VELOCITY MINERALS LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020

REPORT DATE:
April 29, 2021

This Management Discussion and Analysis (the "MDA") provides relevant information on the operations and financial condition of Velocity Minerals Ltd. (the "Company") as at and for the year ended December 31, 2020 and up to April 29, 2021.

The Company is in the business of mineral exploration, currently focused in Bulgaria, Eastern Europe. Activities include the evaluation, acquisition and exploration of mineral exploration properties in search of economic mineral deposits. The realization of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves and future profitable production or proceeds from the disposition of these assets. The carrying values of exploration and evaluation assets do not necessarily reflect their present or future values.

All monetary amounts in this MDA and in the consolidated financial statements are expressed in Canadian dollars, unless otherwise stated. Financial results are being reported in accordance with International Financial Reporting Standards ("IFRS").

The Company's certifying officers, based on their knowledge, having exercised reasonable diligence, are responsible to ensure that these filings do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which is it was made, with respect to the period covered by these filings, and there associated consolidated financial statements together with other financial information included therein. The Board of Directors' approves the consolidated financial statements and MDA and ensures that management has discharged its financial responsibilities.

The MDA should be read in conjunction with the Company's consolidated financial statements and notes thereto for the year ended December 31, 2020 and 2019.

The Company is registered in the province of British Columbia. Its principal office is located at Suite 890 – 999 West Hastings Street Vancouver, BC, V6C 2W2. Its registered and records office is located at Suite 1170 – 1040 West Georgia Street, Vancouver, BC, V6E 4H1.

FORWARD LOOKING AND CAUTIONARY STATEMENTS

This MDA contains forward-looking statements and forward-looking information (collectively, "forward-looking statements") within the meaning of applicable Canadian and U.S. securities legislation, including the United States Private Securities Litigation Reform Act of 1995 concerning the business, operations and financial performance and condition of the Company. All statements, other than statements of historical fact, included herein including, without limitation, statements regarding future capital expenditures and financings (including the amount and nature thereof), anticipated content, commencement, and cost of exploration programs in respect of the Company's projects and mineral properties, anticipated exploration program results from exploration activities, the discovery and delineation of mineral deposits, resources and/or reserves on the Company's projects and mineral properties, the outcome of legal proceedings and the anticipated business plans and timing of future activities of the Company, are forward-looking statements. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct.

Often, but not always, forward looking information can be identified by words such as "pro forma", "plans", "expects", "may", "should", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", "believes", "potential" or variations of such words including negative variations thereof, and phrases that refer to certain actions, events or results that may, could, would, might or will occur or be taken or achieved.

Forward looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to differ materially from any future results, performance or achievements expressed or implied by the forward-looking information. Such risks and other factors include, among others:

- the Company's strategies and objectives, both generally and in respect of its specific mineral properties or exploration and evaluation assets
- the ability of the Company to obtain sufficient financing to fund its business activities and plans on an ongoing basis
- operating and technical difficulties in connection with mineral exploration or development or mine development activities for the Company's projects generally, including the geological mapping, prospecting, drilling and sampling programs for the Company's projects
- actual results of exploration activities, including exploration results, the estimation or realization of mineral resources and mineral reserves, the timing and amount of estimated future production, costs of production, capital expenditures, and the costs and timing of the development of new deposits,
- possible variations in ore grade or recovery rates, possible failures of plants, equipment or processes to operate as anticipated, accidents, labour disputes and other risks of the mining industry
- delays in obtaining governmental and regulatory approvals (including of the TSX Venture Exchange), permits or financing or in the completion of development or construction activities
- changes in laws, regulations and policies affecting mining operations, hedging practices, currency fluctuations, title disputes or claims limitations on insurance coverage and the timing and possible outcome of pending litigation, environmental issues and liabilities, risks related to joint venture operations, and risks related to the integration of acquisitions
- requirements for additional capital, future prices of precious metals, changes in general economic conditions, changes in the financial markets and in the demand and market price for commodities
- the ability of the Company to successfully respond to any legal challenges to permits or licenses necessary for its mineral exploration or development activities, and the results and impact of any such legal challenges on the Company's exploration timeline and business activities
- the ability of the Company to continue to operate during the COVID-19 pandemic and that the Company's responses to the COVID-19 pandemic will be effective in continuing operations in the ordinary course
- those factors discussed under the headings "Risk and Uncertainties" and "Financial Instruments and Risk Management" in this MDA and other filings of the Company with the Canadian Securities Authorities, copies of which can be found under the Company's profile on the SEDAR website at www.sedar.com.

Readers are cautioned not to place undue reliance on forward-looking statements. The Company undertakes no obligation to update any of the forward-looking information in this presentation or incorporated by reference herein, except as otherwise required by law.

DESCRIPTION OF BUSINESS

Velocity Minerals Ltd. is a gold exploration and development company focused on Eastern Europe. The Company's management and board include mining industry professionals with experience spanning Europe, Africa, Australasia, and the Americas as employees of major mining companies as well as founders and senior executives of junior to mid-tier public companies. The teams' experience includes all aspects of mineral exploration, resource definition, feasibility, finance, mine construction and mine operation as well as a track record in managing publicly listed companies.

The Company is currently focused on exploration assets in Bulgaria, which is a member of the European Union (2007) with a mining law that was established in 1999 and updated in 2011 and 2020. The local currency (BGN) has been tied to the Euro since 1999 (1.956 BGN/EUR). The country is served by modern European infrastructure including an extensive network of paved roads. Mining royalties compare favourably with more established mining countries like Canada, Peru, and Chile. Bulgaria also boasts an exceptionally low corporate tax rate of only 10% and the country's education system is excellent with good availability of experienced mining professionals in a favourable cost environment. Foreign mining companies are successfully operating in Bulgaria. Despite the positive operating environment, the number of established mining companies is low and Velocity is among the first movers in a new influx of foreign mining investment.

The Company's management and board believe that local knowledge and experience are essential components of successful mining investment in a foreign jurisdiction. Velocity Minerals has entered into one joint venture and two property option agreements with Gorubso Kardzhali A.D. ("Gorubso"), an established and respected mining company in Bulgaria. In addition, the Company and Gorubso have entered into an Exploration and Mining Alliance as outlined in more detail below. Gorubso operates the underground Chala Gold Mine (since 2006) and the Kardzhali Carbon In Leach plant ("Processing Plant") (since 2011), which produces gold doré. Gorubso is the first and only company in Bulgaria to have secured a permit for this type of processing of gold ores. Velocity's management has a long-standing relationship with Gorubso as well as abundant previous experience in Bulgaria and elsewhere in the region.

COVID-19

The health and safety of the Company's workforce is a high priority. The Company has recorded six positive cases of COVID-19 among the Company's employees, consultants, contractors. All six cases are fully recovered and the transmission to other employees was effectively contained by the Company's strict operating protocols. Company employees and consultants in Canada and Bulgaria are working from home where personal family circumstances dictate this to be necessary. For most field-based technical personnel in Bulgaria, exploration work continues but with strict operating protocols in line with national and local government guidance and directives, and advice from leading medical experts. Aside from restrictions common throughout the world such as physical distancing and increased personal hygiene, the Company has also modified work rosters to prevent mixing of work groups and introduced temperature and health screening at the work sites.

The longer-term effects of the ongoing COVID-19 pandemic on Velocity's exploration business is uncertain.

EXPLORATION PROJECTS

The Company is focused on gold exploration and development. All of the Company's material projects are located in southeastern Bulgaria.

Tintyava Property

In July 2017, the Company's wholly-owned Bulgarian subsidiary, Kibela Minerals AD ("Kibela") entered into an option agreement, under the terms of which Kibela had the right to acquire an undivided 70% legal and beneficial interest in the Tintyava prospecting and exploration license (the "Tintyava License") for the Tintyava License area (the "Tintyava Property") through delivery to Gorubso of a preliminary economic assessment on the Tintyava Property (the "PEA") prepared under National Instrument 43-101.

Following delivery of the PEA on October 31, 2018, Velocity earned an undivided 70% interest in the Tintyava Property. The Tintyava License is held by a Bulgarian corporation, Tintyava Exploration AD ("Tintyava Exploration"), which during the option period was owned 100% by Gorubso. On March 1, 2019, the Company (through its subsidiary Kibela) entered into a shareholder's agreement with Gorubso regarding Tintyava Exploration and 70% of the shares of Tintyava Exploration were transferred to Kibela.

On February 1, 2018 the Bulgarian Minister of Energy approved the transfer of the Tintyava License to Tintyava Exploration.

On August 31, 2020, the Company disclosed results of a Prefeasibility Study ("PFS") on the Rozino Project, located within the Tintyava Property. On October 15, 2020, the Company filed the NI 43-101 Technical Report entitled Rozino Gold Project, Pre-feasibility Technical Report, dated October 14, 2020.

