

BULGOLD INC.

(formerly St Charles Resources Inc.)

AMENDED

**(To Include Subsequent Event note
on Private Placement)**

**CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

For the three months ended March 31, 2023

In Canadian dollars

(UNAUDITED)

Notice to Reader

The accompanying unaudited condensed interim consolidated financial statements of BULGOLD Inc. (formerly St Charles Resources Inc.) have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these unaudited condensed interim consolidated financial statements.

BULGOLD INC. (formerly St Charles Resources Inc.)
Condensed Interim Consolidated Statements of Financial Position

<i>(unaudited, in Canadian dollars)</i>	March 31, 2023	December 31, 2022
	\$	\$
ASSETS		
Current		
Cash and cash equivalents (Note 6)	1,684,350	80,924
Sales taxes receivable	25,167	9,953
Other receivables	23,371	4,983
Prepays and deposits	69,784	43,249
	1,782,672	139,109
Non-current		
Property and equipment	19,291	16,212
Exploration and evaluation assets (Note 7)	468,595	461,891
TOTAL ASSETS	2,270,558	617,212
LIABILITIES		
Current		
Accounts payable and accrued liabilities	123,622	38,158
Due to related parties (Note 12)	105,574	101,990
	229,196	140,148
Non-current		
Due to related parties (Note 12)	550,608	542,349
Provision for land restoration (Note 8)	6,152	6,069
TOTAL LIABILITIES	785,956	688,566
SHAREHOLDERS' EQUITY		
Share capital (Note 9)	2,673,275	484,475
Contributed surplus (Note 10)	171,156	-
Deficit	(1,364,045)	(561,338)
Cumulative translation adjustment	4,216	5,509
TOTAL SHAREHOLDERS' EQUITY	1,484,602	(71,354)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,270,558	617,212

Nature of operations, business combination and liquidity risk (Note 1)

Events after the Reporting Date (Note 1)

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

On behalf of the Board,

/s/ James Crombie
James Crombie, Director

/s/ Vanessa Cook
Vanessa Cook, Director

BULGOLD INC. (formerly St Charles Resources Inc.)
Condensed Interim Consolidated Statements of Net Loss and Comprehensive Loss

<i>(unaudited, in Canadian dollars)</i>	Three months ended March 31,	
	2023	2022
	\$	\$
Expenses and other items		
Professional fees	64,134	2,266
Investor relations and travel	1,132	-
Office and general	446	-
Cost of listing (Note 5)	734,269	-
Depreciation	51	127
Finance income	(1,336)	-
Finance expense	4,011	505
Net loss for the period	(802,707)	(2,898)
Other comprehensive loss		
Item that will not be subsequently reclassified to income		
Foreign currency translation adjustment	(1,293)	2,904
Net loss and comprehensive loss for the period	(804,000)	6
Basic and diluted loss per share (Note 11)	(0.07)	-
Weighted average number of shares – basic and diluted (Note 11)	10,869,408	-

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

BULGOLD Inc. (formerly St Charles Resources Inc.)**Condensed Interim Consolidated Statements of Changes in Shareholders' Equity**

<i>(unaudited, in Canadian dollars)</i>	Number of issued and outstanding common shares (Note 9)	Share Capital \$	Contributed Surplus \$	Deficit \$	Cumulative translation adjustment \$	Total equity \$
Balance at December 31, 2022	9,120,000	484,475	-	(561,338)	5,509	(71,354)
Business combination (Note 5)	11,111,100	2,188,800	171,156	-	-	2,359,956
Net loss for the period	-	-	-	(802,707)	-	(802,707)
Foreign currency translation adjustment	-	-	-	-	(1,293)	(1,293)
Balance at March 31, 2023	20,231,100	2,673,275	171,156	(1,364,045)	4,216	1,484,602
Balance at December 31, 2021		22	-	(151,742)	6,594	(145,126)
Shares issued for cash	-	485,620	-	-	-	485,620
Net loss for the period	-	-	-	(2,898)	-	(2,898)
Foreign currency translation adjustment	-	-	-	-	2,904	2,904
Balance at March 31, 2022	-	485,642	-	(154,640)	9,498	340,500

