,320	-	-	-	-	-	1,838,320
Transfer of contributed surplus on exercise of warrants	-	371,009	(371,009)	-	-	-	-	-
Balance, March 31, 2017	85,014,175	\$ 11,473,829	\$ 170,384	\$ 949,957	\$ -	\$ (173,664)	\$ (9,863,074)	\$ 2,557,432

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,	
	2017	2016
Cash provided by (used in):		
OPERATING ACTIVITIES		
Net loss for the period	\$ (645,605)	\$ (283,707)
Items not involving cash:		
Finance costs	-	18,654
Depreciation	8,667	5,217
Convertible debenture accretion expense	-	16,650
	(636,938)	(243,186)
Changes in non-cash working capital balances:		
Amounts receivable	70,502	891
Prepaid expenses and deposits	(19,551)	12,875
Accounts payable and accrued liabilities	(70,081)	(58,456)
Due to related parties	9,022	52,832
	(647,046)	(235,044)
FINANCING ACTIVITIES		
Net proceeds from issuance of common shares	1,838,320	-
Proceeds from short-term debt	-	100,000
	1,838,320	100,000
INVESTING ACTIVITIES		
Purchase of property and equipment	(66,659)	-
	(66,659)	-
Effect of changes in exchange rates on cash	(2,550)	(15,576)
Increase (decrease) in cash	1,122,065	(150,620)
Cash, beginning of period	837,243	215,282
Cash, end of period	\$ 1,959,308	\$ 64,662
Supplemental Cash Flow Information		
Warrants issued for finance fee	\$ -	\$ 17,300

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, 2017

(Expressed in Canadian Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

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 in Europe.

These condensed interim consolidated financial statements of the Company as at March 31, 2017 and for the period then ended include the Company and its subsidiaries (Note 2).

These condensed interim consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and these condensed interim consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material. At March 31, 2017, the Company had not yet achieved profitable operations, has accumulated losses of \$9,863,074 since its inception, and expects to incur further losses in the development of its business, all of which 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.

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 4.

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months ended March 31, 2017

(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, 2017 are as follows:

Name	Place of incorporation	Ownership %	Principal activity
Medgold Resource Ltd.	Great Britain	100%	Administrative company
Medgold Istrazivanja d.o.o.	Serbia	100%	Exploration company
MedgoldMinas Unipessoal Lda.	Portugal	100%	Exploration company
MedCenterra Unipessoal Lda.	Portugal	100%	Exploration 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). 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. As at January 1, 2017, the Company has determined that the functional currency of all its foreign subsidiaries is the Canadian dollar and changed functional currencies for certain subsidiaries from the British pound sterling and euro to the Canadian dollar effective January 1, 2017. The change in functional currencies arose due to the change in sources of recent and expected future financing as those subsidiaries have become entirely dependent upon the Company for operating funds. The change in functional currency has been applied prospectively.

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months ended March 31, 2017

(Expressed in Canadian Dollars)

3. STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET EFFECTIVE

The Company will be required to adopt the following standards and amendments issued by the IASB as described below.

IFRS 9 Financial Instruments

Issued by IASB July 2014

Effective for annual periods beginning January 1, 2018

IFRS 9 will replace IAS 39 *Financial Instruments: Recognition and Measurement* and IFRIC 9 *Reassessment of Embedded Derivatives*. The final version of this new standard supersedes the requirements of earlier versions of IFRS 9.

The main features introduced by this new standard compared with predecessor IFRS are as follows:

- *Classification and measurement of financial assets:*

Debt instruments are classified and measured on the basis of the entity's business model for managing the asset and its contractual cash flow characteristics as either: "amortized cost", "fair value through other comprehensive income", or "fair value through profit or loss" (default). Equity instruments are classified and measured as "fair value through profit or loss" unless upon initial recognition elected to be classified as "fair value through other comprehensive income".

- *Classification and measurement of financial liabilities:*

When an entity elects to measure a financial liability at fair value, gains or losses due to changes in the entity's own credit risk is recognized in other comprehensive income (as opposed to previously profit or loss). This change may be adopted early in isolation of the remainder of IFRS 9.

- *Impairment of financial assets:*

An expected credit loss impairment model replaced the incurred loss model and is applied to financial assets at "amortized cost" or "fair value through other comprehensive income", lease receivables, contract assets or loan commitments and financial guarantee contracts. An entity recognizes twelve-month expected credit losses if the credit risk of a financial instrument has not increased significantly since initial recognition and lifetime expected credit losses otherwise.

- *Hedge accounting:*

Hedge accounting remains a choice, however, is now available for a broader range of hedging strategies. Voluntary termination of a hedging relationship is no longer permitted. Effectiveness testing now needs to be performed prospectively only. Entities may elect to continue to applying IAS 39 hedge accounting on adoption of IFRS 9 (until the IASB has completed its separate project on the accounting for open portfolios and macro hedging).

IFRS 16 Leases

Issued by IASB January 2016

Effective for annual periods beginning January 1, 2019

Earlier application permitted for entities that also apply IFRS 15 *Revenue from Contracts with Customers*.

This new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. The new standard introduces a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease.