In April 2021, the Company reported that the Association for Agrarian and Ecological Projects – GEO, a Bulgarian-based NGO (the "NGO"), has filed an appeal against the Bulgarian government's Ministry of Energy (the "Ministry") seeking to nullify the Tintyava License (the "License Appeal"). The NGO alleges that the issuance of the Tintyava License by the

Ministry was inconsistent with the Bulgarian *Ores and Minerals Act* and the *Constitution of the Republic of Bulgaria,* and was not coordinated under the Bulgarian *Carbon Dioxide Sequestration Act* and the Bulgarian *Biodiversity Act*. On March 10, 2021, the Sofia City Administrative Court (the "Administrative Court") made a preliminary ruling on the License Appeal, naming the Ministry as the defendant and Gorubso as an interested party to the proceedings.

In its capacity as an interested party, Gorubso submitted a written response to the Administrative Court on April 16, 2021, arguing that the NGO lacks legal standing to bring the License Appeal, no evidence has been provided to support the allegations made, and the facts known to Gorubso contradict the allegations made. Gorubso's response further argues that even if there was evidence to support the allegations made it would not result in a nullity of the Tintyava License, the Ministry satisfied all procedural requirements in the issuance of the Tintyava License, and there were no flaws in the administrative acts of the Ministry that could result in a nullification of the Tintyava License. Additionally, Gorubso requested that the Administrative Court add Tintyava Exploration as an interested party to the License Appeal, on the basis that Tintyava Exploration is the current holder of the Tintyava License.

Velocity expects that Tintyava Exploration will be named as an interested party in due course after which time Tintyava Exploration will have the opportunity to defend the validity of the Tintyava License. To date, neither Velocity nor Tintyava Exploration has received any communication or notification from the Administrative Court or the NGO regarding the License Appeal.

Published news articles regarding the NGO suggest that its principal is an activist who regularly files appeals against projects and initiatives across government, municipalities, and a range of industries, including the mining industry. The NGO has been largely unsuccessful in its attempts to obstruct a number of projects over the past several years. While there can be no guarantee that a favourable outcome will be reached, the Company believes that the License Appeal will not be successful based on, among other things, the reasons set out above and the delay in bringing the License Appeal. The License Appeal does not currently prevent Tintyava Exploration from proceeding with its exploration activities, however, the potential impact from the License Appeal is unknown and indeterminable at this time. There is a hearing currently scheduled on the License Appeal for May 19, 2021.

Exploration Alliance and other Exploration Projects

In January 2018, Velocity entered into a binding letter agreement with its Bulgarian partner Gorubso, which sets out the terms by which Velocity and Gorubso will form an exploration and mining alliance (the "Alliance") covering all existing and future Gorubso and Velocity projects (the "Projects") within an area of 10,400km^2 (the "Alliance Area").

In September 2018, the Company and Gorubso entered into a definitive "Exploration and Mining Alliance Agreement" (the Alliance Agreement").

Gorubso owns and operates a modern gold Processing Plant, which provides crushing, grinding, gravity, carbon-in-leach, elution, electro-winning, gold doré production and tailings management facilities. The Processing Plant is centrally located within the Alliance Area. Under the terms of the Alliance Agreement, Gorubso will make the Plant available for the processing of mineralized material from current and future properties located within the Alliance. Material processed at the Processing Plant will be charged to any joint venture entities on a cost-plus basis. Securing the use of the Processing Plant provides significant technical and financial risk reduction, as well as potential capital and time savings. Most importantly, securing the use of the processing facility significantly reduces permitting risk and delays that might otherwise arise if a processing plant had to be permitted and built prior to development of any Projects.

On March 5, 2019 the Company signed option agreements for two additional Projects, Nadezhda and Momchil, under the terms of which option agreements the Company has the right to earn an undivided 70% legal and beneficial interest in the Nadezhda and Momchil properties.

On September 25, 2019, the Company signed an option agreement for the Sedefche Project under the terms of which option agreement the Company has the right to earn an undivided 70% legal and beneficial interest in the Sedefche property. On November 3, 2020, the Company disclosed that it had elected not to exercise its option to acquire a 70% interest in the Sedefche property. As consideration for executing a relinquishment agreement, the Company received a cash payment of $1.5 million.

On June 27, 2020, the Company signed an option for the Iglika Project under the terms of which option agreement, the Company has the right to earn an undivided 100% legal and beneficial interest in the Iglika property. The Iglika property is not located within the Alliance. In February 2021, Velocity announced that it had entered into a definitive option agreement with the Property vendors amending the previously announced option exercise terms. Under the amended terms, Velocity exercised the right to acquire 100% of the shares of Balkan Minerals Development EOOD, the Bulgarian company that holds the exploration license for the Project area. The vendors of the Project have retained a 2% net smelter returns royalty for which terms remain unchanged.

Rozino Gold Project, Tintyava Property

Property Description

The Rozino gold deposit is located within the Tintyava Property, which lies within the municipalities of Ivaylovgrad and Krumovgrad in southeast Bulgaria approximately.

On August 31, 2020, the Company disclosed financial results from a Prefeasibility Study ("PFS") completed on the Rozino Project. The technical information included below is sourced from the disclosure. As the information is necessarily summarized, readers are encouraged to review the Company's disclosure in its entirety, including all qualifications and assumptions. The disclosure is intended to be read as a whole, and sections should not be read or relied upon out of context. An independent PFS Technical Report (the "Report") was prepared by CSA Global and filed on SEDAR on October 15, 2020. CSA Global is an international mining consultancy with experience in Bulgaria, in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects.

The PFS establishes the Rozino deposit as supporting an economic open pit mine operation with gold recovery by a combination of on-site concentration in a flotation plant ("Flotation Plant") and further processing to produce a gold-silver doré in the existing and operating processing plant ("Processing Plant") located in Kardzhali, 85 km by road from Rozino, where doré would be produced. The PFS financial model base case returns an after-tax Net Present Value at a 5% discount rate ("NPV5%") of CAD $163 million and an after-tax internal rate of return ("IRR") of 27.4%.

Prefeasibility Study [(1)] Highlights

All amounts are reported in United States dollars (US$) unless otherwise specified.

- **After-Tax Financials**: After-tax $NPV_{5\%}$ of $123 million and after-tax IRR of 27.4% using a base case gold price of $1,500 per ounce
- **Life of Mine Earnings**: $293 million before interest, taxes, and depreciation
- **Cash Cost**: All-in sustaining cost[(2)] of $755 per ounce of gold and cash cost[(3)] of $699 per ounce of gold
- **Capital Costs**: Total estimated capital costs of $94.8 million and pre-production capital costs of $87.1 million (including an 11% contingency)
- **Mineral Resource:** Indicated Mineral Resource at a 0.3 g/t gold cut-off grade of 20.5 Mt at 0.87 g/t gold, for contained gold of 573,000 ounces and an Inferred Mineral Resource at a 0.3 g/t cut-off of 0.38 Mt at 0.8 g/t gold for 10,000 ounces[(4)]
- **Initial Mineral Reserve:** Probable Mineral Reserve at a 0.5 g/t gold cut-off grade of 11.8 Mt at 1.22 g/t gold for 465,000 ounces
- **Mining**: Open pit with 0.5 g/t gold cut-off grade (COG), low strip ratio of 2.2 and 1.22 g/t life of mine ("**LOM**") gold grade
- **Conventional Process Flow Sheet:** Returns 79.3% gold recovery to doré at the operating Processing Plant
- **Processing**: On-site flotation producing gold-bearing pyrite concentrate assaying from 15 to 40 g/t and transportation to the Processing Plant (located 85 km from the Project) for processing to produce doré
- **Low Environmental Risk:** Small project footprint with benign, non-acid generating and non-hazardous waste and tailings material
- **Opportunities for Project Enhancement:** The Rozino gold deposit is open to the southeast and exploration is ongoing. Additional pit tailings storage capacity exists to accommodate potential increases in ore production.

Notes:
(1) Base case parameters assume a gold price of US$1,500/ounce and an exchange rate (CAD$ to US$) of 0.75. Financial results on 100% equity basis.
(2) All-In Sustaining Cost (AISC) is defined as all cash costs related to production costs such as mining, processing, refining, site administration, and NSR royalty to final product (direct and indirect), and mine closure and rehabilitation. Sustaining capital costs related to continuing the business including development and equipment required to sustain production are included. Taxes, working capital, M&A, disposals, and acquisitions as well as new mine development capital costs are excluded. See "Use of Non-IFRS Financial Performance Measures" below.
(3) Cash Costs include production costs such as mining, processing, refining, site administration, and NSR royalty, divided by gold ounces sold to arrive at a cash cost per gold ounce sold. See "Use of Non-IFRS Financial Performance Measures" below.
(4) Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. Inferred Mineral Resources are considered too speculative geologically in nature to enable them to be categorized as Mineral Reserves and there can be no certainty that all or any part of an inferred mineral resources will ever be upgraded to Indicated Mineral Resources or Measured Mineral Resources.

