



VELOCITY

MINERALS LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2022

REPORT DATE:
April 21, 2023

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, 2022 and up to April 21, 2023.

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 it was made, with respect to the period covered by these filings, and their 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 years ended December 31, 2022 and 2021.

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
- 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). In July 2021, Bulgaria was admitted to the ERM-2 mechanism, in which it must participate for at least 2 years before it can qualify to adopt the Euro. Bulgaria plans to adopt the Euro from January 1, 2024. 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 is in the process of entering

two others 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), the Sedefche Open Pit Gold Mine (since 2021) 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.

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. On December 17, 2021, the Company disclosed filing of a Revised NI43-101 Technical report.

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 10,400km² (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 June 16, 2021, the Company entered into an amended option agreement for the Nadezhda property allowing the option exercise to proceed following delivery of the EIA report, provided that following the formation of the joint venture, Velocity shall fund 100% of the costs of 2,000m of drilling and an initial Mineral Resource estimate.

On June 23, 2021, the Company announced that it had delivered an option exercise notice to Gorubso for the Momchil property, which includes the Obichnik gold project. Following delivery of the exercise notice, Velocity is deemed to have earned a 70% interest in the property and to be in joint venture with Gorubso for the further development of the property.

On November 16, 2021, the Company announced that it had delivered an option exercise notice for the Nadezhda property, which includes the Makedontsi gold project. Following delivery of the exercise notice, Velocity is deemed to have earned a 70% interest in the property and to be in joint venture with Gorubso for the further development of the property.

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 from Gorubso.

On June 27, 2020, the Company signed an option for the Igljka Project under the terms of which option agreement, the Company has the right to earn an undivided 100% legal and beneficial interest in the Igljka property. The Igljka 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. A Revised Technical Report was filed on SEDAR dated December 15, 2021 (effective date September 28, 2020).

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 under these highlights 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 30th 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 characterize 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.

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 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.

On November 16, 2021, the Company announced that it had met its obligation under the option agreement and had exercised its option and is deemed to have earned a 70% interest in the Nadezhda project and to be in joint venture with Gorubso for the further development of the Nadezhda project. As at December 31, 2022 the joint venture entity had not been formed.

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.

In August 2021 two composite samples of jaw-crushed coarse reject samples of Velocity diamond core were submitted to Eurotest Control EAD in Sofia ("Eurotest") for metallurgical test-work. These samples were selected as representing combined oxidised and transitional and fresh mineralization respectively as follows:

- Combined oxide and transition sample: OM-OT-01 was produced from 481 sample intervals comprising 391 and 90 samples from intervals geologically logged as oxidised and transition respectively.
- Fresh sample: OM-F-02 was produced from 343 sample intervals geologically logged as fresh.

The combination of oxidised and transitional material into a single sample for metallurgical test-work reflects the small proportion of Mineral Resources hosted by transitional material and the expected metallurgical similarity of the two material types. The samples were subjected to test-work comprising complete chemical and mineralogical characterization, phase analysis (Diagnostic Leach Test) of gold present in each sample and testing to determine cyanide leaching kinetics and degree of gold recovery.

Gold head grades were determined for each sample from the average of four fire assays. The test results, including agitated cyanide leaching demonstrate that mineralization represented by the two composite samples is amenable to standard Carbon

in Leach (CIL) processing, with estimated gold recoveries of around 95% and 96% for the oxide/transition and fresh samples respectively. The test-work does not indicate any processing factors or deleterious elements that could have a significant effect on potential economic extraction.

In December 2021, the Company disclosed a Mineral Resource estimate prepared under *National Instrument 43-101*. Highlights include a Mineral Resource estimate of 3.2 Mt @ 1.2 g/t gold for 123,000 ounces, at 0.3 g/t gold cut-off grade. 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. 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.

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.

Tables below show the Inferred Mineral Resource estimates for Durusu and the estimates by oxidation zone. The figures in these tables are rounded to reflect the precision of the estimates and include rounding errors. The Updated Technical Report reports Mineral Resources within an optimized pit shell generated with the parameters shown in a table below. These parameters were derived from recent metallurgical test-work performed on samples of Durusu mineralization as described below and the parameters used for generating the pit shell constraining Mineral Resource estimates for Velocity’s Rozino deposit, for which evaluation is more advanced than Durusu. The gold price of \$US 1,500/oz was selected from the trailing five-year average gold price with appropriate rounding. These parameters generate a gold cut-off grade of 0.3 g/t for oxide, transitional and fresh mineralization and this cut-off was selected for Mineral Resource reporting.