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

BULGOLD Inc. (formerly St Charles Resources Inc.)
Condensed Interim Consolidated Statements of Cash Flows

<i>(unaudited, in Canadian dollars)</i>	Three months ended March 31,	
	2023	2022
	\$	\$
Operating activities		
Net loss for the period	(802,707)	(2,898)
Adjustments		
Cost of listing (Note 5)	734,269	-
Depreciation	51	127
Finance expense on loans (Note 12)	2,951	505
Changes in other working capital items		
Sales taxes receivable	(13,682)	-
Other receivables	1,639	(473)
Prepaid and deposits	(25,940)	-
Accounts payable and accrued liabilities	(74,766)	(22,505)
	(178,185)	(25,749)
Investing activities		
Cash acquired on reverse acquisition (Note 5)	1,781,069	-
Additions to exploration and evaluation assets (Note 7)	(360)	(2,898)
	1,780,709	(2,898)
Financing activities		
Issue of shares	-	485,620
	-	485,620
Effect of exchange rate changes on cash held in foreign currency	902	15,533
Net change in cash and cash equivalents	1,603,426	472,506
Cash and cash equivalents, beginning of period	80,924	47,900
Cash and cash equivalents, end of period	1,684,350	520,406
Supplemental Information		
Addition of non-cash current assets on reverse acquisition (Note 5)	1,504	-
Addition of property and equipment on reverse acquisition (Note 5)	2,907	-
Assumption of accounts payable and accrued liabilities on reverse acquisition (Note 5)	(159,793)	-

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

BULGOLD INC. (formerly St Charles Resources Inc.)
Notes to Condensed Interim Consolidated Financial Statements
Three months ended March 31, 2023 (unaudited, in Canadian dollars)

1. NATURE OF OPERATIONS, BUSINESS COMBINATION AND LIQUIDITY RISK

BULGOLD Inc. (formerly St Charles Resources Inc.) (the “Company” or “BULGOLD” or the “Resulting Issuer”) was incorporated on July 16, 2021, under the Ontario *Business Corporations Act* and was classified as a Capital Pool Company (“CPC”), as such term is defined in the TSX Venture Exchange (the “TSXV”) Policy 2.4 – Capital Pool Companies (“CPC Policy 2.4”). The Company’s common shares are listed on the TSX Venture Exchange (“TSXV”).

On May 5, 2023, the Company changed its name to BULGOLD Inc. and consolidated its issued and outstanding common shares on the basis of one (1) post-consolidation common share for every three pre-consolidation common shares of the Company (Note 9), following approval by the Company’s shareholders at a special meeting of the shareholders held on April 26, 2023. On May 5, 2023, the Company began trading on the TSXV under the new symbol “ZLTO” (was previously “SCRS”).

On September 2, 2022, the Company entered into a binding letter of intent with Eastern Resources OOD (“Eastern Resources”) in respect of a business combination transaction. Eastern Resources is a private gold exploration company incorporated under the laws of Bulgaria with its head office located in Sofia, Bulgaria. Eastern Resources controls 100% of two epithermal gold projects located in Bulgaria, on the Bulgarian portion of the Western Tethyan Belt, being the Kutel Gold Project and the Kostilkovo Gold Project. The business combination with Eastern Resources, which constituted the Company’s Qualifying Transaction, was completed on March 17, 2023.