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months ended March 31, 2017

(Expressed in Canadian Dollars)

3. STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET EFFECTIVE (continued)

IFRS 16 Leases (continued)

The main features of the new standard are as follows:

- An entity identifies as a lease a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
- A lessee recognizes an asset representing the right to use the leased asset, and a liability for its obligation to make lease payments. Exceptions are permitted for short-term leases and leases of low-value assets.
- A lease asset is initially measured at cost, and is then depreciated similarly to property, plant and equipment. A lease liability is initially measured at the present value of the unpaid lease payments.
- A lessee presents interest expense on a lease liability separately from depreciation of a lease asset in the statement of profit or loss and other comprehensive income.
- A lessor continues to classify its leases as operating leases or finance leases, and to account for them accordingly.
- A lessor provides enhanced disclosures about its risk exposure, particularly exposure to residual-value risk.

The new standard supersedes the requirements in IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2 Share-based Payment)

Issued by IASB November 2016

Effective for annual periods beginning January 1, 2018

The amendments provide guidance on the accounting for:

- the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- share-based payment transactions with a net settlement feature for withholding tax obligations; and
- a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

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

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months ended March 31, 2017

(Expressed in Canadian Dollars)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

- a) The determination of the Company's and its subsidiaries' functional currency are determined based on management's assessment of the 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 there are indicators of impairment. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit, including geologic and metallurgic information, economics assessment/ studies, accessible facilities and existing permits.

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

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

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

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months ended March 31, 2017

(Expressed in Canadian Dollars)

5. PROPERTY AND EQUIPMENT

	Leasehold improvements	Vehicles	Computer equipment	Furniture and equipment	Total
Cost					
Balance, December 31, 2015	\$ 12,906	\$ 73,782	\$ 5,299	\$ 12,814	\$ 104,801
Additions	-	42,097	18,250	18,839	79,186
Disposals	-	(21,986)	-	-	(21,986)
Balance, December 31, 2016	12,906	93,893	23,549	31,653	162,001
Additions	-	63,551	1,531	1,577	66,659
Balance, March 31, 2017	\$ 12,906	\$ 157,444	\$ 25,080	\$ 33,230	\$ 228,660
Accumulated amortization					
Balance, December 31, 2015	\$ 5,850	\$ 14,054	\$ 2,775	\$ 4,511	\$ 27,190
Charge for period	1,800	16,803	1,325	3,490	23,418
Disposals	-	(3,463)	-	-	(3,463)
Balance, December 31, 2016	7,650	27,394	4,100	8,001	47,145
Charge for period	450	5,557	1,313	1,347	8,667
Balance, March 31, 2017	\$ 8,100	\$ 32,951	\$ 5,413	\$ 9,348	\$ 55,812
Carrying amounts					
At December 31, 2016	\$ 5,256	\$ 66,499	\$ 19,449	\$ 23,652	\$ 114,856
At March 31, 2017	\$ 4,806	\$ 124,493	\$ 19,667	\$ 23,882	\$ 172,848

6. EXPLORATION AND EVALUATION ASSETS

The Company has capitalized the following acquisition costs of its mineral property interests during the period from January 1, 2016 to March 31, 2017:

	Serbia	Portugal			Total
		Klondike Project	Marrancos Project	Caramulo	
Balance, December 31, 2015	\$ -	\$ 197,320	\$ -	\$ -	\$ 197,320
Acquisition costs	43,020	-	36,852	17,954	97,826
Write-down of acquisition costs	-	(197,320)	(36,852)	(17,954)	(252,126)
Balance, December 31, 2016	43,020	-	-	-	43,020
Balance, March 31, 2017	\$ 43,020	\$ -	\$ -	\$ -	\$ 43,020

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months ended March 31, 2017

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS (continued)

Details of the Company's mineral property interests are disclosed in full in the consolidated financial statements for the year ended December 31, 2016. Significant exploration and evaluation asset transactions that have occurred since December 31, 2016 are as follows:

Serbia

a) In 2016, the Company submitted applications for nine exploration licences in Serbia. As of March 31, 2017, six of these exploration licences have been granted. During the period ended March 31, 2017, the Company has registered interest, as the preliminary step before submitting a full application, for an additional twenty-plus licences.

b) Strategic Alliance

In 2016, in conjunction with an investment of \$1,500,000 in the Company by Fortuna Silver Mines Inc. ("Fortuna") by way of a private placement, the Company granted Fortuna the right to enter into an option agreement to earn up to a 70% interest in one of the geological target areas (a "Selected Property") identified by the Company's project generation and exploration work in Serbia.

During the period ended March 31, 2017, the strategic alliance was amended whereby Fortuna now has the right to enter into separate option agreements to earn up to a 70% interest in two geological target areas, each a Selected Property, identified by the Company's generative work. Fortuna can earn a 51% stake in each Selected Property by spending US\$3,000,000 on each Selected Property over three years. Once Fortuna has earned 51%, it can elect to form a 51:49 joint venture with the Company to further develop the Selected Property; or can elect to earn an additional 19% interest in the Selected Property by spending an additional US\$5,000,000 in qualified expenditures and completing a Preliminary Economic Assessment on the Selected Property.

During the period ended March 31, 2017, Fortuna chose the Tlamino Project as a Selected Property and as such, entered into an option agreement with the Company to earn up to a 70% interest of that project.

The Company and Fortuna have one common director.