Durusu Inferred Mineral Resource estimates (1)

Effective date of estimates: 6 th December 2021		
Cut off grade 0.3 g/t Au		
Tonnes (Mt)	Grade (Au g/t)	Metal (Au koz)
3.2	1.2	123

(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.

Mineral Resource estimates by oxidation zone

Effective date of estimates: 6 th December 2021			
Cut off grade 0.3 g/t Au			
Zone	Tonnes (Mt)	Grade (Au g/t)	Metal (Au koz)
Oxide	1.7	1.3	71
Transition	0.4	1.3	17
Fresh	1.1	0.9	32
Total	3.2	1.2	123

Parameters Used to Generate Pit Shell to Constrain Mineral Resource Estimates

Gold price	\$US 1,500 per troy ounce
Cost per tonne of material mined	\$US 2.60 per tonne
Cost per tonne of material milled	\$US 11.75 per tonne
Metallurgical recovery	Oxide and Transition 94.65%, Fresh 95.94%
Refining charge	\$US 1.44 per troy ounce
Wall angle	45°

On December 8, 2021, the Company filed a NI 43-101 Technical report on SEDAR entitled “NI 43-101 Technical Report Exploration and Mineral resource Estimation for the Obichnik Property, Republic of Bulgaria”. The Updated Technical Report differs from the March 2021 Technical Report in that the Mineral Resources are reported from the February 2021 block model constrained within an optimal pit shell rather than being truncated at 180 m depth.

On June 23, 2021, the Company announced that it had delivered an option exercise notice to Gorubso for the Momchil property, which includes the Obichnik gold project. Following delivery of the Exercise notice, Velocity is deemed to have earned a 70% interest in the property and to be in joint venture with Gorubso for the further development of the property. As at December 31, 2022 the joint venture entity had not been formed.

Iglika Project

The Iglika project is located within the municipalities of Bolyarovo and Elhovo in southeast Bulgaria approximately 340 km by road east-southeast of the capital, Sofia.

Iglika is located in the western most 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, skarn gold, porphyry copper and porphyry copper – gold deposits.

The Company’s extensive geochemical and geophysical exploration on the license has included 353 rock samples, 2,624 soil samples, 51-line km of magnetic data, and 111 line km of induced polarization, all of which has identified more than 10 target areas for drill testing. Drilling at the Voden gold target concluded in July 2022 with 9 drill holes for a total of 1,275 m. Several low-grade gold intersections were returned, including 4m at 0.51 g/t gold at surface but in general the drill results were disappointing, and no further work is planned at Voden target.

Drill permissions were recently received from the local municipality for the rest of the Iglika’s area. Iglika skarn prospect has potential for discovery of new epithermal gold, skarn gold, porphyry copper and porphyry copper – gold mineralisation. Further analysis and review is ongoing in regards to further work at Iglika, including drill holes targeting near-surface epithermal gold mineralization.

Dangovo Project

The Dangovo project was acquired by staking and the prospecting license contract with the Ministry of Energy was signed in late 2022. The approval of the 3-year work program, which is the final step when the prospecting license contract enters into force, has now been obtained.

The Dangovo project is contiguous with the Company’s Nadejda project - Makedontsi deposit, where a historical resource is registered with the Bulgarian State. Dangovo was acquired to explore for potential extensions of known gold mineralization at Makedontsi. Prospective lithologies are overlain by a thin layer of post-mineral limestone and drilling completed by the Company within the Makedontsi deposit indicates that the host-lithologies are preserved. Velocity has completed a geophysical survey (Controlled Source Audio-frequency Magnetotellurics (CSAMT) and data is interpreted to indicate that gold bearing structural zones from the Makedontsi deposit may extend undercover onto the Dangovo project. These form the primary targets for initial drill testing which will be tested with an initial 2,000m drill program.