For accounting purposes, it has been determined that BULGOLD was the accounting acquiree and Eastern Resources was the accounting acquirer since the former shareholders of Eastern Resources now control BULGOLD, based on the guidance of IFRS 10 – Consolidated Financial Statements and IFRS 3 – Business Combinations, to identify the accounting acquirer (Note 5). These unaudited condensed interim consolidated financial statements are prepared as a continuation of the financial statements of Eastern Resources but reflecting the equity instruments of BULGOLD. Consequently, the condensed interim consolidated statements of net loss and comprehensive loss and cash flows include results of Eastern Resources for the three-month period ended March 31, 2023 and results of the Company for the period from March 17, 2023 to March 31, 2023 and the condensed interim consolidated statement of financial position at March 31, 2023 reflects the balances of the merged entity. Comparative information included herein is solely those of Eastern Resources.

Liquidity risk

These unaudited condensed interim consolidated financial statements were prepared on a going-concern basis of accounting, which assumes that the Company will continue operations for the foreseeable future and will be able to realize the carrying value of its assets and discharge its liabilities and commitments in the normal course of business. The Company believes that its working capital of \$1,553,477 at March 31, 2023 will provide the Company with sufficient cash resources to meet its obligations for at least twelve months from the end of the reporting period. In assessing whether the going concern assumption is appropriate, management takes into account all available information about its future. As the Company has no revenues, its ability to pursue the exploration of its projects in the future is dependent on its ability to periodically raise additional financing, through the issuance of equity, debt financing or other means. There is no assurance that the Company will be able to do so in the future or that these sources of funding or initiatives will be available to the Company or that they will be available on terms which are acceptable for the Company.

2. CHANGE IN REPORTING CURRENCY OF EASTERN RESOURCES

Given that the reporting currency of the Company is the Canadian dollar, the presentation of Eastern Resource's comparative numbers was changed from the Bulgarian Leva to the Canadian dollar. Consequently, the comparative results of operations and assets and liabilities of Eastern Resources were translated to Canadian dollars using the current rate method. Under this method, revenues and expenses are translated using the rates in effect at the date of the transaction, assets and liabilities are translated using the exchange rate at the end of the period and equity accounts are translated at the historical exchange rates. All resulting exchange differences are reported in a separate component of shareholders' equity.

3. BASIS OF PRESENTATION

Statement of compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and are presented in Canadian dollars. They do not include all the information required in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS").

The Board of Directors approved these unaudited condensed interim consolidated financial statements on May 25, 2023.

Basis of measurement

These unaudited condensed interim consolidated financial statements were prepared on a historical cost basis and on an accrual basis.

4. SUMMARY OF ACCOUNTING POLICIES

Basis of consolidation

The condensed interim consolidated financial statements include the accounts of the Company and of its wholly-owned subsidiaries. Following the Transaction, the Company has one wholly-owned direct subsidiary, being Eastern Resources (UK) Ltd., which itself wholly-owns Eastern Resources.

Foreign currency translation

These condensed interim consolidated financial statements are presented in Canadian dollars, which is also the functional currency of BULGOLD. The functional currency of Eastern Resources (UK) is the British Pound and the functional currency of Eastern Resources is the Bulgarian Leva. The functional currencies of BULGOLD and its subsidiaries have remained unchanged during the reporting years.

Monetary assets and liabilities denominated in a foreign currency other than the functional currency of each entity are translated at the exchange rate in effect at the reporting date, whereas non-monetary assets and liabilities denominated in a foreign currency are translated at the exchange rate in effect at the transaction date. Revenues and expenses denominated in a foreign currency are translated at the average rate in effect during the year with the exception of depreciation that is translated at the historical rate. Gains and losses on exchange arising from the translation of foreign operations are recorded in profit or loss.

On consolidation, assets and liabilities of BULGOLD's subsidiaries are translated into Canadian dollars at the closing rate in effect at the reporting date. Income and expenses are translated into Canadian dollars at the average rate over the reporting years. Exchange differences are presented as other comprehensive income and recognized in the currency translation adjustment reserve in equity.

4. SUMMARY OF ACCOUNTING POLICIES (continued)

Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

As of March 31, 2023, the Company classifies its financial assets as debt instruments at amortised cost. The financial assets of the Company include cash and cash equivalents and other receivables.