Portugal

a) Centerra Option Licences

In 2014, the Company entered into an agreement (the "Option Agreement") with Centerra Gold Corp. ("Centerra") whereby Centerra was granted an option to acquire up to 70% of the Lagares, Balazar, Castelo de Paiva, and Valongo licences (collectively called the Valongo Belt Property).

Under the Option Agreement, Centerra had the right to earn a 51% interest in the Valongo Belt Property by incurring expenditures on the Valongo Belt Property totaling US\$3,000,000 over three years, of which US\$500,000 was committed to be spent by Centerra. To keep the option in good standing, Centerra needed to incur US\$1,000,000 in the first year, a further US\$1,500,000 in the second year and a further US\$500,000 in the third year.

In 2015, the Ponte da Barca licence was relinquished and in 2016, the Balazar and Castelo de Paiva licences were relinquished. Also in 2016, the Option Agreement was amended to include the Company's Boticas-Chaves Project. During the period ended March 31, 2017, the Company decided to let the Lagares and Valongo licences lapse, and as a result, acquisition costs totaling \$197,320 were written off as of December 31, 2016.

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months ended March 31, 2017

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS (continued)

Portugal (continued)

a) Centerra Option Licences (continued)

During the period ended March 31, 2017, Centerra notified the Company that it had incurred a total of US\$3,000,000 in expenditures and therefore earned its 51% in the Valongo Belt Property and Boticas-Chaves Project. However, Centerra also advised that it was not interested in incurring further exploration expenditures pursuant to the Option Agreement and therefore wished to dispose of its 51% interest in the licences. Accordingly, the Company and Centerra signed an agreement on May 9, 2017 whereby the Option Agreement was terminated, Centerra relinquished its 51% interest in the licences in consideration of the sum of \$100,000 from the Company; and Centerra was granted a net smelter return royalty on any future production from the licences.

The Company has in place with the Portugal mining authority exploration bonds of \$135,385 (€95,000) on the Lagares, Valongo, Balazar and Castelo de Paiva licences, \$224,453 (€157,500) on the Boticas licence, and \$14,251 (€10,000) on the Chaves licence.

b) Caramulo Licence

In 2015, the Company submitted an application for the Caramulo exploration licence. During the period ended March 31, 2017, the Company decided that it will let the Caramulo licence lapse, and as a result, the acquisition cost of \$17,954 was written off as of December 31, 2016.

The Company has in place with the Portugal mining authority an exploration bond of \$15,676 (€11,000) on the Caramulo licence.

c) Marrancos Gold Project

In 2016, the Company entered into an option agreement to acquire up to a 100% interest in the Marrancos Project located in northern Portugal. The Company had the option from Lusorecursos SCPS ("Lusorecursos"), a private Portuguese company, to earn an initial 70% interest in the property by making a cash payment of €25,000 (paid in 2016) and incurring exploration expenditures of €150,000 on or before 12 months following the agreement date.

Subsequent to March 31, 2017, the Company terminated the option agreement. Acquisition costs of \$36,852 were written off as of December 31, 2016.

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months ended March 31, 2017

(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.

During the period ended March 31, 2017, a total of 12,413,573 share purchase warrants were exercised for gross proceeds of \$1,838,320. The Company reallocated the fair value of 11,267,273 of these share purchase warrants previously recorded in the amount of \$371,009 from other equity reserve to share capital.

Share Purchase Warrants

A summary of share purchase warrants activity from January 1, 2016 to March 31, 2017 is as follows:

	Number of warrants	Weighted average exercise price
Balance, December 31, 2015	19,069,895	\$0.15
Issued on private placement	12,000,000	\$0.15
Issued for finance fee	500,000	\$0.09
Exercised during the year	(6,256,240)	\$0.16
Expired during the year	(330,927)	\$0.16
Balance, December 31, 2016	24,982,728	\$0.15
Exercised during the period	(12,413,573)	\$0.15
Expired during the period	(5,915,455)	\$0.15
Balance, March 31, 2017	6,653,700	\$0.14

Details of share purchase warrants outstanding as of March 31, 2017 are:

Expiry date	Number of warrants	Exercise price
May 11, 2017	1,853,700	\$0.12
September 20, 2017	1,900,000	\$0.15
October 12, 2017	2,900,000	\$0.15
	6,653,700	

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months ended March 31, 2017

(Expressed in Canadian Dollars)

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.

There was no stock option activity during the period ended March 31, 2017.

As at March 31, 2017, the following stock options were outstanding:

<u>Expiry date</u>	<u>Number of options</u>	<u>Exercise price</u>
February 23, 2024	3,455,000	\$0.15
February 12, 2025	225,000	\$0.15
June 28, 2026	2,550,000	\$0.15
	6,230,000	

The weighted average exercise price of options outstanding as of March 31, 2017 was \$0.15 (December 31, 2016: \$0.15) per option.

The weighted average remaining contractual life of the options outstanding at March 31, 2017 is 7.90 (December 31, 2016: 8.15) 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 impact of dilution, 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

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

There were no expenses arising from the share-based payment transactions recognized as part of share-based compensation during the periods ended March 31, 2017 and 2016.

As of March 31, 2017 there were no unrecognized compensation costs related to unvested share-based payment awards.