Zlatusha Project

The Company entered into a binding letter agreement with Zelenrok EOOD (“Zelenrok”), a wholly-owned subsidiary of Raiden Resources Limited (collectively with Zelenrok, “Raiden”), on January 23, 2023, as amended on April 10, 2023, whereby the Company has been granted an exclusive option to acquire, in two stages, up to a 75% interest in and to the prospecting and exploration license covering the 195 sq. km Zlatusha copper-gold property (“Zlatusha”) located in Bulgaria. The Option consists of a first option to acquire up to a 51% interest (the “First Option”) and a second option (the “Second Option”) to acquire an additional 24% (aggregate 75%) interest in and to the property.

To exercise the First Option and acquire a 51% interest in the Property, the Company must fulfill the following requirements within a period of three years: (i) make cash payments in the aggregate amount of \$250,000; (ii) make payments in the aggregate amount of \$300,000, payable in cash or common shares of the Company, of which \$220,000 is payable within 10 business day of the commencement date and are to be paid in shares; (iii) complete 28,000m of drilling on the Property; (iv) deliver an Inferred Mineral Resource estimate on a deposit on the Property prepared in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects (“NI 43-101”);

To exercise the Second Option and acquire an additional 24% interest in the Property (for an aggregate of 75%), the Company must fulfill the following requirements within a period of two years after exercising the First Option: (i) make cash payments in the aggregate amount of \$350,000; (ii) make payments in the aggregate amount of \$100,000, payable in cash or common shares of the Company ; (iii) complete 12,000m of drilling on the Property; (iv) deliver a Preliminary Economic Assessment on a deposit on the Property prepared in accordance with NI 43-101.

Velocity cannot terminate the First Option prior to having completed 3,000m of drilling on or prior to September 23, 2024. The Company will be under no obligation to fulfill any other of the earn-in requirements, which will be at the sole discretion of the Company. If the Company exercises the First Option, but chooses not to exercise the Second Option, the Company and Raiden will be deemed to have formed a joint venture (“Joint Venture”) initially owning 51% and 49% respectively. If the Company exercises the First Option and the Second Option, the Company and Raiden will be deemed to have formed a Joint Venture with the Company initially owning 75% and Raiden owning 25%. If a participant's participating interest in the Joint Venture falls below 15%, that participant will transfer its participating interest to the other participant in exchange for the grant of an ongoing royalty to be paid at 1% of net smelter returns (the “1% NSR Royalty”). The participant with the largest participating interest in the Joint Venture will have the right, but not the obligation, exercisable at any time prior to a production decision to purchase half of the 1% NSR Royalty (being 0.5%) for the sum of \$1.5 million.

The Property is subject to an existing 2% net smelter royalty held by Gold Bull Resources Corp. (the “Gold Bull Royalty”), of which, prior to commencement of commercial production: (i) an initial 0.5% of the total Gold Bull Royalty can be purchased for USD\$2,500,000 (reducing the Gold Bull Royalty from 2% to 1.5%); and (ii) a further 1% of the total Gold Bull Royalty can be purchased for USD\$5,000,000 (reducing the Gold Bull Royalty from 1.5% to 0.5%).

Quality Assurance and Quality Control

The work programs in Bulgaria are designed and supervised by Daniel Marinov, MAIG RPGeo, the Company’s Vice President Operations .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 either ALS Global laboratory in Romania or Eurotest laboratory in Bulgaria 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 either ALS laboratories in Ireland for Aqua Regia digest and ICP-MS finish to determine gold plus 39 multi-elements or Eurotest laboratories in Bulgaria for 50g FA gold plus 0.5g Aqua Regia digest ICP-AES finish 35 element-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 Company staff.

Qualified Person

Daniel Marinov, MAIG RPGeo, the Company’s Vice President Operations 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. Marinov is not independent of the Company as he is a shareholder and holds incentive stock options.

Exploration and evaluation assets

As at December 31, 2022, the Company had a balance of exploration and evaluation assets of \$24,728,444 (December 31, 2021 - \$23,203,534) which is further detailed in the table below:

