

BULGOLD INC.

(formerly St Charles Resources Inc.)

**CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

For the three and nine months ended September 30, 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>	September 30, 2023	December 31, 2022
	\$	\$
ASSETS		
Current		
Cash and cash equivalents (Note 6)	2,411,682	80,924
Sales taxes receivable	96,710	9,953
Other receivables	2,925	4,983
Prepays and deposits	43,846	43,249
	<u>2,555,163</u>	<u>139,109</u>
Non-current		
Property and equipment	26,248	16,212
Exploration and evaluation assets (Note 7)	1,013,101	461,891
	<u>1,039,349</u>	<u>478,103</u>
TOTAL ASSETS	<u>3,594,512</u>	<u>617,212</u>
LIABILITIES		
Current		
Due to related parties (Note 12)	120,231	101,990
Accounts payable and accrued liabilities	131,531	38,158
	<u>251,762</u>	<u>140,148</u>
Non-current		
Due to related parties (Note 12)	398,288	542,349
Provision for land restoration (Note 8)	6,011	6,069
	<u>404,300</u>	<u>548,418</u>
TOTAL LIABILITIES	<u>656,062</u>	<u>688,566</u>
SHAREHOLDERS' EQUITY		
Share capital (Note 9)	4,108,422	484,475
Contributed surplus (Note 10)	994,439	-
Deficit	(2,193,903)	(561,338)
Cumulative translation adjustment	29,492	5,509
TOTAL SHAREHOLDERS' EQUITY	<u>2,938,450</u>	<u>(71,354)</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>3,594,512</u>	<u>617,212</u>

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

Events after the Reporting Date (Note 14)

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

Condensed Interim Consolidated Statements of Net Loss and Comprehensive Loss

	3 Months Ending September 30		9 Months Ending September 30	
	2023	2022	2023	2022
<i>(unaudited, in Canadian dollars)</i>	\$	\$	\$	\$
Expenses and other items				
Share-based compensation	211,776	-	211,776	-
General and administration	133,483	17,949	241,792	41,558
Professional fees	67,653	88,551	345,368	129,153
Office and general	7,139	2,482	17,426	12,969
Investor relations and travel	8,632	-	35,900	-
Depreciation	526	(1)	1,054	6
Cost of Listing (Note 5)	-	-	734,269	-
Finance Income	(25,301)	-	(37,514)	(1,168)
Finance Expense	42,000	7,927	82,494	22,894
Net loss for the period	445,908	116,909	1,632,565	205,413
Other comprehensive loss				
Item that will not be subsequently reclassified to income				
Foreign currency translation adjustment	(20,240)	2,526	(23,983)	7,866
Net loss and comprehensive loss for the period	425,669	119,435	1,608,582	213,279
Basic and diluted loss per share (Note 11)	\$0.02	-	\$0.16	-
Weighted average number of shares basic and diluted (Note 11)	17,170,617	-	10,135,793	-

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

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity.

<i>(unaudited, in Canadian dollars)</i>	Number of issued and outstanding common shares	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)	11,111,097	2,188,800	171,156	-	-	2,359,956
Private Placement June 26, 2023	5,533,331	1,245,682	414,317	-	-	1,659,999
Private Placement July 6, 2023	1,833,500	409,825	140,225	-	-	550,050
Issuance Costs	-	(220,360)	56,965	-	-	(163,395)
Share-based compensation	-	-	211,776	-	-	211,776
Net loss for the period	-	-	-	(1,632,565)	-	(1,632,565)
Translation adjustment	-	-	-	-	23,983	23,983
Balance at September 30, 2023	27,597,928	4,108,422	994,439	(2,193,903)	29,492	2,938,450

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

<i>(unaudited, in Canadian dollars)</i>	Number of issued and outstanding common shares	Share Capital \$	Contributed Surplus \$	Deficit \$	Cumulative Translation Adjustment \$	Total Equity \$
Balance at December 31, 2021	-	22	-	(151,742)	6,594	(145,126)
Shares issued for cash	-	484,452	-	-	-	484,452
Net loss for the period	-	-	-	(205,413)	-	(205,413)
Translation adjustment	-	-	-	-	(7,866)	(7,866)
Balance at September 30, 2022	-	484,475	-	(357,155)	(1,272)	126,048

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 Cash Flows.