Amounts Capitalized Arising from Share-based Payment Transactions

There were no expenses arising from the share-based payment transactions that were capitalized as part of exploration and evaluation assets during the periods ended March 31, 2017 and 2016.

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months ended March 31, 2017

(Expressed in Canadian Dollars)

9. EXPLORATION EXPENDITURES

During the three months ended March 31, 2017, the Company incurred the following exploration expenditures:

	Portugal					Total
	Properties under option to Centerra	Caramulo	Marrancos	Other	Serbia	
Assaying	\$ 1,989	\$ -	\$ -	\$ -	\$ -	\$ 1,989
Field expenses	-	-	-	-	7,939	7,939
Geological and other consulting	51,628	23,355	18,922	47,672	108,185	249,762
Licenses, rights and taxes	-	-	-	-	66,669	66,669
Office and administration	17,936	1,052	3,232	5,432	24,785	52,437
Salaries and benefits	-	-	-	5,733	92,810	98,543
Travel	3,129	2,085	1,111	6,235	43,705	56,265
	74,682	26,492	23,265	65,072	344,093	533,604
Expense recoveries	(15,226)	-	-	-	-	(15,226)
Balance, end of period	\$ 59,456	\$ 26,492	\$ 23,265	\$ 65,072	\$ 344,093	\$ 518,378

During the three months ended March 31, 2016, the Company incurred the following exploration expenditures:

	Portugal						Serbia	Total
	Vila de Rei	Boticas-Chaves	Lagares	Ponte da Barca	Valongo	Other		
Geological and other consulting	\$ 1,788	\$ 26,720	\$ 1,308	\$ 1,788	\$ 9,341	\$ 25,794	\$ 30,198	\$ 96,937
Licences, rights and taxes	-	-	-	-	-	7,303	-	7,303
Office and administration	894	4,885	149	596	1,534	1,964	3,677	13,699
Travel	298	11,216	558	-	3,787	6,062	13,785	35,706
Balance, end of period	\$ 2,980	\$ 42,821	\$ 2,015	\$ 2,384	\$ 14,662	\$ 41,123	\$ 47,660	\$ 153,645

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months ended March 31, 2017

(Expressed in Canadian Dollars)

10. RELATED PARTY TRANSACTIONS AND BALANCES

The Company had transactions during the periods ended March 31, 2017 and 2016 with related parties who consisted of directors, officers and the following companies with common directors:

<u>Related party</u>	<u>Nature of transactions</u>
Radius	Exploration related charges and investment in the Company
Gold Group Management Inc. ("Gold Group")	Shared office, administrative and exploration related charges
Focus Ventures Ltd. ("Focus")	Shared administrative salary charges
Mill Street Services Ltd. ("Mill Street")	Management services
Fortuna	Investment in the Company and mineral property option agreement

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

- a) During the periods ended March 31, 2017 and 2016, the Company reimbursed Gold Group for the following costs:

	Three months ended March 31,	
	2017	2016
General and administrative expenses:		
Office and administration	\$ 18,855	\$ 22,805
Salaries and benefits	26,777	19,456
Shareholder communications	2,132	1,169
Transfer agent and regulatory fees	2,716	1,600
Travel and accommodation	7,807	7,384
	\$ 58,287	\$ 52,414

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. Salaries and benefits for the periods ended March 31, 2017 and 2016 include those for the Chief Financial Officer and the Corporate Secretary. .

- b) During the period ended March 31, 2017, the Company reimbursed Radius, a company with a common director, \$33,927 (2016: \$550) for the services of a geological consultant.
- c) During the period ended March 31, 2017, the Company reimbursed Focus, a company with common directors, \$Nil (2016: \$4,973) in shared salary and benefits costs for a director.
- d) Prepaid expenses and deposits as at March 31, 2017 include an amount paid to Gold Group of \$1,778 (December 31, 2016: \$1,122) for administrative expenses paid in advance on the Company's behalf,
- e) Long-term deposits as of March 31, 2017 consists of \$61,000 (December 31, 2016: \$61,000) paid to Gold Group as a deposit pursuant to the Company's office and administrative services agreement with Gold Group.

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months ended March 31, 2017

(Expressed in Canadian Dollars)

10. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

- f) Amounts due to related parties as of March 31, 2017 consist of \$18,174 (December 31, 2016: \$18,792) owing to Gold Group and \$23,608 (December 31, 2016: \$13,968) owing to Radius. The amount for Gold Group is due on a monthly basis and secured by a deposit. The amount for Radius is unsecured, interest-free and has no specific terms of repayment.
- g) Fortuna, a company with a common director, acquired 10,000,000 common shares of the Company by way of exercising 10,000,000 share purchase warrants at a cost of \$1,500,000.

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, 2017 and 2016 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,	
	2017	2016
Management fees	\$ 27,448	\$ 33,337
Geological fees	33,673	27,506
Salaries and benefits	6,875	5,958
	\$ 67,996	\$ 66,801

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 all 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.

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months ended March 31, 2017

(Expressed in Canadian Dollars)

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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, 2017, the Company is exposed to foreign currency risk and interest rate risk.