Measurement at initial recognition

The Company recognizes initially the financial assets according to their fair value increased by the costs directly associated with the financial asset.

Subsequent measurement

Assets held for collecting contractual cash flows, where such cash flows are only payments of the principal and interest, are measured at their amortised cost. Interest income is reported as finance income by applying the effective interest rate method. Any profit or loss arising on derecognition is directly recognized in the profit or loss and is presented in other profit/(loss) together with the foreign exchange gains and losses. Impairment losses are presented as a separate line item in the condensed interim consolidated statement of net loss and comprehensive loss.

Impairment

The Company applies IFRS 9's impairment requirements by using forward-looking information to recognise expected credit losses. The Company considers a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument. In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (Stage 1);
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (Stage 2); and
- Stage 3 would cover financial assets that have objective evidence of impairment at the reporting date.

4. SUMMARY OF ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities

The Company's financial liabilities include trade and other payables and due to related parties. Financial liabilities are initially measured at fair value and where applicable, adjusted for transaction costs. Subsequently, financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the amortization process.

Cash and cash equivalents

Cash and cash equivalents include deposits held with banks and short-term investments with original maturities of three months or less.

Exploration and evaluation assets

The Company capitalises costs for exploration and evaluation assets when it determines that those assets may be successful in finding specific mineral resources. Costs are accumulated on a field-by-field basis. Costs directly associated with an exploration licence area are capitalised until the determination of reserves is evaluated. If it is determined that a commercial discovery has not been achieved, these costs are charged to expense.

Expenditures included in the initial measurement of exploration and evaluation assets relate to the acquisition of rights to explore, and also expenditures for topographical, geological, geochemical and geophysical studies, exploratory drilling, trenching, sampling and activities to evaluate the technical feasibility and commercial viability of extracting a mineral resource.

Capitalization is made within property and equipment or exploration and evaluation assets according to the nature of the expenditure. No depreciation and/or amortization is charged during the exploration and evaluation phase.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The assessment is carried out by allocating exploration and evaluation assets to cash generating units, which are based on specific projects or geographical areas.

Whenever the exploration for and evaluation of mineral resources in cash generating units does not lead to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities of that unit, the associated expenditures are written off to the condensed interim consolidated statement of net loss and comprehensive loss.

4. SUMMARY OF ACCOUNTING POLICIES (continued)

Property and equipment

Property and equipment are carried at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property and equipment consists of the purchase price and all other costs directly attributable to bringing the asset to the location and condition necessary for its intended use. Depreciation is recognized on a straight-line basis using the cost of an item of property and equipment, less its estimated residual value, over its estimated useful life. Each asset's residual value, useful life and depreciation method are reassessed, and adjusted if appropriate, at the reporting date. Vehicles are depreciated over 4 years, machinery and equipment are depreciated over 3 years and computer equipment is depreciated over 2 years. The carrying amount of an item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. The gain or loss arising from the derecognition is included in profit or loss when the item is derecognized.

Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Long lived assets that are not amortized are subject to an annual impairment assessment or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use. Value in use takes into account estimated future cash flows associated with the asset, such value being discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. In the case of exploration and evaluation assets, impairment reviews are carried out on a property-by-property basis, with each property representing a potential cash-generating unit. A previous impairment is reversed if the asset's recoverable amount exceeds its carrying amount.

Provisions and contingent liabilities

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. Timing or amount of the outflow may still be uncertain. If the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized, unless it was assumed in the course of a business combination.

4. SUMMARY OF ACCOUNTING POLICIES (continued)

Income taxes

When applicable, income tax on the profit or loss comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized directly in equity.

Current tax is the expected tax payable on the taxable profit for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination which affects tax or accounting profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date and which are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. A deferred tax asset is recognized only to the extent that it is probable that future taxable income will be available against which the asset can be utilized. Deferred tax assets and liabilities are offset only when the Company has a legally enforceable right and intention to set off current tax assets and liabilities from the same taxation authority.