	Tintyava	Nadezhda	Momchil	Iglika	Total
	\$	\$	\$	\$	\$
Acquisition costs					
Balance, December 31, 2021	2,097,757	6,635	1,384	146,132	2,251,908
Additions – legal and claim fees	5,568	102,034	40,697	1,029	149,328
Balance, December 31, 2022	2,103,325	108,669	42,081	147,161	2,401,236
Exploration and evaluation					
Balance, December 31, 2021	13,307,608	655,365	5,462,854	1,525,799	20,951,626
Community relations	32,734	-	-	8,473	41,207
Drilling and assays	-	-	-	211,237	211,237
Metallurgy, engineering, environmental studies	196,908	-	-	-	196,908
Field and vehicles	171,614	-	-	72,799	244,413
Geological consulting and other	149,216	-	6,194	37,453	192,863
Geochemistry	1,363	-	-	634	1,997
Salaries	241,626	-	-	120,326	361,952
Share-based compensation	46,828	11,916	17,572	48,689	125,005
Additions for the period	840,289	11,916	23,766	499,611	1,375,582
Balance, December 31, 2022	14,147,897	667,281	5,486,620	2,025,410	22,327,208
Balance, December 31, 2022	16,251,222	775,950	5,528,701	2,172,571	24,728,444

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, 2022	December 31, 2021	December 31, 2020
Loss and comprehensive loss for the year attributed to owners of the Company	(\$2,659,534)	(\$2,489,966)	(\$2,065,739)
Loss and comprehensive loss for the year attributed to non-controlling interests	(\$94,199)	(\$17,641)	(\$172,728)
Exploration and evaluation assets	\$24,728,444	\$23,203,534	\$17,901,671
Total assets	\$26,507,466	\$28,480,992	\$29,010,729
Working capital	\$974,367	\$4,603,609	\$10,028,215
Net loss per share	(\$0.02)	(\$0.02)	(\$0.02)

RESULTS FROM OPERATIONS

Year ended December 31, 2022 and 2021

During the year ended December 31, 2022 the Company reported net loss for the period of \$2,753,733 , of which \$2,659,534 attributed to the owners of the Company and \$94,199 to the non-controlling interest, compared to a net loss of \$2,507,607, of which \$2,489,966 attributed to the owners of the Company and \$17,641 to the non-controlling interest. Loss per share was \$0.02 and \$0.02 for the year ended December 31, 2022 and 2021 respectively.

The Company's operating expenses were \$2,726,712 for the year ended December 31, 2022 compared to \$2,177,970 for the year ended December 31, 2021. An analysis of the significant variances follows:

- Project evaluation expense was \$561,605 in 2022 as compared to \$246,079 in 2021, an increase of \$315,526, as the Company continued expanding its activities on investigating new properties to add to its portfolio. Details on property evaluation expenditures are provided in the table below:

Project evaluation	December 31, 2022	December 31, 2021
Field and vehicles ¹	\$ 26,240	\$ 6,064
Geological consulting	268,098	122,062
Geochemistry	2,782	-
Permit application fees	13,398	1,255
Salaries	251,087	116,698
	\$ 561,605	\$ 246,079

¹ Field and vehicles expense includes depreciation expense of \$14,007 for the year ended December 31, 2022 (2021 - \$nil).

As a result of the ramp-up of its project investigation activities, the Company added two new projects in its portfolio Dungovo project (August 2022) and Zlatusha project (January 2023).

- Professional fees incurred during 2022 were \$564,913 compared to \$399,772 in 2021, an increase of \$165,141. This increase was primarily due to fees incurred in respect to due diligence on prospective projects, as well as various regulatory filings and compliance activities in Bulgaria.
- Share-based compensation increased to \$246,952 in 2022 compared to \$143,932 in 2021, an increase of \$103,020 due to 4,550,000 share-based options fair-valued at \$0.12 were granted in 2022 compared to 1,204,000 share-based options granted in 2021 fair-valued at \$0.30 per option.
- Depreciation expense increased to \$40,133 in 2022 compared to \$11,244 in 2021, an increase of \$28,889, mainly driven by the addition of a right-of-use assets for office lease.
- Travel expense was \$90,894 in 2022 vs \$71,802 in 2021, and increase of \$19,092, driven by increase in both overseas travel as well as in-country travel in Bulgaria for meetings and collaborations.
- The increase in these expenses was partially offset by a decrease in Investor relations expense in 2022 compared to 2021 (\$66,790 in 2022 vs \$120,893 in 2021) driven by a decrease in consulting fees related to investors outreach program in Europe, as well as the Company attending fewer conferences and road shows in 2022.