Foreign Currency Risk

As at March 31, 2017, the Company is exposed to currency risk through the following financial assets and liabilities denominated in currencies other than the Canadian dollar:

	March 31, 2017			
	British Pound Sterling (CDN equivalent)	US Dollars (CDN equivalent)	Euros (CDN equivalent)	Dinars (CDN equivalent)
Cash	\$ 17,388	\$ 5,371	\$ 39,232	\$ 82,668
Amounts receivable	-	-	1,725	21,644
Accounts payable and accrued liabilities	(14,028)	-	(99,080)	(18,012)
Net exposure	\$ 3,360	\$ 5,371	\$ (58,123)	\$ 86,300

	December 31, 2016			
	British Pound Sterling (CDN equivalent)	US Dollars (CDN equivalent)	Euros (CDN equivalent)	Dinars (CDN equivalent)
Cash	\$ 186,067	\$ 5,442	\$ 156,316	\$ 73,054
Amounts receivable	-	-	25,380	70,469
Accounts payable and accrued liabilities	(20,806)	-	(134,051)	(42,949)
Net exposure	\$ 165,261	\$ 5,442	\$ 47,645	\$ 100,574

Based on the above net exposures at March 31, 2017, a 10% depreciation or appreciation of the above currencies against the Canadian dollar would result in approximately a \$3,700 (December 31, 2016: \$31,900) 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, 2017, 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 and British financial institutions. The Company considers this risk to be limited.

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months ended March 31, 2017

(Expressed in Canadian Dollars)

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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.

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, 2017, the Company had working capital of \$1,869,421 (December 31, 2016: \$737,248). All of the Company's financial liabilities had contractual maturities of less than 45 days and are subject to normal trade terms.

Determination of Fair Value

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

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

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, 2017 were calculated as follows:

	Balance at March 31, 2017	Level 1	Level 2	Level 3
Financial Asset:				
Cash	\$ 1,959,308	\$ 1,959,308	\$ -	\$ -

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months ended March 31, 2017

(Expressed in Canadian Dollars)

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, 2017.

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 and cash equivalents. 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 expects its capital resources as of March 31, 2017 to be sufficient to cover its corporate operating costs and carry out exploration activities for the next twelve months. The Company believes it will be able to raise additional debt or equity capital as required, but recognizes the uncertainty attached thereto.

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. All of the Company's operations are within the mining sector relating to precious metals exploration. Management of exploration programs is centralized in England. 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.

	Period ended March 31, 2017					
	Canada	England	Spain	Portugal	Serbia	Consolidated
Exploration expenditures	\$ -	\$ -	\$ -	\$ 174,285	\$ 344,093	\$ 518,378
Interest and other income	664	-	-	-	-	664
Net income (loss)	(62,823)	(37,732)	(5,588)	(187,137)	(352,325)	(645,605)
Capital expenditures*	-	-	-	-	66,659	66,659

	Period ended March 31, 2016					
	Canada	England	Spain	Portugal	Serbia	Consolidated
Exploration expenditures	\$ -	\$ -	\$ -	\$ 116,641	\$ 37,004	\$ 153,645
Net loss	(111,450)	(13,078)	(1,502)	(120,673)	(37,004)	(283,707)

*Capital expenditures consists of additions of property and equipment

Medgold Resources Corp.

(Exploration Stage Company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months ended March 31, 2017

(Expressed in Canadian Dollars)

13. SEGMENTED REPORTING (continued)

As at March 31, 2017	Canada	England	Portugal	Serbia	Consolidated
Total current assets	\$ 1,841,046	\$ 18,173	\$ 50,057	\$ 137,956	\$ 2,047,232
Total non-current assets	64,081	4,876	439,755	179,299	688,011
Total assets	\$ 1,905,127	\$ 23,049	\$ 489,812	\$ 317,255	\$ 2,735,243
Total liabilities	\$ 46,691	\$ 14,028	\$ 99,080	\$ 18,012	\$ 177,811

As at December 31, 2016	Canada	England	Portugal	Serbia	Consolidated
Total current assets	\$ 440,621	\$ 186,067	\$ 199,211	\$ 150,219	\$ 976,118
Total non-current assets	96,110	5,873	441,344	84,142	627,469
Total assets	\$ 536,731	\$ 191,940	\$ 640,555	\$ 234,361	\$ 1,603,587
Total liabilities	\$ 39,341	\$ 20,806	\$ 134,051	\$ 44,672	\$ 238,870

14. CHANGE IN PRESENTATION

The Company has reclassified certain prior period expenses to conform to the current year presentation of expenses.

15. EVENTS AFTER THE REPORTING DATE

Subsequent to March 31, 2017, the following events which have not been disclosed elsewhere in these condensed interim consolidated financial statements have occurred:

- A total of 1,853,700 share purchase warrants with an exercise price of \$0.12 per share expired unexercised
- The Company has agreed, subject to TSX-V approval, to issue a total of 220,000 common shares of the Company to the President of the Company in part consideration for his ongoing services. The shares are to be issued in installments over the 2017 fiscal year.



(the “Company”)

INTERIM MANAGEMENT’S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS

For the Three Months Ended March 31, 2017

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 three months ended March 31, 2017. The following information, prepared as of May 29, 2017, should be read in conjunction with the Company’s unaudited condensed interim consolidated financial statements for three months ended March 31, 2017 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, 2016 and the related MD&A. All amounts are expressed in Canadian dollars unless otherwise indicated. The March 31, 2017 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 company 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.