Equity

Share capital represents the amount received on the issue of shares, less issuance costs. Contributed surplus includes charges related to stock options and compensation options until such equity instruments are exercised. Deficit includes all current and prior year losses. Cumulative translation adjustment includes the impact of converting the accounts of the Company's foreign operations into Canadian dollars.

Share-based payment transactions

The Company uses the fair value-based method of accounting for share-based payment arrangements. The fair value of share-based payments to directors, officers, employees and consultants with employee-related functions is recognized as an expense over the vesting period with a corresponding increase to contributed surplus. The fair value of compensation options, in respect of an equity financing, are recognized as a share issue expense with a corresponding increase to contributed surplus. The fair value of the options granted is measured using the Black-Scholes option pricing model and taking into account an estimated forfeiture rate and the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options that are expected to vest. Upon the exercise of share-based payments, the proceeds received, net of any direct expenses, as well as the related compensation expense previously recorded as contributed surplus, are credited to share capital.

4. SUMMARY OF ACCOUNTING POLICIES (continued)

Loss per share

The Company presents basic and diluted loss per share data for its common shares. Basic loss per share is calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. Dilutive potential common shares are deemed to have been converted into common shares at the beginning of the period or, if later, at the date of issue of the potential common shares. The assumed proceeds from these instruments are regarded as having been received from the issue of common shares at the average market price of its shares during the period.

Significant accounting judgments and estimates

The preparation of financial statements in accordance with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates and these differences could be material.

The areas which will require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

Exploration and evaluation assets

The application of the accounting policy for exploration and evaluation assets requires judgment in determining whether it is likely that future economic benefits will flow to the Company. If, after exploration and evaluation activities have been conducted, information becomes available suggesting that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount, the Company carries out an impairment test in the year the new information becomes available.

Share-based compensation

Management assesses the fair value of stock options using the Black-Scholes valuation model. The Black-Scholes model requires management to make estimates and assumptions with respect to inputs including the risk-free interest rate, volatility and expected stock option life. As well, management must make assumptions about anticipated forfeitures based on the historical actions of stock option plan participants.

Liquidity risk

Management assesses the Company's ability to execute its strategy by funding future working capital requirements.

4. SUMMARY OF ACCOUNTING POLICIES (continued)

Significant accounting judgments and estimates (continued)

Income, sales taxes, withholding and other taxes

The Company is subject to income, sales taxes, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. The determination of the Company's income, sales taxes, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

5. ACQUISITION OF MINERAL PROJECTS IN BULGARIA

On March 17, 2023, the Company completed its Qualifying Transaction (the “Transaction”) with Eastern Resources. In accordance with the business combination agreement dated January 31, 2023, the Transaction was effected by way of a share exchange whereby BULGOLD, on behalf of Eastern Resources (UK) Ltd. (“AcquireCo”), a newly formed wholly-owned subsidiary of BULGOLD incorporated under the laws of the United Kingdom, issued a total of 11,111,100 common shares of the Resulting Issuer (the “Resulting Issuer Shares”) to acquire 100% of the issued and outstanding common shares of Eastern Resources (the “Eastern Resources Shares”) from the shareholders of Eastern Resources (the “Eastern Resources Shareholders”) on the basis of 317,460 Resulting Issuer Shares for each 1 Eastern Resources Share acquired by AcquireCo. Concurrently, the Eastern Resources Shareholders transferred all of their 35 Eastern Resources Shares to AcquireCo, such that Eastern Resources is now, indirectly, a wholly-owned subsidiary of BULGOLD.

In accordance with IFRS 3, Business Combinations, the substance of the acquisition is a reverse acquisition as the shareholders of Eastern Resources owned the majority of the voting rights of the Company following the Transaction and the majority of the senior management and members of the board of directors of BULGOLD being drawn predominantly from Eastern Resources, will have the authority and responsibility for planning, directing and controlling the activities of BULGOLD.