	3 Months Ending September 30		9 Months Ending September 30	
	2023	2022	2023	2022
<i>(unaudited, in Canadian dollars)</i>	\$	\$	\$	\$
Operating Activities				
Net Loss	(445,908)	(116,909)	(1,632,565)	(205,413)
Depreciation	526	(1)	1,054	6
Share-based compensation	211,776	-	211,776	-
Finance expense on shareholder loans (note 12)	27,148	5,317	49,803	17,895
Cost of Listing (Note 5)	-	-	734,269	-
Increase in Sales Tax Receivable	(65,113)	(973)	(85,254)	(3,290)
Decrease (Increase) in Accounts Receivable	(2,620)	(7,517)	2,058	(5,147)
Decrease (Increase) in Prepaid Expenses	17,566	(40,786)	(597)	(44,063)
Increase (Decrease) in Accounts Payable	102,831	18,498	80,569	33,457
Cash used in Operating Activities	(153,795)	(142,371)	(638,887)	(206,554)
Investing Activities				
Cash acquired on reverse acquisition (note 5)	-	-	1,781,069	-
Additions to Exploration and evaluation assets (note 7)	(425,870)	(23,135)	(551,210)	(82,425)
Acquisition of Property and equipment	2,575	(12,890)	(8,183)	(15,321)
Cash Provided by (used in) Investing Activities	(423,295)	(36,025)	1,221,676	(97,746)
Financing Activities				
Issuance of Shares (note 9)	550,050	-	2,210,049	484,452
Issuance Costs (note 9)	(59,173)	-	(163,395)	-
Increase (Decrease) in Shareholder Loans (note 12)	(162,459)	-	(272,866)	-
Cash Provided by Financing Activities	328,419	-	1,773,788	484,452
Loss from conversion to Reporting Currency	(6,908)	(7,843)	(25,820)	(25,761)
Net Increase (Decrease) in Cash	(255,579)	(186,239)	2,330,757	154,392
Opening Cash Position	2,667,261	388,531	80,924	47,900
Closing Cash Position	2,411,682	202,292	2,411,682	202,292
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.

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 acquiror 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 nine-month period ended September 30, 2023 and results of the Company for the period from March 17, 2023 to September 30, 2023 and the condensed interim consolidated statement of financial position at September 30, 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 \$2,303,401 at September 30, 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 November 23, 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

These condensed interim consolidated financial statements include the accounts of the Company and of its wholly-owned subsidiaries. The Company has two wholly-owned direct subsidiaries, being Eastern Resources (UK) Ltd., which itself wholly-owns Eastern Resources and Stredné Slovensko s.r.o., a Slovakian company incorporated on July 19, 2023 (Note 7).

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 Lev. 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 except for depreciation which 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.

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 when it expires.

Classification and initial measurement of financial assets

As of September 30, 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 initially recognizes 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.

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 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.

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.

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, warrants 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.

Allocation of proceeds of equity financing

The Company allocates the proceeds from an equity financing between common shares and share purchase warrants based on the relative fair values of each instrument. The fair value of the common shares is calculated by using the TSXV share price on the date of the issuance and is accounted for in share capital and the fair value of the share purchase warrants is determined using the Black-Scholes valuation model and is accounted for in contributed surplus.

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 warrants, compensation options and 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.

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.

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
	2,359,956

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)
	1,625,687
Cost of listing	734,269
	2,359,956

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, September 30, 2023, cash and cash equivalents of \$2,411,682 includes \$1,600,000 of guaranteed investment certificates (GICs). One 30-day GIC for \$750,000 is due October 27 at a rate of 5.25% and a 60-day GIC for \$850,000 is due November 27 at a rate of 5.45%.

As at, September 30, 2023, cash and cash equivalents includes an amount of \$25,231 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.

7. EXPLORATION AND EVALUATION ASSETS

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

Exploration and Evaluation Assets	December 31, 2022	Investment Additions	Net exchange difference	September 30, 2023
Chukata exploration licence, Bulgaria, valid to August 7, 2025	405,614	123,797	(3,824)	525,587
Kutel exploration licence, Bulgaria, valid until December 21, 2023	56,277	395,055	(531)	450,801
Project Generation	-	36,713	-	36,713
Total	461,891	555,565	(4,355)	1,013,101

On August 7, 2023, the Company received the final approval from the Ministry of Environment and Waters for its submitted two-year work program related to the Chukata exploration licence for its first exploration licence extension, being Years 4 and 5, with year 4 starting on August 7, 2023. This date now becomes the 'Effective Date' for the Chukata exploration licence (of which the Kostilkovo Gold Project is part thereof) and allows the Company to commence exploration activity on the property for a further two-year period.

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 three-month period ended June 30, 2023, 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.

The Company's Slovak subsidiary, Stredné Slovensko s.r.o., was informed by the Ministry of Environment (Department of State Geological Administration) on September 7, 2023, by decision, that the property had been transferred to the Company pending a 15-day appeal process, which ended on September 22, 2023. No appeals were received during such 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 \$ 6,012 at September 30, 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 September 30, 2023, the Company has 27,597,928 issued and outstanding shares (9,120,000 issued and outstanding shares as at December 31, 2022).