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 government, predominantly through 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-silver exploration projects in Serbia. The Company has been granted several exploration licences, and is in the process of applying for more, following multiple phases of project generation work. The work led to the identification of the Tlamino Project, where some highly significant channel-chip results have been obtained, and also led Fortuna to option the Project in March 2017.

In Portugal, the Company has taken the decision to discontinue its exploration efforts, as the work completed over the last year has not successfully identified significant and large-scale mineralization suitable to justify further exploration expenditures.

Serbia

The Company has been granted six exploration licences, each covering approximately 100 square kilometres, targeting gold-silver epithermal and gold-dominant porphyry systems associated with the Oligo-Miocene igneous belt in the central and southern parts of the country. Five of these licences are located on the borders of Macedonia and Bulgaria, in the very south of the country, and include the Donje Tlamino and Surlica-Dukat licences, which comprise the Tlamino Project optioned to Fortuna. The Company has registered interest, as the preliminary step before making a full application, for a further twenty-plus licences, covering new targets generated through the strategic alliance with Fortuna.

Strategic Alliance with Fortuna

In June 2016, the Company completed a \$1.5 million private placement to Fortuna by way of the issuance of 10.0 million units at \$0.15 per unit. Each unit consists of one common share of the Company and one warrant entitling Fortuna to purchase one additional common share of the Company at \$0.15 for one year from closing.

The private placement is part of a broader strategic alliance between the Company and Fortuna to explore for precious metal deposits in Serbia. The Company was required to use a minimum of 80% of the financing proceeds on project-generating exploration in Serbia within 12 months, which the Company had completed by January 2017. In February 2017, Fortuna exercised all of its warrants, and the Company is obligated to spend a minimum of 80% of the exercise proceeds on further reconnaissance work in Serbia within 12 months following the date of the warrant exercise.

Pursuant to the strategic alliance, as amended in January 2017, Fortuna has the right to enter into an option agreement to earn up to a 70% interest in up to two of the geological target areas (each a "Selected Property") identified by the Company's project generation and exploration work in Serbia. To acquire an initial 51% interest in the Selected Property, Fortuna must spend a minimum of US\$3.0 million on the Selected Property 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 Selected Property; or Fortuna can elect to be granted the option to earn an additional 19% interest in the Selected Property by completing a preliminary economic assessment on the Selected Property and spending an additional US\$5.0 million in qualified expenditures within three years following the date of the election by Fortuna.

In March 2017, Fortuna identified the Tlamino Project (comprised of the Donje Tlamino and Surlica-Dukat licences) as its first Selected Property, and the Company and Fortuna signed an Option Agreement in connection therewith. The Option Agreement was approved by the TSX Venture Exchange in April 2017.

Project Generative Work

The Company's field teams have been actively undertaking reconnaissance work on highly prospective ground in Serbia, including remote sensing and desktop GIS studies. In late 2016, the Company was granted five exploration licences as a block of five contiguous licences totalling 500 square kilometres in the southeast of the country, bordering Macedonia and Bulgaria. A sixth exploration licence was granted in March 2017.

The block of five contiguous licences is located in the Serbo-Macedonian Massif ("SMM"), a belt of crustal rocks that runs through Serbia along a north-south axis, extending southwards through Macedonia and Bulgaria and into Greece. In Serbia, the SMM is west of, but parallel to, the Carpatho-Balkanides, which includes the Timok Magmatic Complex (TMC), host to a number of copper-gold porphyry-epithermal deposits. The SMM is under-explored when compared to the TMC, having seen lead and zinc exploration work by the Yugoslav government in the 1960s and 70s, but far less exploration post-2000. The sixth licence is located in the Carpatho-Balkanides along the contact of the SMM. The five contiguous licences are located along the Macedonian and Bulgarian borders, approximately 40 kilometres southeast of the city of Vranje, in southeast Serbia. They cover areas of Palaeozoic metasediments, including calcareous schists and marbles, which have been intruded by a series of Oligo-Miocene porphyritic felsic igneous dykes, and locally covered with recent alluvial sediments. Contact zones between dykes and favourable country rock are responsible for many of the known base and precious metal showings within the licence areas. Fairly extensive exploration was completed by the Yugoslav government in the 1960s and 1970s for lead and zinc. Precious metals are often referenced in the historical and archival exploration documentation, but were not the focus of any exploration efforts, nor systematically documented. Today, it is recognized that these mineralized systems are intermediate-sulphidation epithermal in nature, and management believes that their lack of historical precious metal exploration presents significant upside potential for the Company.

In 2016, the Company purchased an exploration dataset from Dundee Precious Metals which had in previous years conducted regional exploration campaigns over parts of these licence areas. The data include regional stream sediment sampling results and a number of fairly detailed soil sampling grids over historical showings and gold-anomalous stream sediment and rock chip results. The data are currently being reviewed and will be followed-up with a series of ground-truthing and quality-control exercises.

The sixth licence, called Kalna, is located on the Bulgarian border, approximately 50 kilometres northeast of the Tlamino Project and 20 kilometres south of the town of Pirot.

The Company has registered interest in a further twenty-plus areas, with the view to making full licence applications, as well as having several additional licences pending issuance from the Ministry of Mines in Serbia.