As BULGOLD did not qualify as a business according to the definition in IFRS 3, this Transaction does not constitute a business combination; rather it is treated as a deemed issuance of shares by Eastern Resources for the net assets of BULGOLD and BULGOLD’s listing status and these unaudited condensed interim consolidated financial statements reflect the acquisition of the assets and liabilities of BULGOLD.

As a share-based payment transaction, the Company measures the goods or services received at the more reliable measure of the fair value of the goods and services received, or the fair value of the equity instruments granted. Management has determined that the fair value of the deemed equity instruments granted was the more reliable measure, which resulted in a total consideration of \$2,359,956, calculated based on the fair value of the equity instruments of BULGOLD.

BULGOLD INC. (formerly St Charles Resources Inc.)
Notes to Condensed Interim Consolidated Financial Statements
Three months ended March 31, 2023 (unaudited, in Canadian dollars)

5. ACQUISITION OF MINERAL PROJECTS IN BULGARIA (continued)

The acquired shares represent the outstanding shares of BULGOLD at March 16, 2023 recorded at their deemed fair value of \$0.24 per share, being the trading price of BULGOLD's shares immediately preceding the announcement of the business combination. The acquired stock options represent the outstanding stock options of BULGOLD at March 16, 2023. The stock options were valued using the Black-Scholes valuation model using an expected volatility of 85% (based on the volatility of comparable entities), a risk-free interest rate of 3.6%, an expected life of approximately 1.8 years, and an expected dividend yield of 0%. The acquired compensation options represent the outstanding compensation options of BULGOLD at March 16, 2023. The compensation options were valued using the Black-Scholes valuation model using an expected volatility of 85% (based on the volatility of comparable entities), a risk-free interest rate of 3.3%, an expected life of approximately 4.1 years, and an expected dividend yield of 0%.

Consideration transferred	\$
Fair value of BULGOLD shares (9,120,000 shares)	2,188,800
Fair value of BULGOLD stock options (912,000 stock options)	76,470
Fair value of BULGOLD compensation options (666,666 options)	94,686
	<u>2,359,956</u>
Estimated fair value of the net assets acquired	\$
Cash	1,781,069
Accounts receivable	1,504
Property and equipment	2,907
Accounts payable and accrued liabilities	(159,793)
	<u>1,625,687</u>
Cost of listing	734,269
	<u>2,359,956</u>

The excess of the deemed acquisition cost over the net assets acquired in the amount of \$734,269 has been charged to net loss and was presented as Cost of listing.

Following the closing of the Transaction, the issued and outstanding stock options and compensation options of BULGOLD Inc. continue to be in effect and are deemed to be issued as part of the Transaction.

6. CASH AND CASH EQUIVALENTS

As at March 31, 2023, cash and cash equivalents of \$1,684,350 includes \$750,000 of guaranteed investment certificates bearing interest at a rate of 4.93%, redeemable on April 3, 2023.

As at March 31, 2023, cash and cash equivalents includes an amount of \$25,821 held in a bank account in favor of the Ministry of Energy of Bulgaria to cover requirements for future environmental rehabilitation work and / or if the Company fails to complete the previously agreed work programs.

BULGOLD INC. (formerly St Charles Resources Inc.)
Notes to Condensed Interim Consolidated Financial Statements
Three months ended March 31, 2023 (unaudited, in Canadian dollars)

7. EXPLORATION AND EVALUATION ASSETS

Amounts invested in exploration and evaluation assets not subject to depreciation and amortization are as follows:

	December 31, 2022	Additions	Net exchange difference	March 31, 2023
	\$	\$	\$	\$
Kostilkovo exploration licence, Bulgaria, valid until April 2024	405,614	180	5,571	411,365
Kutel exploration licence, Bulgaria, valid until October 2023	56,277	180	773	57,230
Total	461,891	360	6,344	468,595