The Company recorded net other expense of \$27,021 in 2022 compared to net other expenses of \$329,637 in 2021, a decrease in net other expense of \$302,616 primarily driven by the following variances:

- Interest expense on convertible debenture of \$Nil and accretion expense of \$Nil in 2022 as compared to \$100,536 and \$49,294 in 2021 respectively due to the convertible debenture principal and accrued interest being converted to shares effective March 26, 2020.
- Foreign exchange gain of \$3,738 in 2022 compared to a foreign exchange loss of \$140,720 in 2021. The decrease in foreign exchange loss was due to changes of the Bulgarian lev in respect to the Canadian dollar as at December 31, 2022 and 2021, as well as changes in monetary assets and liabilities balances.

FOURTH QUARTER

The Company had a net loss of \$598,220 for the quarter ended December 31, 2022 (“Q4 2022”) compared to a net loss of \$678,401 for the quarter ended December 31, 2021 (“Q4 2021”). The decrease in net loss in Q4 2022 was primarily driven by an increase in other income in Q4 2022 to \$33,577 from other expenses of \$83,925 in Q4 2021, due to a decrease in foreign exchange loss in Q4 2022 by \$129,578 compared to Q4 2021.

Positive and negative variances of the expenditures line items in Q4 2022 and Q4 2021 closely follow the trend in the variances for the full year, with the exception of line-item Salaries, directors’ fees, benefits. Salaries, directors’ fees, benefits expense was \$197,305 in Q4 2022 compared to \$245,959 in Q4 2021, a decrease of \$48,654, due to streamlining of the personnel structure at the corporate communications and finance departments in Q4 2022.

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.

Quarter Ended Amounts in \$'000 (except EPS)	Dec. 31, 2022	Sept. 30 2022	June 30, 2022	Mar. 31, 2022	Dec. 31, 2021	Sept. 30, 2021	June 30, 2021	Mar. 31, 2021
Net loss	(598)	(632)	(840)	(683)	(678)	(584)	(571)	(674)
Loss per share – basic and diluted	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Total assets	26,507	26,832	27,240	27,960	28,481	28,744	29,174	29,935
Working capital	974	1,702	2,389	3,736	4,604	5,304	6,500	8,687

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 decreasing predominantly on exploration activities. The Company is a mineral exploration company and does not earn any revenue.

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, 2022	December 31, 2021
Working capital ⁽¹⁾	\$ 974,367	\$ 4,603,609
Deficit	(\$21,133,013)	(\$18,473,479)

(1) Including restricted cash of \$85,100 at December 31, 2022 (December 31, 2021 – \$61,592).

Net cash used in operating activities during 2022 was \$2,312,166 (2021 – \$2,328,251).

Net cash provided by financing activities during the year ended December 31, 2022 was \$189,146 (2021 - \$1,902,454). This included cash contributions of \$264,166 (2021 - \$1,111,289) by the Company's joint venture partner for Tintyava's exploration program, and proceeds from issuance of shares on exercise of options and warrants of \$nil (2021 - \$847,465).

Net cash used in investing activities during the year ended December 31, 2022 was \$1,485,779 (2021 - \$5,441,462). This included cash used for exploration and evaluation assets of \$1,493,810 for 2022 (2021 – \$5,405,872).

Financings during the year ended December 31, 2022 and up to April 21, 2023

No shares were issued during the year ended December 31, 2022.

Subsequent to December 31, 2022, on March 29, 2023, the Company closed its previously announced non-brokered private placement by the issuance of 10,000,000 units of the Company priced at \$0.15 per unit for total gross proceeds of \$1,500,000. 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 share at a price of \$0.25 per share for a period of 18 months.

In connection with the financing, the Company paid finder's fees consisting of \$28,000 in cash and issued 186,666 non-transferable finder's warrants. Each finder's warrant entitles the holder thereof to purchase one common share in the capital of the Company at a price of \$0.15 per share for a period of 12 months.

Use of Proceeds

On November 24, 2020, the Company announced the completion of a strategic investment of \$6.7 million and concurrent private placement of \$0.2 million and \$2.0 million exercise of pre-existing participation rights for aggregate gross proceeds of \$8.9 million, and the expected use thereof to advance the Company's Rozino project and other exploration properties, and for general working capital purposes. Since the closing of the November 2020 private placements to December 31, 2022, the Company has used the proceeds therefrom (approximately \$8.9 million) and working capital that was previously available (approximately \$3.7 million) on the Rozino project (approximately \$5.0 million), other exploration projects, including project investigation (approximately \$4.6 million) and general working capital, including recoveries from partners (approximately \$2.0 million).