The Mineral Resource estimate was carried out by MPR Geological Consultants Pty Ltd.

Recoverable resources were estimated using Multiple Indicator Kriging (MIK) with block support adjustment, a method that has been demonstrated to provide reliable estimates of recoverable open pit resources in gold deposits of diverse geological styles. Indicator class grades used for the MIK modelling were determined from the mean composite gold grade of each indicator class. Estimates for mineralisation tested by generally consistently 50 m by 50 m and closer spaced drilling are classified as Indicated, with estimates for more broadly sampled zones assigned to the Inferred category. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. To provide estimates with reasonable prospects for eventual economic extraction, Mineral Resources are reported within an optimized pit shell.

Mineral Resource Estimate (effective date 15th April 2020)

Within $1,500/oz pit shell			
Indicated Mineral Resource Estimate			
Cut-off g/t	Tonnes Mt	Grade Gold g/t	Contained Gold koz
0.2	27.2	0.72	630
0.3	**20.5**	**0.87**	**573**
0.4	15.5	1.04	518
0.5	12.0	1.22	471
0.6	9.42	1.40	424
Inferred Mineral Resource Estimate			
Cut-off g/t	Tonnes Mt	Grade Gold g/t	Contained Gold koz
0.2	0.49	0.7	11
0.3	0.38	0.8	10
0.4	0.29	0.9	8
0.5	0.23	1.0	7
0.6	0.17	1.2	7

Notes:
(1) The selected base case Mineral Resources are reported at a cut-off grade of 0.3 g/t gold.
(2) Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.
(3) The Mineral Resources have been classified and reported in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum "CIM Definition Standards - For Mineral Resources and Mineral Reserves" ("CIM Definition Standards").
(4) Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. Inferred Mineral Resources are considered too speculative geologically in nature to enable them to be categorized as Mineral Reserves and there can be no certainty that all or any part of an inferred mineral resources will ever be upgraded to Indicated Mineral Resources or Measured Mineral Resources.

The Rozino deposit supports an economic open pit mining operation. The Mineral Reserve estimate is based on the Indicated classification of the Mineral Resource contained within the pit design. The Mineral Reserve estimate has considered all modifying factors appropriate to the Rozino Gold Project. The reference point at which the Mineral Reserves are defined is where the ore is delivered to the processing plant.

Probable Mineral Reserves (effective date 20th August 2020).

Ore Type	Reserve Category	Tonnes Mt	Gold Grade g/t	Contained Metal koz Gold	Metallurgical Recovery %	Recoverable Metal koz Gold
Oxide	Probable	1.9	1.07	64	67.4	43
Transitional	Probable	1.8	1.15	68	70.7	48
Sulphide	Probable	8.1	1.27	332	83.3	277
Total	**Probable**	**11.8**	**1.22**	**464**	**79.3**	**368**

Notes:
(1) The Mineral Reserve disclosed herein has been estimated in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum "CIM Definition Standards for Mineral Resources and Mineral Reserves" (CIM, 2014).
(2) Mineral Reserves discard cut-off grade was 0.5 g/t gold
(3) Mineral Reserves are based on a $1,500/oz gold price
(4) Mineral Reserves account for mining dilution and ore loss
(5) Probable Mineral Reserves were based on Indicated Mineral Resources
(6) Sum of individual amounts may not equal due to rounding

None of the Inferred category of the Mineral Resources are included in the Mineral Reserves. Inferred Mineral Resources do not contribute to the financial performance of the project and are treated in the same way as waste. Mining losses and mining dilution are incorporated in the MIK Mineral Resource estimate. CSA Global were able to determine that mineralisation can be adequately modelled for its diluted, recoverable grade properties assuming a selective mining unit (SMU) of 4 x 6 x 2.5 m using the MIK methodology. CSA Global consider that the Mineral Resources can be effectively mined by open cut extraction using the selected mining equipment and qualifications relating to training, grade control practices, and drilling and blasting technique applied, without additional dilution and loss factors being applied.

The mine will be a conventional open pit shovel and truck operation. The mine plan allows for the production of 9.2 Mt of high-grade ore and 2.7 Mt of low-grade ore (a total of 11.8 Mt) over a period of 7 years. High grade ore will have a cut-off of 0.8 g/t gold and an average head grade of 1.38 g/t. Low grade ore will have a cut-off of 0.5 g/t and an average head grade of 0.68 g/t. Low-grade ore will be stockpiled on the waste rock dump and processed over the last 18 months of mine life. The mining schedule also identifies ore by the degree of weathering (Oxidised, Transitional and Sulphide). Metallurgical testwork indicated that there was no benefit to processing the ore types separately and therefore there is no selectivity in the mining or processing operations. This mine plan will allow the processing of 1.75 Mt of ore per annum for a total mine life of 7 years.

To support the process design requirements for the Prefeasibility Study, extensive metallurgical testwork programs were undertaken by Wardell Armstrong International Ltd ("WAI") in the UK, and Eurotest Control ("ETC") in Sofia, Bulgaria. The outcomes of the testwork programs confirmed that the flowsheet developed for the PEA, namely flotation followed by CIL ("FCIL") to produce doré, remained the optimal basis for plant design in the PFS. For the Mineral Reserve, the average expected recovery for Oxide material is 67.4%, Transitional 70.7% and Sulphide 83.3% for an average overall combined recovery of 79.3% to final doré. Over the life of the project it is estimated that the expected recovery will vary from 65 to 85% on an annual basis depending on the relative proportions of oxidised ore and gold grade in the plant feed.

Velocity has initiated the environmental and social impact assessment ("ESIA") process, including the permitting procedures to meet Bulgarian regulations and gather environmental data. Under the Bulgarian Environment Protection Act, the development of an economically viable mining reserve requires an Environmental Impact Assessment ("EIA") which complies with European environmental regulations and will inform the environmental component of the ESIA. The prospecting and exploration license agreement for the Tintyava Property has been signed with the Minister of Energy and exploration activities have been approved by the Ministry of Environment and Waters. All necessary permits to conduct the work proposed for the property have been obtained and there are no known significant factors or risks that may affect access, title or the right or ability to perform work on the Property.

Rozino is located within the Eastern Rhodope mountains and therefore requires a compatibility assessment to comply with Bulgarian law and the European Union Natura 2000 Habitats Directive. An initial compatibility assessment was conducted and approved for the exploration program, with a second preliminary assessment completed for exploitation. The results of this preliminary assessment have informed the Project design, resulting in a significantly reduced Project footprint.

Velocity has commenced baseline monitoring to characterise environmental conditions, including surface and groundwater quantity and quality, air quality, acid drainage potential, local meteorological conditions, and ecological aspects.

Social engagement activities have commenced and are ongoing. Local stakeholders are supportive of the Project and have been included and employed in the Project where possible.

Tintyava Property Exploration Program 2021

The license area at Tintyava is approximately 145 km^2 in area. Velocity has defined multiple soil geochemical anomalies for exploration follow up in 2020. All targets are located with a few km of the proposed Rozino processing plant. This proximity means that any discovery arising from the current exploration plan and successfully developed would make use of common infrastructure planned to be built at Rozino.

Exploration drilling is ongoing with approximately 12,000m budgeted for H1 2021.

Nadezhda Project

The Nadezhda project is located within the municipality of Kardzhali in southeast Bulgaria approximately 280 km by road east-southeast of the capital, Sofia. The Company entered into an option agreement for the Nadezhda project, dated March 5, 2019. Under the terms of the option agreement, Velocity can earn a 70% interest in the Nadezhda project by delivering certain data and reports including a mineral resource estimate prepared in accordance with National Instrument 43-101 of the Canadian Securities Administrators guidance.

The Nadezhda Project is centered on the Makedontsi deposit, which is a geological resource registered on the Bulgarian state balance. Historical estimates at Makedontsi were calculated by Gorubso using the Bulgarian classification scheme, based on manual polygonal methods of resource classification. Estimates were submitted to and accepted by the Bulgarian government, Dragiev H, 2013 "Mlechino Prospecting License, Geological Report at the Nadezhda Prospect, with Resource and Reserve Recalculations of 'Au Ores' at the Makedontsi, Dangovo and Kalina deposits".