On October 22, 2022, BULGOLD entered into a cooperation agreement and a transfer of exploration area agreement with Green View s.r.o., an arm's length privately-held Slovakian company, pursuant to which the Company has an option to acquire a 100% interest in a particular area of land located in the Slovak Republic to prospect for gold and silver exploration in exchange for EUR 100. During the reporting period the Company was informed by Green View s.r.o. that the Lutila exploration area had been granted by the Slovak Ministry of Environment (Department of State Geological Administration), with an effective date of March 23, 2023. The Lutila exploration area is located in Central Slovakia and 5km south of the historic Kremnica quartz-adularia gold deposit. The Lutila exploration licence covers an area of 32.2km² and has been granted for an initial 4-year period.

8. PROVISION FOR LAND RESTORATION

According to the contracts for prospecting and exploration of metallic minerals, concluded with the Ministry of Energy of Bulgaria, the Company has commitments for future environmental rehabilitation and restoration costs for its two exploration areas (Kostilkovo and Kutel), amounting to \$6,152 at March 31, 2023 (\$6,069 at December 31, 2022).

9. SHARE CAPITAL

Authorized and issued

An unlimited number of common shares with no par value.

On May 5, 2023, the Company consolidated its issued and outstanding common shares on the basis of one (1) post-consolidation common share for every three pre-consolidation common shares of the Company. The number of issued and outstanding common shares, compensation options and stock options presented in these unaudited condensed interim consolidated financial statements take into account the one (1) for three (3) consolidation of the Company's common shares as if the consolidation had been in place during the reporting period.

As at March 31, 2023, the Company has 20,231,100 issued and outstanding shares (9,120,000 as at December 31, 2022).

Compensation Options

As at March 31, 2023 and December 31, 2022, the Company had 666,666 outstanding compensation options at an exercise price of \$0.30 expiring on April 26, 2027. The remaining life of the compensation options outstanding at March 31, 2023 was 4.1 years.

Shares subject to escrow

At March 31, 2023, 75% of the issued and outstanding seed shares (1,840,000 seed shares) and 75% of the issued and outstanding CPC options (684,000 CPC options) are held in escrow pursuant to the terms of Escrow Agreements dated February 11, 2022 (seed shares) and April 26, 2022 (CPC Options) between the Company, TSX Trust Company, and the holders of the seed shares and the CPC Options. In accordance with the CPC Policy 2.4, 25% of these securities were released on the date of the final Qualifying Transaction Exchange bulletin and an additional 25% will be released on each of the dates that are 6, 12 and 18 months from the Transaction date of March 17, 2023.

Shares issued to the President and CEO of BULGOLD resulting from the completion of the Transaction (3,174,600 common shares) are being held in escrow with 5% of these shares released on completion of the Transaction and the remainder to be released over a period of 36 months. Shares issued to non-principal security holders resulting from the completion of the Transaction (6,349,200 common shares) are also being held in escrow with 10% of these shares released on completion of the Transaction and the remainder to be released over a period of 36 months.

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10. STOCK OPTIONS

At March 31, 2023 and December 31, 2022, the Company had 912,000 issued and outstanding stock options.

The following table reflects the stock options issued and outstanding at March 31, 2023:

Issue date	Number of options	Exercise price	Remaining contractual life (years)	Number of exercisable options	Exercise price of exercisable options
April 26, 2022	912,000	\$ 0.30	1.8	228,000	\$ 0.30

11. LOSS PER SHARE

The net loss per common share was based on the loss attributable to common shareholders and the weighted average number of shares outstanding, excluding shares held in escrow in accordance with TSXV requirements. Potentially dilutive common shares are deemed to be antidilutive as the Company has incurred a loss for the three months ended March 31, 2023.