Capital Management

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

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 were no changes to the Company's approach to capital management during the year ended December 31, 2022.

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 year ended December 31, 2022 and 2021 was as follows:

	December 31, 2022	December 31, 2021
<i>Directors' fees</i>		
Compensation Committee Chair and Director	\$ 26,000	\$ 24,000
Audit Committee Chair and Director	28,000	24,000
Director	-	-
<i>Salaries and bonuses for management services</i>		
Director, President and CEO	\$ 327,000	\$ 327,750
CFO	94,160	73,872
VP Corporate Communications ⁽¹⁾	59,173	124,200
<i>Consulting fees and bonuses for management services</i>		
Director and VP Operations	\$ 288,750	\$ 269,000
VP Exploration ⁽²⁾	-	201,799
<i>Health benefits</i>		
Health benefits	\$ 7,886	\$ -
Total	\$ 830,969	\$ 1,044,621

(1) VP Corporate Communications retired as of July 7, 2022

(2) VP Exploration retired as of November 1, 2021

For the year ended December 31, 2022, the Company recorded a total share-based compensation of \$189,144 (2021 - \$114,831), related to stock options granted during the period and vesting of stock options previously granted to key management personnel. As at December 31, 2022, the Company had \$nil included in trade and other payables due to key management personnel (2021 - \$21,490). No post-employment benefits, termination benefits, or other long-term benefits were paid to or recorded for key management personnel during the years ended December 31, 2022 and 2021.

Consulting fees of \$154,365 are included in exploration and evaluation assets for the year ended December 31, 2022 (2021 - \$342,673), and \$134,385 are included in Project investigation costs (2021 - \$128,126).

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 going concern, the recoverability of the carrying value of exploration and evaluation assets, carrying amount of value added taxes under appeal, determining whether an acquisition is a business combination or an assets acquisition, 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, 2022, 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.

OUTSTANDING SHARE DATA

	April 21, 2023	December 31, 2022
Common shares issued and outstanding	171,613,870	160,278,919
Stock options outstanding	6,526,000	6,526,000
Warrants outstanding	5,186,666	-
Total	183,326,536	166,804,919

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 an exhaustive 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 Project, and the Nadezhda, Momchil, Dangovo and Iglia 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 in the Rozino Technical Report, which is 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 lower level of confidence than that applying to an indicated mineral resource and must not be converted to a mineral reserve. 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 (including the recent Ukraine / Russia conflict).

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.

Permits and Government Regulations

The future operations of the Company may require permits from various federal, provincial and local governmental authorities and will be governed by laws and regulations governing prospecting, development, mining, production, export, taxes, labour standards, occupational health, waste disposal, land use, environmental protections, mine safety and other matters. There can be no guarantee that the Company will be able to obtain all necessary permits and approvals that may be required to undertake exploration activity or commence construction or operation of mine facilities on any of its properties. 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.

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's business, operations and financial condition as well as the market price of the Common Shares could be materially and adversely affected by the outbreak of epidemics or pandemics or other health crises, including the outbreak of COVID-19.

To date, there have been a large number of temporary business closures, quarantines and a general reduction in consumer activity in a number of countries including Canada and the United States. The outbreak has caused companies and various international jurisdictions to impose travel, gathering and other public health restrictions. While these effects are expected to be temporary, the duration of the various disruptions to businesses locally and internationally and the related financial impact cannot be reasonably estimated at this time. Similarly, the Company cannot estimate whether, or to what extent, this pandemic and the potential financial impact may extend beyond the date hereof. Such public health crises can result in volatility and disruptions in the supply and demand for metals and minerals, global supply chains and financial markets, as well as declining trade and market sentiment and reduced mobility of people, all of which could affect commodity prices, interest rates, credit ratings, credit risk, share prices and inflation.

The risks to the Company of such public health crises also include risks to employee health and safety, a slowdown or temporary suspension of operations in geographic locations impacted by an outbreak, increased labour and fuel costs, regulatory changes, political or economic instabilities or civil unrest. The extent to which COVID-19 will or may continue to impact the Company is uncertain and these factors are beyond the Company's control; however, it is possible that COVID-19 and its related impacts may have a material adverse effect on the Company's business, results of operations and financial condition.

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.

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.