In order to verify the exploration potential of existing resources at Makedontsi, significant drilling will be required. The Company is not treating the historical resources at Nadezhda as current mineral resources or mineral reserves. Historical resources are not consistent with the standards of disclosure defined by NI 43-101 and may not necessarily be consistent with CIM best practice with respect to reporting mineral resources and reserves. A qualified person has not done sufficient work to classify the historical estimate as current mineral resources or mineral reserves.

The Nadezhda project has had little if any modern systematic exploration carried out and significant exploration potential exists. A program of modern integrated geochemical and geophysical survey is ongoing in order to assess 'blind' mineralisation amenable to open pit mining under a thin post mineralization limestone cover sequence.

Momchil Project

The Momchil project is located within the municipality of Momchilgrad in southeast Bulgaria approximately 310 km by road east-southeast of the capital, Sofia. The Company entered into an option agreement for the Momchil project, dated March 5, 2019. Under the terms of the option agreement, Velocity can earn a 70% interest in the Momchil project by delivering certain data and reports including a mineral resource estimate prepared in accordance with National Instrument 43-101 of the Canadian Securities Administrators guidance.

The Momchil project is centered on the Obichnik deposit, which is a geological resource registered on the Bulgarian state balance. Historical estimates at Obichnik were calculated by Gorubso using the Bulgarian classification scheme, based on manual polygonal methods of resource estimation. Estimates were submitted to and accepted by the Bulgarian government, Dragiev, H, 2006, "Momchil Prospecting License, Report at the 'Zvezdel - Pcheloyad Ore Field', Geological Report with Resource And Reserve Recalculation of 'Au-Ag Ores' at Obichnik Deposit".

In order to verify the potential existence of additional unmined mineralization at Obichnik, significant drilling will be required. The Company is not treating the historical estimates at the Obichnik deposit as current mineral resources or mineral reserves. Historical estimates are not consistent with the standards of disclosure defined by NI 43-101 and may not necessarily be consistent with CIM best practice with respect to reporting mineral resources and reserves. A qualified person has not done sufficient work to classify the historical estimate as current mineral resources or mineral reserves.

The Momchil Project has had little if any modern systematic exploration carried out and significant exploration potential exists. A program of modern integrated geochemical and geophysical survey is ongoing in order to test a large area of intense hydrothermal alteration for mineralization potentially amenable to open pit mining within a package of Palaeogene volcanic and intrusive lithologies.

In March 2021, the Company disclosed an initial Mineral Resource estimate prepared under *National Instrument 43-101*. Highlights include and Initial Resource of 4.4 Mt @ 1.1 g/t gold for 156,000 ounces, at 0.3 g/t gold cut-off grade. Approximately 80% of estimated resources are located within 120m of surface and the mineralized system at Obichnik remains open for expansion.

Obichnik Inferred Mineral Resource Estimate, effective date February 11th, 2021(1)

Cut-Off Grade (gold g/t)	Tonnage (million tonnes)	Grade (gold g/t)	Ounces (gold x 1,000)
0.2	5.9	0.9	171
0.3	**4.4**	**1.1**	**156**
0.4	3.5	1.3	146
0.5	2.8	1.5	135
0.6	2.3	1.6	118
0.7	2.0	1.8	116
0.8	1.7	2.0	109

(1) Mineral resources were estimated by Jonathon Abbott, a member of the Australian Institute of Geoscientists and employee of MPR Geological Consultants Pty Ltd of Perth, Australia. Mr. Abbott is a Qualified Person, as defined by National Instrument 43-101.

Recoverable resources were estimated for the Durusu Zone at Obichnik using Multiple Indicator Kriging ("MIK") with block support adjustment, a method that has been demonstrated to provide reliable estimates of recoverable open pit resources in gold deposits of diverse geological styles. The resource estimates include a variance adjustment to give estimates of recoverable resources above gold cut off grades for selective mining unit ("SMU") dimensions of 5m east by 2m north by 2m in elevation. The variance adjustments were applied using the direct log-normal method.

The estimates are based on data from diamond drilling undertaken by Velocity since 2019 and includes drilling information available on the 10th of February 2021 comprising 37 holes for 6,820m. Velocity's diamond holes are inclined to the southwest at generally 50° at generally around 25m spacing along generally 50 m spaced traverses with rare closer spaced holes.

Resource modelling incorporated two steeply northwest dipping mineralized domains interpreted from 2m down-hole composited gold grades and capturing intervals of greater than 0.1 g/t. The main, northern domain extends over approximately 380m of strike with an average width of around 80m. The subsidiary southern domain averages around 40m wide over 320m of strike. Mineralization is characterized as structurally controlled steep epithermal replacement of the volcanic host with a large envelope of alteration that forms part of a 2.5km by 1km wide intrusive related hydrothermal mineralizing system.

Mineral Resources are truncated at a maximum vertical depth 180m around 30m above the base of mineralized drilling, with around 80% of estimates from depths of less than 120m and less than 5% from below 160m.

Model blocks are categorized by oxidation zone from triangulated surfaces representing the base of complete oxidation and top of fresh rock interpreted from geological logging of Velocity's diamond holes. Within the resource area the depth to the base of complete oxidation averages around 55m, with fresh rock occurring at an average depth of around 68m.

Bulk densities of 2.30, 2.50 and 2.55 tonnes per cubic metre were assigned to completely oxidized, transitional and fresh material respectively on the basis of 30 immersion density measurements performed by Velocity on diamond drill core samples.

All class grades were for MIK modelling determined from bin mean grades with the exception of the upper bins, which were reviewed on a case by case basis for each mineralized domain/oxidation zone subset and bin grades selected on the basis of bin mean, or median with or without exclusion of high grade composites. This approach was adopted to reduce the impact of a small number of outlier composites.

Iglika Project

The Iglika project is located within the municipality of Elhovo in southeast Bulgaria approximately 340 km by road east-southeast of the capital, Sofia. The Company entered into an option agreement for the Iglika project, dated June 26, 2020. Under the terms of the option agreement with the underlying owners (Balkan Mineral Development or BMD), Velocity can earn a 100% interest in the Iglika property by making a cash payment of BGN 62,500 (paid), incurring exploration expenditure of €300,000 by December 31, 2020 to earn a 51% interest in the property, and by incurring exploration expenditures of €500,000 by December 31, 2021 to earn an additional 49% (total 100%). BMD will retain a 2.0% net smelter returns royalty, which will be capped at US$5,000,000 and at any time, 1.5% of the Option Royalty can be purchased for €1,500,000.

In February 2021, Velocity announced that it had entered into a definitive option agreement with the Property vendors amending the previously announced option exercise terms. Under the amended option terms, Velocity exercised the right to acquire 100% of the shares of Balkan Minerals Development EOOD, the Bulgarian company that holds the exploration license for the Project area. The vendors of the Project have retained a 2% net smelter returns royalty for which terms remain unchanged.

Iglika is located in the westernmost portion of the prolific Tethyan belt that transects Bulgaria and hosts a number of epithermal gold and porphyry copper-gold mineral deposits and operating mines. The property is considered to be under-explored, located in a highly prospective precious and base metal mineral belt. Iglika has potential for both epithermal gold and porphyry copper deposits.

Quality Assurance and Quality Control

The work programs in Bulgaria are designed and supervised by Stuart A. Mills, CGeol, the Company's Vice-President Exploration, who is responsible for all aspects of the work, including the quality control/quality assurance program. On-site personnel at the project rigorously collect and track samples which are then security sealed and shipped to ALS Global laboratory in Romania for sample preparation and subsequent analysis.

For the purposes of Mineral Resource Estimation samples are prepared and analyzed by fire assay using a 30-gram charge in compliance with industry standards at ALS' Romanian laboratory. Where necessary a sample split of the milled material is shipped to ALS' Irish laboratory for multi-element analysis using an inductively coupled Mass Spectrometer. Field duplicate samples, blanks and independent controlled reference material (standards) are added to every batch.

Geochemical survey samples are collected for shipment together with 10% blank samples and 10% field duplicates for low temperature drying prior to an appropriate weighted sample being sent to ALS laboratories in Ireland for Aqua Regia digest and ICP-MS finish to determine gold plus 39 multi-elements.

Geophysical surveys are carried out by geophysical consultants using up-to-date technologies, with the results checked by a third-party independent geophysicist for quality control. Raw data is processed and corrected and the results are interpreted by 2 independent groups of geophysicists under the direction of Velocity staff.

Qualified Person

Stuart Mills, the Vice President Exploration for the Company, and a Qualified Person as defined by National Instrument 43-101, has approved the scientific and technical information concerning the Company discussed in this MDA. Mr. Mills is not independent of the Company as he is an officer, a shareholder and holds incentive stock options.