Issue of securities

On June 23, 2023, the Company completed the first tranche of a non-brokered private placement through the issuance of 5,533,331 units (the "Units") at \$0.30 per Unit for total proceeds of \$1,656,999. Each Unit consisted of one common share of the Company and one half of one common share purchase warrant (each whole warrant, a "Warrant"), with each Warrant exercisable to acquire one common share of the Company at a price of \$0.40 per share until December 23, 2024. The fair value of the common shares was calculated by using the TSXV share price on the date of the issuance and the fair value of the warrants was estimated at \$0.20 per warrant by applying the Black-Scholes option pricing model, using an expected time-period of 1.5 years, a weighted average risk-free interest rate of 4.5%, a weighted average volatility rate of 169% and a 0% dividend factor. An amount of \$414,317 was allocated to the share purchase warrants and presented as part of contributed surplus. Finders' fees and related legal fees related to this tranche of the private placement amounted to \$104,223.

On July 7, 2023, the Company completed the second and final tranche of its private placement with the issuance of 1,833,500 units, at \$0.30 per unit, for gross proceeds of \$550,050. Each unit consists of one common share of the Company and one half of one common share purchase warrant (each whole warrant, a "Warrant"), with each Warrant exercisable to acquire one common share of the Company at a price of \$0.40 per share until December 23, 2024. For this second tranche, the weighted average risk-free interest rate of 4.6%, a weighted average volatility rate of 166% and a 0% dividend factor. An amount of \$140,225 was allocated to the share purchase warrants and presented as part of contributed surplus. Finders' fees and related legal fees related to this final tranche of the private placement amounted to \$59,172.

Share purchase warrants

On June 23, 2023, as part of the first tranche of the private placement completed on the same date, the Company issued a total of 153,416 finders' warrants exercisable at a price of \$0.40 until December 23, 2024. The fair value of the warrants was estimated at \$0.20 per warrant by applying the Black-Scholes option pricing model, using an expected time-period of 1.5 years, a weighted average risk-free interest rate of 4.5%, a weighted average volatility rate of 169% and a 0% dividend factor. The estimated fair value of the finders' warrants in the amount of \$30,616 was presented as share issue expenses.

On July 7, 2023, as part of the second and final tranche of the private placement completed on the same date, the Company issued a total of 128,343 finders' warrants exercisable at a price of \$0.40 until December 23, 2024. The fair value of the warrants was estimated at \$0.20 per warrant by applying the Black-Scholes option pricing model, using an expected time-period of 1.5 years, a weighted average risk-free interest rate of 4.6%, a weighted average volatility rate of 166% and a 0% dividend factor. The estimated fair value of the finders' warrants in the amount of \$26,349 was presented as share issue expenses.

The underlying expected volatility described above was determined by reference to historical data of the Company's share price over the expected life of the warrants.

The following tables reflect the activity related to share purchase warrants:

Share Purchase Warrant Grant Date	Number of warrants On December 31, 2022	Purchase Warrants Granted	Purchase Warrants Exercised	Number of warrants on September 30, 2023	Price per share	Expiry Date of Purchase Warrant
June 23, 2023	-	2,920,080	-	2,920,080	\$0.40	December 23, 2024
July 6, 2023	-	1,046,093	-	1,045,093	\$0.40	December 23, 2024
Total	-	3,965,173	-	3,965,173	\$0.40	

The remaining life of the share purchase warrants outstanding at September 30, 2023 is 1.25 years.

Compensation Options (Broker Warrants)

As at September 30, 2023, and December 31, 2022, the Company had 666,666 outstanding compensation options (Broker Warrants) issued on April 26, 2022, at an exercise price of \$0.30, expiring on April 26, 2027. The remaining life of the compensation options outstanding at September 30, 2023 was 3.6 years.

Shares subject to escrow

As of September 30, 2023, 8,845,707 shares were held in escrow. 1,226,667 CPC Seed Shares were in escrow while the balance of shares in escrow (7,619,040) relate to the Qualifying Transaction.

Shares issued to the CPC shareholders (1,840,000 seed shares) are subject to escrow pursuant to the terms of Escrow Agreements dated February 11, 2022 (seed shares) between the Company, TSX Trust Company, and the holders of the seed shares. 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% are to be released on each of the dates that are 6, 12 and 18 months from the Transaction date of March 17, 2023. On September 30, 2023, 1,226,667 shares were still in escrow.

Shares issued to the President and CEO of BULGOLD resulting from the completion of the Transaction (3,174,600 common shares) are subject to escrow with 5% of these shares released on completion of the Transaction and the remainder to be released over a period of 36 months. As of September 30, 2023, 2,857,140 shares were still in escrow.

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. As of September 30, 2023, 4,761,900 shares were still in escrow.