In the coming months, field crews will be undertaking licence-wide reconnaissance over all issued licences, as well as commencing a series of systematic soil and stream sediment sampling programs and a detailed review of the historical data.

The Tlamino Gold Project

The Tlamino Gold Project is located in southern Serbia, and includes two historical showings: Liska and Barje. Both showings are associated with a regional east-west striking detachment fault, which in the vicinity of these showings has been overlain by conglomerates. Mineralization is located at the contact of the basement metamorphic rocks and the base of the conglomerate cover. Liska, located approximately 1.5 kilometres to the southwest of Barje, was drilled in the 1970s by Yugoslav state companies, and a lensoid-shaped mineralized volume of rock with 1-2 % combined Pb & Zn was found to strike NE towards Barje. The mineralization at Liska is located at the base of the conglomerate and parallel to the slope of the detachment fault. Liska was found to contain only anomalous concentrations of precious metals. At Barje, base metal contents are lower, but precious metals are found in much higher concentrations. The area between the two showings is overlain by a thin conglomerate cover likely in the range of 50 – 100 metre in thickness, and the Company considers the exploration potential under the conglomerate, between the two showings, to be excellent.

After identifying the project in the fall 2016, the Company completed a series of saw-cut surface channel samples over the outcrop at Barje, where approximately 70 metre x 25 metre of mineralized tectonic breccia is exposed on surface at the edge of the conglomerate cover. A total of 132 linear samples of 1 m in length by approximately 8 centimetres in width and 4 centimetres in depth, were collected from 7 channels, designed to test as large an areal extent of the outcrop as possible. Three channels were cut across the outcrop in an east-west direction, while 4 channels were cut across the outcrop in a general north-south direction. Gold assays ranged from 0.78 g/t Au to 132.5 g/t Au, with an average grade of 8.11 g/t Au and a median grade of 4.74 g/t Au. Silver concentrations ranged from 10.3 g/t Ag to 2110 g/t Ag, with an average grade of 210.6 g/t Ag and a median grade of 111.5 g/t Ag.

Applying a top-cut of 31.104 g/t Au (affects 4 / 132 samples) and 700 g/t Ag (affects 6 / 132 samples), the channel length-weighted assay averages are summarized as follows:

Channel	Orientation	Length (m)	Au (g/t)	Ag (g/t)	AuEq (g/t)*	Pb (%)	Zn (%)
1	EW	30	6.64	137.1	8.60	0.33	0.13
2	EW	40	8.32	193.0	11.08	0.29	0.07
3	NS	11	5.55	189.3	8.25	0.20	0.03
4	NS	12	8.63	351.8	13.66	0.44	0.06
5	NS	18	5.71	207.1	8.67	0.54	0.18
6	EW	14.5	3.23	59.6	4.08	0.28	0.01
7	NS	7	7.05	82.0	8.22	0.61	0.02

*Gold equivalent (AuEq) calculated for gold and silver using a gold:silver price ratio of 70:1.

The channel samples described here represent the sampling of an outcrop face. The Company's current exploration model for Barje is premised on the interpretation that the outcrop face represents a faulted oblique cross-section through 'strata-bound' mineralization striking NE-SW, and located at the base of the conglomerate sequence, directly analogous to the mineralization at Liska. However, the Company does not yet have direct observational evidence to suggest its interpretation is correct. The reader is cautioned therefore that the true thickness of the mineralization described here is unknown, and further work will be required before the true thickness of mineralization can be determined.

A plan map showing the locations of the channel samples has been posted on the Company's website at <http://www.medgoldresources.com/>.

Following the completion of a detailed structural interpretation of the geology between the Barje and Liska prospects, a program of ground geophysics is now underway, and will be completed by June 2017. The induced polarization & resistivity (IP-Res) survey will be focused along east-west lines for a total of 34 line-km. The objective of the survey is to attempt to recognize the geophysical signature of the Liska mineralization, which is well constrained by historical drilling, and if successful use this signature to search for buried mineralization in the vicinity of the Barje outcrop. The geophysics may also help to map faults and the base of the conglomeratic cover.

Further work at Barje-Liska will include the completion of a proposed 1,500 metre diamond drilling program, aiming to test the high-grade mineralization sampled at Barje and any significant IP anomalies identified from the geophysical survey. The drilling contractor has been selected and drilling is expected to commence in late July or early August 2017.

Portuguese Projects

The Company currently holds five exploration licences in Portugal which are focused on orogenic gold systems with a total land-holding of over 1,000 square kilometres.

Following the completion of a 2,500 metre diamond drilling program at Boticas in 2016, and a 3,000 metre diamond drilling program in 2015 at Lagares, both optioned to Centerra Gold Inc. ("Centerra"), it has been determined that these projects hold insufficient exploration upside to warrant further work Centerra has decided to withdraw from its option agreement which covers both Boticas and Lagares licences. As a result, the Company is significantly reducing its presence in Portugal by decreasing its exploration team and land-holding. The Company's option agreement with Luso Recursos for the Marrancos project has also been terminated.