Exploration and evaluation assets

As at December 31, 2020, the Company had a balance of exploration and evaluation assets of $17,901,671 (December 31, 2019 - $10,605,352) which is further detailed in the table below:

	Tintyava	Nadezhda	Momchil	Sedefche	Iglika	Total
	$	$	$	$	$	$
Acquisition costs						
Balance, December 31, 2019	2,005,136	-	-	-	-	2,005,136
				-		
Additions	35,134	1,384	1,384	-	106,952	144,854
Balance, December 30, 2020	2,040,270	1,384	1,384	-	106,952	2,149,990
Exploration and evaluation						
Balance, December 31, 2019	6,380,152	137,440	1,669,925	412,699	-	8,600,216
Drilling and assays	1,331,164	29,646	2,167,370	734,777	40,137	4,303,094
Geological	1,446,977	130,649	200,996	159,952	120,810	2,059,384
Geochemistry	66,874	-	1,079	-	41,098	109,051
Geophysics	14,563	42,027	90,609	-	282,056	429,255
Field and vehicles	220,484	19,512	90,468	45,636	42,925	419,025
Salaries and travel	482,264	38,708	420,770	182,534	133,530	1,257,806
Share-based compensation	55,466	5,002	48,980	21,111	-	130,559
	3,617,792	265,544	3,020,272	1,144,010	660,556	8,708,174
Balance, December 31, 2020	9,997,944	402,984	4,690,197	1,556,709	660,556	17,308,390
Cash proceeds				(1,523,880)		(1,523,880)
Impairment	-	-	-	(32,829)	-	(32,829)
Balance, December 31, 2020	**12,038,214**	**404,368**	**4,691,581**	**-**	**767,508**	**17,901,671**

During the year ended December 31, 2020, the Company incurred $144,854 (2019- $1,554,424) in acquisition costs of mineral properties and $8,708,174 (2019- $6,137,013) in exploration and evaluation costs on its mineral properties.

SELECTED ANNUAL INFORMATION

The following selected financial data have been prepared in accordance with IFRS unless otherwise noted and should be read in conjunction with the Company's financial statements. The following table sets forth selected annual financial information appears below.

Financial Year Ended	December 31, 2020	December 31, 2019	December 31, 2018
Loss and comprehensive loss for the year attributed to owners of the Company	($2,065,739)	($2,536,026)	($2,424,091)
Loss and comprehensive loss for the year attributed to non-controlling interests	($172,728)	($72,846)	-
Exploration and evaluation assets	$17,901,671	$10,605,352	$2,913,915
Total assets	$29,010,729	$14,025,180	$3,494,736
Working capital	$10,028,215	$2,496,894	$272,344
Net loss per share	($0.02)	($0.03)	($0.04)

RESULTS FROM OPERATIONS

Three months ended December 31, 2020 and 2019 (Q4 2020 and Q4 2019)

During the three months ended December 31, 2020, the Company reported net loss for the period of $662,085, of which $601,172 attributed to the owners of the Company and $60,913 to the non-controlling interest, compared to a net loss for the period of $580,096, of which $507,250 attributed to the owners of the Company and $72,846 to the non-controlling interest. Loss per share was $0.01 for the quarter ended December 31, 2020 and 2019.

The Company's general and administrative costs were $331,834 (2019 - $491,568), and an analysis of the major items are as follows:

- Consulting fees of $34,305 in Q4 2020 as compared to $56,464 in Q4 2019 decreased as a result of certain personnel paid as consultants in 2019 were hired as employees of the Company in 2020.

- Professional fees incurred during Q4 2020 were a recovery of $12,515, due to and over accrual of liabilities related to Iglika in Q3 2020, compared to a recovery of $84,842 in Q4 2019, which related to an over accrual of liability to the Rozino in the previous quarters of 2019.

- Salaries decreased to $144,388 in Q4 2020 compared to $233,472 in Q4 2019 as a result of reduced incentive payments in 2020 offset by some consultants transitioning to employees.

- Investor relations of $11,769 in Q4 2020 was a decrease against Q4 2019 of $28,157, which was a result of decreased investor conferences.

- Share-based compensation of $32,700 (2019 - $167,000) decreased as the Company issued less stock options in the quarter.

The Company recorded net other expenses of $330,251 in Q4 2020 compared to $399,690 in Q4 2019 and an analysis of the major items are as follows:

- Foreign exchange loss of $39,532 in Q4 2020 compared to a foreign exchange gain of $103,707 in Q4 2019 due to movements in the exchange rates of the Bulgarian lev in respect to the Canadian dollar.

- Interest income of negative $49,786 in Q4 2020 compared to $50,459 in Q4 2019, due to a reversal of over accrued interest receivable in the previous quarters of 2020.

- Accrued interest expense on convertible debenture decreased to $109,137 in Q4 2020 from $346,392 in Q4 2019 as in the prior year the accrued interest relates to the full year and was recorded in full in Q4 2019.

- Accretion expense of $52,194 in Q4 2020 compared to accretion expense of $148,300 in Q4 2019 as in the prior year the accretion relates to the full year and only recorded in Q4 2019.

Year ended December 31, 2020 and 2019

During the year ended December 31, 2020, the Company reported net loss for the period of $2,238,467 of which $2,065,739 attributed to the owners of the Company and $172,728 to the non-controlling interest, compared to a net loss of $2,608,872, of which $2,536,026 attributed to the owners of the Company and $72,846 to the non-controlling interest for the year ended December 31, 2019. Loss per share was $0.02 and $0.03 for the year ended December 31, 2020 and 2019 respectively.

The Company's general and administrative costs were $1,662,311 (2019 - $2,253,909), and an analysis of the major items are as follows:

- The Company recorded $83,839 of consulting fees in the statement of loss and comprehensive loss for 2020 (2019 - $210,847). Overall consulting decreased from 2019 to 2020, as a result of certain consultants being hired as employees of the Company in 2020.

- Investor relations of $182,758 (2019 - $215,999) decreased because the Company did not attend as many in person investor conferences in the year.

- The Company recorded Professional fees of $314,394 (2019 - $470,906) consisting of legal, accounting and auditing. Legal fees decreased as the prior year had an increase in legal services related to entering and the execution of several property option agreements in 2019.

- Salaries of $627,361 (2019 - $541,776) increased due to hiring on additional personnel at the Company's head office, as well as a full year of general increases in salary levels commensurate with the increased level of activities of the Company.

- Travel expenses were $32,539 in 2020 compared to $170,469 in 2019 due to the decreased travel to Bulgaria.

- Share-based compensation of $125,578 decreased in 2020 compared to $321,000 in 2019. The decrease is due a lower number of options being granted to corporate employees that are not allocated to exploration and evaluation assets.

The Company recorded net other expense of $576,156 in 2020 compared to net other expenses of $354,963 in 2019, and an analysis of the major items are as follows:

- Foreign exchange gain/loss of $51,800 in 2020 compared to a foreign exchange gain of $74,125 in 2019. The decrease in foreign exchange gain was due to the weakening of the Bulgarian lev in respect to the Canadian dollar as at December 31, 2020.

- Interest income of $44,520 in 2020 compared to $65,604 in 2019, due to lower interest rates through the year, despite the high cash balances over the year.

- Interest expense on convertible debenture of $432,991 and accretion expense of $206,656 in 2020 as compared to $346,392 and 148,300 in 2019 respectively. The increase is due to the full year the convertible debenture was outstanding in 2020.

SUMMARY OF QUARTERLY RESULTS

The following selected financial data have been prepared in accordance with IFRS and should be read in conjunction with the Company's consolidated financial statements. The following is a summary of selected financial data for the Company for its eight completed financial quarters ended December 31, 2020.

Quarter Ended Amounts in $'000 (except EPS)	Dec. 31, 2020	Sept. 30, 2020	June 30, 2020	Mar. 31, 2020	Dec. 31, 2019	Sept. 30, 2019	June 30, 2019	Mar. 31, 2019
Net income (loss)	(662)	(585)	(650)	(341)	(507)	(410)	(306)	(1,313)
Earnings (loss) per share – basic and diluted	(0.01)	(0.01)	(0.01)	(0.00)	(0.01)	(0.00)	(0.00)	(0.02)
Total assets	29,011	20,510	19,800	20,290	14,025	13,451	13,967	12,169
Working capital	10,028	3,643	4,403	6,184	2,497	5,216	6,980	7,468

The changes in the Company's financial results on a quarter-by-quarter basis are due primarily to fluctuations in the level of activity of Company's exploration programs and administration. Total assets and working capital will fluctuate based on any debt or equity issuances, with working capital being decreasing based on the predominantly on exploration activities. The Company is a mineral exploration company and does not earn any revenue.

The significant increase in net loss for the quarter ended March 31, 2019 was driven by higher professional fees incurred in respect to execution of option property agreements, and a strategic corporate investment including an equity financing, and issuance of convertible debentures.

FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

The Company has been historically financing its operations through the issuance of shares or debt. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. If adequate financing is not available when required, the Company may be required to delay, scale back or eliminate various programs and may be unable to continue in operation. The Company may seek such additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering could result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

The Company's future revenues, if any, are expected to be in large part derived from the development of its mineral properties for the mining of certain minerals, particularly gold, or interests related thereto. The economics of developing and producing resource properties are affected by many factors including the cost of operations, variations in the grade of ore discovered or mined and the price of the metals produced. Depending on metal prices, the Company may determine that it is impractical to continue development of its mineral properties or to pursue commercial production.

Gold prices are affected by factors that include anticipated changes in international investment patterns and monetary systems, economic growth rates, political developments and shifts in supply and demand. Gold prices remain moderate to strong for the foreseeable future.

The financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

	December 31, 2020	December 31, 2019
Working capital	$10,028,215	$2,496,894
Deficit	($15,983,513)	($13,917,774)

Net cash used in operating activities during the year ended December 31, 2020 was $1,754,285 (2019 – $1,880,062).

Net cash used in investing activities during the year ended December 31, 2020 was $7,086,575 (2019 - $5,643,841). This included cash used for exploration and evaluation assets of $7,005,767 for 2020 (2019 – $5,541,642).

Net cash provided by financing activities during the year ended December 31, 2020 was $16,167,262 (2019 - $10,498,302). This included cash contributions of $1,053,156 (2019 - $1,208,453) by the Company's joint venture partner for Tintyava's exploration program.

Financings during the year ended December 31, 2020 and up to April 29, 2021

Non-brokered private placements:

On February 12, 2020, the Company closed a non-brokered private placement of 14,467,687 units for gross proceeds of $5,787,075 (the "February 2020 Financing"). Each unit consists of one common share in the capital of the Company and one-half of one common share purchase warrant, with each whole warrant entitling the holder thereof to purchase one common share at a price of $0.55 per common share for a period of 18 months from the issue date.

In connection with the February 2020 Financing, the Company paid aggregate finder's fees consisting of $92,260 in cash and issued 215,250 non-transferrable finder's warrants ("Finder's Warrant"). Each Finder's Warrant entitles the holder to purchase one common share at a price of $0.40 per common share for a period of 12 months from the issue date. The fair value of the Finder's warrants was estimated to be $24,000 using the Black-Scholes option pricing model. The Company incurred $80,001 in legal and regulatory fees in connection with the Financing.

On November 24, 2020, the Company closed a 9.99% strategic investment with Dundee Precious Metals Inc. ("DPM") whereby the Company has issued and sold 13,394,000 common shares to DPM for an aggregate purchase price of $6,697,000 (the "Strategic Investment") on a private placement basis.

In connection with the Strategic Investment, Velocity issued to Artemis Gold Inc. ("ARTG") 4,000,000 common shares at a price of $0.50 per share for gross proceeds of $2,000,000, in connection with the exercise by ARTG of its participation right to maintain its shareholdings of Velocity at approximately 22% on an issued and outstanding basis. In addition, an existing joint venture partner of the Company, Gorubso Kardzhali AD ("Gorubso"), subscribed for 500,000 common shares at a price of $0.50 per share for gross proceeds of $250,000.

Shares issued for interest on convertible debenture:

On April 1, 2020, the Company issued 742,184 common shares for the semi-annual interest of $216,495 on the Convertible Debenture. The interest was for the period October 1, 2019 to March 31, 2020.

On October 5, 2020, the Company issued 485,415 common shares as payment for the accrued semi-annual interest on its convertible debenture for the period April 1, 2020 to September 31, 2020.

On March 26, 2021 Convertible Debentures in the aggregate principal of $5,094,000 and accrued interest of $208,784 for a total debt of $5,302,784 were converted 21,211,136 common shares of the Company.

Shares issued pursuant to exercise of warrants and options:

During the year ended December 31, 2020 the Company issued 3,350,000 common shares pursuant to stock options exercises for aggregate gross proceeds of $646,500. In addition, the Company issued 642,500 shares for gross proceeds of $128,500 pursuant to warrants exercises.

Subsequent to December 31, 2020, the Company issued 775,000 common shares pursuant to stock options exercises for aggregate gross proceeds of $221,500, and 561,384 common shares pursuant to share purchase warrants exercises for gross aggregate proceeds of $154,487.

Capital Management

The Company defines capital that it manages as shareholders' equity, consisting of issued common shares, stock options and warrants included in reserve, and subscriptions receivable.

The Company manages its capital structure and adjusts it, based on the funds available to the Company, in order to support the acquisition, exploration and development of exploration and evaluation assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The property in which the Company currently has an interest is in the exploration stage; as such the Company has historically relied on the equity markets to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital restrictions. There we no changes to the Company's approach to capital management during the year ended December 31, 2020.

RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. Key management personnel compensation for the years ended December 31, 2020 and 2019 was as follows:

		Three months ended December 31,				Twelve months ended December 31,		
		2020		2019		2020		2019
Short-term benefits paid or accrued:								
Consulting fees[1]	$	129,400	$	187,415	$	530,000	$	472,165
Salaries and directors' fees		121,500		222,000		458,167		548,100
		250,900		**409,415**		**988,467**		**1,020,265**
Share-based payments:								
Share-based payments		34,898		65,103		155,485		140,589
Total remuneration	$	**285,798**	**$**	**474,518**	**$**	**1,143,952**	**$**	**1,160,854**

[1]Consulting fees of $49,5877 and $411,807 are included in exploration and evaluation assets for the three months and year ended December 31, 2020 respectively ($173,350 and $383,300 for the three months and year ended December 31, 2019 respectively).

As at December 31, 2020, $21,885 due to key management personnel were included in trade payables (December 31, 2019- $204,481). These amounts were unsecured, non-interest bearing and due within 30 days.

No post-employment benefits, termination benefits, or other long-term benefits were paid to or recorded for key management personnel during the three months and year ended December 31, 2020 and 2019.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation and judgment relate to the recoverability of the carrying value of exploration and evaluation assets, determining whether an acquisition is a business combination or an assets acquisition, fair value measurements for financial instruments and share-based compensation and other equity-based payments, the recognition and valuation of provisions for restoration and environmental liabilities, and the recoverability and measurement of deferred tax assets and liabilities. Actual results may differ from those estimates and judgments.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

None.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet financing arrangements.

PROPOSED TRANSACTIONS

Currently the Company is not a party to any material proceedings. The Company continually evaluates new opportunities, including new properties by staking, acquisition or joint venture, and corporate consolidation or merger opportunities.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash and cash equivalents, receivables, trade and other payables, lease liability, and convertible debenture.

As at December 31, 2020, the carrying values of receivables and trade and other payables approximate their fair values due to their short terms to maturity. The Company's cash and cash equivalents, under the fair value hierarchy is based on level 1 quoted prices in active markets for identical assets or liabilities.

The Company's financial instruments are exposed to certain financial risks including, credit risk, currency risks, liquidity risk, interest rate risk and capital risk management. Details of each risk are laid out in the notes to the Company's annual audited financial statements. Management has determined that these risks, individually and in aggregate, are immaterial to the Company.

Financial Risk Factors

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company's financial instruments consist of cash and cash equivalents, receivables, trade and other payables, lease liability, and convertible debenture.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit Risk

Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and receivables. Management believes that the credit risk concentration with respect to receivables is remote as they are due from the Government of Canada. The Company's cash is deposited in accounts held at a large financial institution in Canada. As such, the Company believes the credit risk with cash is remote. Receivables comprise input tax receivables due from the Government of Canada. The Company considers the credit risk of receivables to be low.

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 has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

As at December 31, 2020, the Company had a cash balance of $10,543,821 (2019 - $3,217,419) to settle current liabilities of $930,602 (2019 - $839,285). All the Company's trade and other payables are subject to normal trade terms.

Historically, the Company's sole source of funding has been advances from related individuals and entities. The Company's access to financing is always uncertain. There can be no assurance of continued access to funding. The Company will seek to complete further equity financing to continue its programs on its exploration and evaluation assets.

Interest Rate Risk

Interest rate risks is the risk that the fair value of future cash flows from a financial instrument will fluctuate because of changes in market prices. The Company has cash balances, which are exposed to interest rate fluctuations and convertible debentures with fixed interest rate.

The Company's current policy is to invest excess cash in investment-grade demand investments issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. The Company is not subject to significant exposure to interest rate risk.