Escrow Shares	CPC Seed Shares	Seefin QT Shares	BMD QT Shares	GEOPS QT Shares	Total Shares
Issued	2,453,333	3,174,600	3,174,600	3,174,600	11,977,133
Released on March 17, 2023	613,333	158,730	317,460	317,460	1,406,983
Balance on March 31, 2023	1,840,000	3,015,870	2,857,140	2,857,140	10,570,150
Balance on June 30, 2023	1,840,000	3,015,870	2,857,140	2,857,140	10,570,150
Released on September 17, 2023	613,333	158,730	476,190	476,190	1,724,443
Balance on September 30, 2023	1,226,667	2,857,140	2,380,950	2,380,950	8,845,707

10. STOCK OPTIONS

Grant of stock options

On July 20, 2023, the Company announced that it had granted stock options to purchase up to 1,840,000 common shares of the Company to its directors, officers, employees, and consultants, which are valid for a period of five (5) years from the date of initial grant at an exercise price of \$0.30 per Common Share. The fair value of the stock options was estimated at \$0.27 per option by applying the Black-Scholes option pricing model, using an expected time-period of 5 years, a weighted average risk-free interest rate of 3.85%, a weighted average volatility rate of 166% and a 0% dividend factor. The options will vest on the following schedule: (i) one-third immediately upon grant, (ii) one-third after one (1) year from initial grant, and (iii) one-third after two (2) years from initial grant.

Total stock options

On September 30, 2023, the company had 2,752,000 issued and outstanding stock options (912,000 on December 31, 2022).

The following table reflects the stock options issued and outstanding on September 30, 2023:

Stock Options Issued and Outstanding as at September 23, 2023	Number of Stock Options	Option Exercise Price \$	Remaining Contractual Life in Years	Number of Exercisable Stock Options	Exercise Price of Exercisable Stock Options
Issued on April 26, 2022	684,000	\$0.30	0.5	684,000	\$0.30
Issued on April 26, 2022	228,000	\$0.30	3.6	228,000	\$0.30
Issued on July 20, 2023	1,840,000	\$0.30	4.8	613,333	\$0.30
Total Options	2,752,000	\$0.30	xxx	1,525,333	\$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. The weighted average number of shares outstanding for the three-months and nine-months ending September 30, 2023 was 10,135,793 and 17,170,617, respectively. The loss per share for the three-months and nine-months ending September 30, 2023 was \$0.16 and \$0.03.

12. RELATED PARTY TRANSACTIONS

Amounts due to related parties are as follows:	September 30, 2023 \$	December 31, 2022 \$
Current Liabilities Loan from Dundee Resources Ltd., a shareholder of BULGOLD principal and accrued interest (a)	-	101,990
Current Liabilities Payable to GEOPS-Bolkan Drilling Services, a shareholder of BULGOLD Invoice from August 2023 – paid in October 2023	120,232	-
Non-current liabilities Payable to GEOPS-Bolkan Drilling Services, a shareholder of BULGOLD discounted amount (b)	398,288	400,216
Non-current liabilities Loan from Seefin Capital, a shareholder of BULGOLD principal and accrued interest (c)	-	129,604
Non-current liabilities Loan from Balkan Mineral and Discovery, a shareholder of BULGOLD principal and accrued interest (d)	0	12,529
Total Amounts due to related parties	518,520	542,349

Finance expense of \$27,148 and \$49,803 on these related party liabilities was charged to net loss during the three and nine months ended September 30, 2023 (\$5,317 and \$17,895 during the comparative periods in 2022).

- a) In 2022 the Company entered into a loan agreement with Dundee Resources Ltd. for an amount of \$100,000; the loan had applicable interest at the annual rate of 10%; the loan and accrued interest (\$3,353) was repaid on April 7, 2023.
- b) Related to drilling services provided by the shareholder GEOPS-Bolkan Drilling Services EOOD to the Company's subsidiary in Bulgaria. This amount which has been outstanding since 2022 and the parties agreed that this would not

be settled within the next year.

- c) In 2014, 2016, 2017, 2019 and 2021 the Company signed loan agreements with the shareholder Seefin Capital OOD. The loan terms included annual interest of 4.5%. The loans with were paid off in July of 2023.
- 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) bearing annual interest rate of 10% The loan was paid off in July of 2023.

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:

Segmented Information – September 30, 2023	Canada	Bulgaria	Total
Current assets	1,910,928	644,234	2,555,163
Property and equipment	1,903	24,345	26,248
Exploration and evaluation assets	-	1,013,101	1,013,101
Total assets	1,912,831	1,681,681	3,594,512

Segmented Information – 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. EVENTS AFTER THE REPORTING DATE

Payment of Invoice to related party

In October of 2023, the company paid the outstanding invoice in the amount of \$120,232 to GEOPS-Bolkan Drilling Services, a shareholder of BULGOLD.