Quality Assurance and Quality Control (QA-QC)

Channel sampling at Barje followed a standardized protocol to ensure representative and unbiased quantities of material from across each sample. Samples were delivered by Company personnel directly to the assay lab prep facilities in Bor, Serbia. Samples were analysed by ALS Chemex using analytical method codes Au-ICP21 and ME-MS61, with overlimits for gold and silver analysed by GRA21, and for Ag, Pb, and Zn by OG62. The Company routinely inserted appropriate multi-element geochemical standards and blanks into its sample stream at Barje, and additionally collected regular field duplicate samples.

Qualified Person

David Clark, M.Sc., P.Geo., a member of the Association of Professional Engineers and Geoscientists of British Columbia, 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 March 31, 2017:

	Mar. 31, 2017 (\$)	Dec. 31, 2016 (\$)	Sep. 30, 2016 (\$)	June 30, 2016 (\$)	Mar. 31, 2016 (\$)	Dec. 31, 2015 (\$)	Sep. 30, 2015 (\$)	June 30, 2015 (\$)
Exploration expenditures (recovery)	518,378	(68,610)	595,109	183,013	153,645	150,630	150,852	92,263
General and administrative expenses	127,891	267,330	130,768	549,901	130,062	408,788	6,497	90,439
Net loss	645,605	458,556	725,169	732,914	283,707	518,155	156,781	182,702
Basic and diluted loss per share	0.01	0.01	0.01	0.01	0.01	0.01	0.00	0.00

Exploration expenditures are higher for the most recent quarter and the quarter ended September 30, 2016 as there were increased exploration activities in Serbia following the receipt of the Fortuna private placement funds in late June 2016. The quarter ended December 31, 2016 reflects a net recovery of exploration expenditures due to reimbursements from Centerra pursuant to the Centerra option agreement. The general and administrative expense

for the quarter ended June 30, 2016 is higher than all other quarters presented due to a share-based payments charge of \$416,919 that relates to the issuance of stock options. The general and administrative expense for the quarter ended December 31, 2015 was higher than most other quarters presented due to a foreign exchange loss of \$249,579 while general and administrative expenses for the quarters ended September 30, 2015 and June 30, 2015 were significantly reduced due to foreign exchange gains of \$153,049 and \$92,868, respectively.

Results of Operations

Quarter ended March 31, 2017

For the quarter ended March 31, 2017, the Company had a net loss of \$645,605 compared to a net loss of \$283,707 for the quarter ended March 31, 2016, an increase of \$361,898. This increase is primarily due to exploration costs of \$518,378 incurred during the current quarter compared to \$153,645 during the comparative quarter, a difference of \$364,733.

General and administrative expenses totaled \$127,891 for the current quarter compared to \$130,062 for the comparative quarter, a decrease of \$2,171. The general and administrative costs for the comparative quarter were significantly impacted by a foreign exchange gain of \$43,479 compared to a foreign exchange loss of \$478 in the current quarter, a difference of \$43,957. Expenses for the comparative quarter included finance costs and interest charges whereas there were no such costs for the current quarter. These expenses were related to a short-term loan and convertible note financing, both of which were settled in 2016. Other notable cost decreases in the current quarter were in legal and accounting and management fees. More legal services were required during the comparative quarter relating to mineral property agreements. The lower management fees were due to a portion of the Chief Executive Officer's compensation being allocated to exploration expenditures during the current period.

Liquidity and Capital Resources

The Company's cash resource as at March 31, 2017 was \$1,959,308, an increase from \$837,243 as at December 31, 2016. At March 31, 2017, the Company had current assets totaling \$2,047,232 and current liabilities totaling \$177,811, for working capital of \$1,869,421.

During the period ended March 31, 2017, the Company received \$1,838,320 through the exercise of 12,413,573 share purchase warrants. Of these warrant proceeds, \$1,500,000 was from Fortuna, of which at least 80% must be used towards project generation and exploration activity in Serbia. The proceeds from other warrant exercises will be used for exploration expenditures and general working capital requirements.

The Company expects its current capital resources to be sufficient to cover its corporate operating costs and carry out exploration activities for the next twelve months. Actual funding requirements may vary from those planned due to a number of factors including potential property acquisitions and exploration activity. Management is actively looking for opportunities to raise additional equity capital and believes it will be able to raise additional equity capital as required, but recognizes the uncertainty attached thereto.

Related Party Transactions

Significant related party transactions that occurred during the current period are the following:

- i) Fortuna, a company with a common director, acquired 10,000,000 common shares of the Company by way of exercising 10,000,000 share purchase warrants at a cost of \$1,500,000.
- ii) The Company has agreed, subject to TSX-V approval, to issue a total of 220,000 common shares of the Company to the President of the Company in part consideration for his ongoing services. The shares are to be issued in installments over the 2017 fiscal year.

See Note 10 of the condensed interim consolidated financial statements for the three months ended March 31, 2017 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, Outstanding Options, and Warrants

As at May 29, 2017, the Company's outstanding share position is 85,014,175 common shares and the following stock options and share purchase warrants are outstanding:

No. of options	Exercise price	Expiry date
3,455,000	\$0.15	February 23, 2024
225,000	\$0.15	February 12, 2025
2,550,000	\$0.15	June 28, 2026
6,230,000		

No. of warrants	Exercise price	Expiry date
1,900,000	\$0.15	September 20, 2017
2,900,000	\$0.15	October 12, 2017
4,800,000		

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.