Foreign Currency Risk

The Company is exposed to foreign currency risk on fluctuations related to assets and liabilities that are denominated in United States dollars and Bulgarian Lev. As at December 31, 2020, the Company had cash funds denominated in either the United States dollars, or the Bulgarian Lev. A 10% fluctuation between the Canadian dollar against the Bulgarian Lev or United States dollar, would result in $49,100 decrease or increase in profit or loss.

Price Risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's profit or loss, the ability to obtain financing, or the ability to obtain a public listing due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on profit or loss and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in value may be significant.

OUTSTANDING SHARE DATA

	April 29, 2021	December 31, 2020
Common shares issued and outstanding	157,921,535	135,374,015
Stock options outstanding	6,705,000	7,580,000
Warrants outstanding	18,891,228	19,456,810
Shares issuable on conversion of Convertible debenture[1]	-	20,376,000
Total	**183,517,763**	**182,786,825**

[1] Calculated by dividing the principal of the convertible debenture of $5,094,000 by the conversion share price of $0.25.

RISKS AND UNCERTAINTIES

The Company is subject to a number of significant risks due to the nature of its business and the present stage of its business development. Only those persons who can bear risk of the entire loss of their investment should invest in the Company's common shares, convertible debentures, warrants, options or other securities.

The Company's failure to successfully address such risks and uncertainties could have a material adverse effect on its business, financial condition and/or results of operations, and the future trading price of its common shares may decline and investors may lose all or part of their investment. The Company cannot give assurance that it will successfully address these risks or other unknown risks that may affect its business. Estimates of mineral resources and mineral reserves are inherently forward-looking statements subject to error. Although mineral resource and mineral reserve estimates require a high degree of assurance in the underlying data when the estimates are made, unforeseen events and uncontrollable factors can have significant adverse or positive impacts on the estimates. Actual results will inherently differ from estimates. The unforeseen events and uncontrollable factors include: geologic uncertainties including inherent sample variability, metal price fluctuations, variations in mining and processing parameters, and adverse changes in environmental or mining laws and regulations. The timing and effects of variances from estimated values cannot be accurately predicted.

Below is a brief summary of some of the Company's risks and uncertainties. These risk factors are not a definitive list of all risk factors associated with an investment in the common shares of the Company or in connection with the Company's operations.

Mineral Exploration and Development

The exploration and development of minerals is highly speculative in nature and involves a high degree of financial and other risks over a significant period of time, which even a combination of careful evaluation, experience and knowledge may not eliminate.

The Company has completed a pre-feasibility study for its Rozino Gold project, and the Nadezhda, Momchil and Iglika properties are currently in the early exploration stage. While discovery of a mineral deposit may result in significant rewards, few properties which are explored are ultimately developed into producing mines. Whether a mineral deposit will be commercially viable depends on a number of factors, including the particular attributes of the deposit, financing costs, the cyclical nature of commodity prices, and government regulations (including those related to prices, taxes, currency controls, royalties, land tenure, land use, importing and exporting of mineral products, and environmental protection). The effect of these factors or a combination thereof, cannot be accurately predicted but could have an adverse impact on the Company. The Company's operations are also subject to all of the hazards and risks normally encountered in mineral exploration and development. These risks include unusual and unexpected geological formations, seismic activity, rock bursts, cave-ins, water inflows and other conditions involved in the drilling and removal of material, environmental hazards, industrial accidents, periodic interruptions due to adverse weather conditions, labour disputes, political unrest and theft. The occurrence of any of the foregoing could result in damage to, or destruction of, mineral properties or interests, production facilities, personal injury, damage to life or property, environmental damage, delays or interruption of operations, increases in costs, monetary losses, legal liability and adverse government action.

Financing Risks

The Company has limited financial resources and there is no assurance that sufficient additional funding will be available to enable it to fulfill the Company's existing obligations or for further exploration and development on acceptable terms or at all. The Company does not generate revenue or cash flow and there can be no assurance that the Company will be able to obtain sufficient financing in the future on terms acceptable to it. The ability of the Company to arrange additional financing in the future will depend, in part, on prevailing capital market conditions as well as the business performance of the Company. The most likely source of future financing presently available to the Company is through the sale of additional common shares, which would mean that each existing shareholder would own a smaller percentage of the common shares then outstanding. Also, the Company may issue or grant warrants or options in the future pursuant to which additional common shares may be issued. Exercise of such warrants or options will result in dilution of equity ownership to the Company's existing shareholders. Failure to obtain additional funding on a timely basis could result in delay or indefinite postponement of further exploration and development and could cause the Company to forfeit its interests in its mineral resource properties or to reduce or terminate its operations.

Uncertainty in the Estimation of Mineral Resources and Reserves

The Company has delineated mineral resources at the Rozino project and has published mineral resource estimates, in accordance with NI 43-101 PFS Technical Report entitled “Rozino Gold Project, Pre-feasibility Technical Report”, which is dated October 14, 2020 (effective date August 30, 2020) and available on SEDAR and the Company’s website.

Mineral resources and reserves are estimates only and no assurance can be given that the anticipated tonnages and grades will be achieved or that assumptions on recovery will be realized. Investors are cautioned not to assume that any part or all of those mineral deposits classified as a mineral resource will ever be converted into mineral reserves or that mineral resources or mineral reserves will be mined at the anticipated tonnages and grades. Estimation is a subjective process, and the accuracy of any mineral resource or mineral reserve estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Further, the resource estimates are classified as “inferred mineral resources.” Inferred mineral resources have a great amount of uncertainty as to their existence, and economic and legal feasibility. There can be no assurance that the Company will be able to increase the confidence level of all or any of the inferred resources. If the Company’s actual mineral resources or mineral reserves are less than current estimates or if the Company fails to develop its resource and reserve base through the realization of identified mineralized potential, its results of operations or financial condition may be materially and adversely affected.

Price of Gold

The ability of the Company to develop its mineral resource properties will be significantly affected by changes in the market price of gold. The price of gold is affected by numerous factors beyond the Company’s control. The level of interest rates, the rate of inflation, the world supply of and demand for gold, as well as the stability of currency exchange rates can all cause fluctuations in price. Such external economic factors are influenced by changes in international investment patterns and monetary systems as well as various political developments. A drop in the price of gold would adversely impact the Company’s future prospects. The price of gold has historically fluctuated widely, and future price declines could cause the development of (and any future commercial production from) the Company’s properties to be impracticable. In addition, sustained low gold prices could result in a halt or delay the exploration and development of the Company’s properties; and reduce the potential for financings required for further exploration and development activities. These developments could have a material adverse impact on the Company’s financial performance and results of operations.

Potential Profitability and Factors Beyond the Control of the Company

The potential profitability of mineral properties is dependent upon many factors beyond the Company’s control. For instance, world prices of and markets for gold are unpredictable, highly volatile, potentially subject to governmental fixing, pegging and/or controls and respond to changes in domestic, international, political, social and economic environments. Profitability also depends on the costs of operations, including costs of labour, equipment, electricity, environmental compliance or other production inputs. Such costs may fluctuate in ways the Company cannot predict and are beyond the Company’s control, and such fluctuations will impact profitability and may eliminate profitability altogether. Additionally, due to worldwide economic uncertainty, the availability and cost of funds for development have become increasingly difficult, if not impossible, to project. These changes and events may materially affect the financial performance of the Company.

Environmental Risks and Hazards

All phases of the Company’s operations are subject to extensive environmental regulations. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation, provide for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry activities and operations. They also set forth limitations on the generation, transportation, storage and disposal of hazardous waste. A breach of these regulations may result in the imposition of fines and penalties. In addition, certain types of mining operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the viability or profitability of operations. Environmental hazards may exist on the properties in which the Company holds its interests or on properties that will be acquired which are unknown to the Company at present and which have been caused by previous or existing owners or operators of those properties.

Title Risks

While the Company has investigated title to its current mineral resource properties under joint-venture and option agreements, there is a risk that title to the property will be challenged or impugned. The property may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects. If title defects do exist, it is possible that the Company may lose all or a portion of its rights, title, estate and interest in and to the properties, when and if earned, to which the title defects relate.

Title rights, permits and licenses necessary for the Company's operations may be challenged or impugned by third parties on the basis of administrative, legal or procedural errors made by governmental authorities in granting such rights, permits or licenses. No assurance can be given that such rights, permits or licenses will not be revoked, nullified or significantly altered to the Company's detriment.

Competition

The mineral exploration business is competitive in all of its phases. The Company competes with numerous other companies and individuals, including competitors with greater financial, technical, and other resources, in the search for and the acquisition of attractive mineral properties. The Company's ability to acquire properties in the future will depend not only on the Company's ability to develop its properties, but also on the Company's ability to select and acquire suitable prospects for mineral exploration or development. In addition, the mining industry periodically faces a shortage of equipment and skilled personnel and there can be intense competition for experienced geologists, engineers, field personnel and other contractors. There is no assurance that the Company will be able to compete successfully with others in acquiring prospective properties, equipment or personnel.