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12. RELATED PARTY TRANSACTIONS

Amounts due to related parties are as follows:

	March 31, 2023	December 31, 2022
	\$	\$
Current liabilities		
Loan from Dundee Resources Ltd., a shareholder of BULGOLD principal and accrued interest (a)	105,574	101,990
Non-current liabilities		
Payable to GEOPS-Bolkan Drilling Services, a shareholder of BULGOLD discounted amount (b)	405,714	400,216
Loan from Seefin Capital, a shareholder of BULGOLD (c) principal and accrued interest (c)	132,128	129,604
Loan, Balkan Mineral and Discovery, a shareholder of BULGOLD (d) principal and accrued interest (d)	12,766	12,529
	550,608	542,349

Finance expense of \$2,951 on these related party liabilities was charged to net loss during the three months ended March 31, 2023 (\$505 in 2022).

- a) In 2022 the Company entered into a loan agreement with Dundee Resources Limited; the annual interest rate is 10%; the repayment period is up to 2 months from the date on which the lender requests repayment.
- b) Related to drilling services provided by the shareholder Geops-Bolkan Drilling Services EOOD to the Company's subsidiary in Bulgaria; originally this amount, including accrued interest, was due within 2 years from the date of issuance of the invoice; on September 30, 2022 the payment period was extended to March 31, 2024; this amount payable is discounted at 10% and is stated at its present value.
- c) In 2014, 2016, 2017, 2019 and 2021 the Company signed loan agreements with the shareholder Seefin Capital OOD; on September 30, 2022 the deadline for repayment was extended to March 31, 2024; according to the 2014 loan agreement, annual interest is 4.5%; no collateral has been provided by Eastern Resources to the lender.
- d) In 2016, the Company entered into a loan agreement with the shareholder Balkan Mineral and Discovery EOOD; the amount of the principal was approximately \$7,500 (10,000 Bulgarian Leva); on September 30, 2022 the deadline for repayment was extended to March 31, 2024; the annual interest rate is 10%; no collateral has been provided by Eastern Resources to the lender.

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13. SEGMENTED INFORMATION

The Company has one reportable operating segment being the acquisition and exploration of mineral properties in Bulgaria. Assets are located as follows:

	March 31, 2023		
	Canada	Bulgaria	Total
	\$	\$	\$
Current assets	1,676,646	106,026	1,782,672
Property and equipment	2,857	16,434	19,291
Exploration and evaluation assets	-	468,595	468,595
Total assets	1,679,503	591,055	2,270,558

	December 31, 2022		
	Canada	Bulgaria	Total
	\$	\$	\$
Current assets	-	139,109	139,109
Property and equipment	-	16,212	16,212
Exploration and evaluation assets	-	461,891	461,891
Total assets	-	617,212	617,212

14. SUBSEQUENT EVENT

On May 11, 2023, the Company announced a non-brokered private placement (the "Offering") for gross proceeds of up to \$3,500,000 from the sale of units of the Company (each, a "Unit") at a price of \$0.30 per Unit (the "Issue Price"). Each Unit will consist of one common share of the Company (each a "Unit Share") and one-half of one common share purchase warrant (each whole common share purchase warrant, a "Warrant"). Each Warrant shall entitle the holder to purchase one common share of the Company (each, a "Warrant Share") at a price of \$0.40 at any time on or before that date which is 18 months after the closing date of the Offering.

The Company has agreed to pay a finder's fee to arm's length parties for services rendered in respect of the Offering. The finder's fee will consist of a cash fee equal to 7.0% of the gross proceeds from the sale of Units sold to third parties sourced by the finders, and finder's warrants equal in number to 7.0% of the Units sold to third parties sourced by the finders (the "Finder's Warrant"). Each Finder's Warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of \$0.40 until the date which is 18 months from the closing date of the Offering.

The Offering is scheduled to close on or about June 14, 2023 and is subject to certain conditions including, but not limited to, receipt of all necessary approvals including the approval of the TSX Venture Exchange. The Unit Shares and Warrant Shares will have a hold period ending on the day that is four months and one day following the closing date.