Foreign Operations

The Company's operations consist of the acquisition, exploration, development and investment in mineral resource properties. The majority of the Company's operations and business are outside of Canada, and as such, the Company's operations are exposed to various political and other risks and uncertainties. The Company conducts its operations through foreign subsidiaries and substantially all of its assets are held in such entities. Accordingly, any limitation on the transfer of cash or other assets between or among such entities could restrict or impact the ability to fund its operations. Any such limitations, or the perception that such limitations may exist now or in the future, could have an adverse impact on the Company's business, financial condition and results of operations.

Foreign Country Political Environment

The Company's operations in Bulgaria may be subject to geopolitical, regulatory, sovereign, economic and other risks that may affect the Company's future operations and financial position.

Investing in foreign countries exposes the Company to sovereign risks, including the risk that title rights, permits and licenses necessary for the Company's operations may be susceptible to revision or cancellation by new laws or changes in foreign government. Changes in applicable laws or regulations, or changes in the enforcement or regulatory interpretation of applicable laws or regulations could have a material adverse effect on the Company's mineral operations. The Company can make no assurances that future political and economic conditions in such countries will not result in changes to policies or attitudes respecting the development and ownership of resources. Changes in policy or attitudes may result in changes to laws affecting ownership of assets, land tenure and resource concessions, taxation, royalties, exchange rates, environmental protection, labour relations, repatriation of income and return of capital, any of which may affect the Company's ability to undertake exploration and development on the properties on which the Company holds or will be entitled to royalties or other interests.

The title rights, permits and licenses necessary for the Company's operations are also exposed to risks and uncertainties relating to the administration of political, regulatory and judicial processes in such countries, including risks relating to illegal, *ultra vires* or unauthorized acts by governmental authorities, the invalidation of prior government orders and the renegotiation or nullification of existing contracts, licenses or permits granted by a governmental authority.

Any changes in governmental laws, regulations, economic conditions, any illegal, *ultra vires* or unauthorized acts by governmental authorities or any shifts in political attitudes or stability are beyond the control of the Company and any such changes or events may have a material adverse effect on the Company's results of operation and financial condition. Investors should carefully assess the political risks of investing in a foreign country.

Infrastructure

Development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources, and water supply are important determinants for capital and operating costs. The lack of availability on acceptable terms or the delay in the availability of any one or more of these items could prevent or delay exploration or development of our mineral resource properties. If adequate infrastructure is not available in a timely manner, there can be no assurance that the exploration or development of our projects will be commenced or completed on a timely manner, if at all. In addition, unusual weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect our exploration and development activities.

Price Volatility and Lack of Active Market

The market price of a publicly traded stock, especially a junior resource issuer such as the Company, is affected by many variables in addition to those directly related to exploration successes or failures. Such factors include the general condition of markets for resource stocks, the strength of the economy generally, the availability and attractiveness of alternative investments, and the breadth of the public markets for the stock. As a result, the market price of the common shares is highly volatile and there can be limited liquidity in the market. Therefore, holding common shares involves a high degree of risk and investors could suffer significant losses if the Company's common shares are depressed or illiquid when an investor seeks liquidity.

Key Executives

The Company is dependent on the services and technical expertise of several key executives, including the directors of the Company and a small number of highly skilled and experienced executives and personnel. Due to the relatively small size of the Company, the loss of any of these individuals may adversely affect the Company's ability to attract and retain additional highly skilled employees and may impact its business and future operations.

Internal Controls

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, and not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation. The Company is undertaking to put into place a system of internal controls appropriate for its size, and reflective of its level of operations, however, given the size of the Company and its limited resources, these controls may be inadequate to identify all errors.

Conflicts of Interest

Certain of the Company's directors, officers and other members of management do, and may in the future, serve as directors, officers, promoters and members of management of other mineral exploration and development companies and, therefore, it is possible that a conflict may arise between their duties as a director, officer, promoter or member of the Company's management team and their duties as a director, officer, promoter or member of management of such other companies. The Company's directors and officers are aware of the laws establishing the fiduciary duties of directors and officers including the requirement that directors disclose conflicts of interest and abstain from voting on any matter where there is a conflict of interest. The Company will rely upon these laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors or officers.

Surface Rights

The Company does not own all of the surface rights at its properties and there is no assurance that surface rights owned by the government will be granted, nor that they will be on reasonable terms if granted. Failure to acquire surface rights may impact the Company's ability to access its properties, as well as its ability to commence and/or complete construction or production, any of which would have a material adverse effect on the profitability of the Company's future operations.

Uninsured Risks

The Company's business is subject to a number of risks and hazards including adverse environmental effects and technical difficulties due to unusual or unexpected geologic formations. Such risks could result in personal injury, environmental damage, damage to and destruction of the facilities, delays in exploration and development and liability. For some of these risks, the Company maintains insurance to protect against these losses at levels consistent with industry practice. However, the Company may not be able to maintain current levels of insurance, particularly if there is a significant increase in the cost of premiums. Insurance against environmental risks is generally expensive and may not continue to be available for the Company and other companies in the industry. The Company's current policies may not cover all losses. The Company's existing policies may not be sufficient to cover all liabilities arising under environmental law or relating to hazardous substances. Moreover, in the event that the Company is unable to fully pay for the cost of remedying an environmental problem, the Company might be required to suspend or significantly curtail its activities or enter into other interim compliance measures.

Litigation Risks

In the normal course of the Company's operations, it may become involved in, named as a party to, or be the subject of, various legal proceedings, including regulatory and tax proceedings, legal actions related to personal injuries, property damage, property tax, land rights, the environment and contractual disputes.

The Company operates in foreign countries and in the event of a dispute arising from foreign operations, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in Canada. The Company may also be hindered or prevented from enforcing its rights with respect to a governmental authority due to the doctrine of sovereign immunity.

The outcome of outstanding, pending or future proceedings or disputes cannot be predicted with certainty and may be determined adversely to the Company. Any adverse or arbitrary result could have a material adverse effect on the Company's assets, liabilities, business, financial condition and results of operations.

COVID-19 Pandemic

The Company has been impacted by six cases of COVID-19 over the past year of the pandemic. The impact has not been significant however if the COVID-19 Pandemic was to continue and or worsen it may have further impact on its business and operations, which could include the Company's ability to purchase products and/or services at reasonable costs in the operation of its business and to stay on schedule due to the reliance on external parties in the permitting process. In order to minimize potential impacts on the Company's personnel and operations, it continues to offer 'work from home' opportunities at its offices in Canada, has reduced travel and transitioned to virtual meetings where feasible. The Company has and will continue to take other measures recommended by Health Canada and the World Health Organization, as appropriate.

Cyber Security Incident

Information systems and other technologies, including those related to the Company's financial and operational management, and its technical and environmental data, are an integral part of the Company's business activities. Network and information systems related events, such as computer hacking, cyber-attacks, computer viruses, worms or other destructive or disruptive software, process breakdowns, denial of service attacks, or other malicious activities or any combination of the foregoing or power outages, natural disasters, terrorist attacks, or other similar events could result in damages to the Company's property, equipment and data. These events also could result in significant expenditures to repair or replace damaged property or information systems and/or to protect them from similar events in the future. Furthermore, any security breaches such as misappropriation, misuse, leakage, falsification, accidental release or loss of information contained in the Company's information technology systems including personnel and other data that could damage its reputation and require the Company to expend significant capital and other resources to remedy any such security breach. Insurance held by the Company may mitigate losses however in any such events or security breaches may not be sufficient to cover any consequent losses or otherwise adequately compensate the Company for any disruptions to its business that may result and the occurrence of any such events or security breaches could have a material adverse effect on the business of the Company. There can be no assurance that these events and/or security breaches will not occur in the future or not have an adverse effect of the business of the Company.

Joint Venture Partners

The Company's primary asset is held through a joint venture, which exposes the Company to risks inherent to joint ventures, including disagreements with joint venture partners and similar risks.

Exploration and Mine Permitting Process

The regulatory processes related to licensing and permitting of exploration programs and major mining projects are subject to uncertainty and risks as to the information required, the timeframes to analyze information provided, the outcomes of such analysis and the result of any legal actions relating to any such licenses or permits.

The Company can offer no assurances as to the outcome of the License Appeal and the effect of the License Appeal on the Company's exploration timeline and business is unknown at this time. If the License Appeal is successful, the Tintyava License could be nullified, which could have a material adverse effect on the Company and its business.

APPROVAL

The Board of Directors of the Company has approved the disclosures in this MDA.

Additional information related to the Company is available on SEDAR at www.sedar.com.