



## BULGOLD INC.

### INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2023

The following interim Management's Discussion and Analysis – quarterly highlights ("**Interim MD&A**") of BULGOLD Inc. (formerly St Charles Resources Inc. – referred herein as "**BULGOLD**" or the "**Company**" or the "**Resulting Issuer**") for the three months ended September 30, 2023 provides material information about the Company's business activities during the interim period and updates disclosure previously provided in the Company's management's discussion and analysis for the financial year ended December 31, 2022 ("**Annual MD&A**").

This Interim MD&A should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and related notes for the three and nine months ended September 30, 2023 (the "**Interim Financial Statements**"), as well as the Company's audited consolidated financial statements for the year ended December 31, 2022 and the period from July 16, 2021 (incorporation) to December 31, 2021 (the "**Annual Financial Statements**"), and the Company's Annual MD&A.

The effective date of this Interim MD&A is November 23, 2023.

All financial results presented in this Interim MD&A are expressed in Canadian dollars unless otherwise indicated.

#### ***Description of Business***

BULGOLD 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**"), until the completion of its Qualifying Transaction (the "**Transaction**") on March 17, 2023. The Company's Transaction consisted in a business combination with Eastern Resources OOD ("**Eastern Resources**"), a private Bulgarian gold exploration company with two gold projects located in Bulgaria and an option to acquire one gold project located in Slovakia.

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 (3) pre-consolidation common shares of the Company, following approval by the Company's shareholders at a special meeting of the shareholders held on April 26, 2023. On the same day, the Company began trading on the TSXV under the symbol "ZLTO" (previously traded under the symbol "SCRS").

The number of issued and outstanding common shares and other securities presented in this Interim MD&A take into account the one (1) for three (3) consolidation of the Company's common shares implemented on May 5, 2023.

Immediately following the completion of the Transaction, the security holders of BULGOLD hold approximately 45.08% of the shares of the Company and the shareholders of Eastern Resources hold approximately 54.92% of the shares of the Company, on a non-diluted basis. On completion of the Transaction, Eastern Resources controlled the Company and, therefore, the Transaction was accounted for as a reverse takeover. Consequently, the Company's Interim Financial Statements reflect the acquisition of the assets and liabilities of BULGOLD and BULGOLD's listing status by Eastern Resources. The Company's Interim Financial Statements were prepared as a continuation of the financial statements of Eastern Resources but reflecting the equity instruments of BULGOLD. Consequently, the Company's statements of net loss and comprehensive loss and cash flows include results of Eastern Resources for the three-month and nine-month

periods ended September 30, 2023, and results of the Company for the period from March 17, 2023 to September 30, 2023 and the balance sheets as at September 30, 2023 reflects the balances of the merged entity. Comparative information is solely those of Eastern Resources.

As of the date of this Interim MD&A, the Company has 27,597,928 issued and outstanding common shares. As of September 30, 2023, the Company had \$2,301,401 in cash and cash equivalents.

### **Highlights**

- During the three months ended September 30, 2023, the Company incurred a loss of \$445,908 (\$0.03 per share) compared to a loss of \$116,909 during the comparative period in 2022.
- On June 23, 2023 (“**Tranche 1**”) and July 7, 2023 (“**Tranche 2**”), the Company completed a private placement in two tranches with the issuance of a total of 7,366,831 units, at \$0.30 per unit, for gross proceeds of \$2,210,049. 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. In consideration for the services rendered by certain arm’s length third parties (the “**Finder’s**”) in connection with the private placement, the Company paid total finder’s fees of \$84,528 and issued 281,759 finder’s warrants (the “**Finder’s Warrants**”). Each Finder’s Warrant entitles its holder to acquire one common share of the Company at a price of \$0.40 per share until December 23, 2024.
- On July 19, 2023, the Company 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 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.
- On August 7, 2023, the Company received the final approval from the Ministry of Environment and Waters for its submitted two-year work programme for its first exploration licence extension (i.e., Year 4 & 5). This date (with Year 4 commencing August 7, 2023) 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 July 19, 2023, the Company incorporated a 100% owned subsidiary in the Slovak Republic: Stredné Slovensko s.r.o.

### **Exploration activities**

#### **Slovakia**

On October 22, 2022, BULGOLD entered into a cooperation agreement and a transfer of exploration area agreement with Green View s.r.o. pursuant to which the Company had an option to acquire 100% interest in a particular area of land located in the Slovak Republic to prospect for gold and silver exploration in exchange for €100 (EUR).

During the first quarter of 2023, the Company was informed by Green View s.r.o. that the Lutilla exploration area (No. 14675/2023) had been granted by the Slovak Ministry of Environment (Department of State Geological Administration), with an effective date of March 21, 2023. The Lutilla exploration area is located in Central Slovakia and 5km south of the historic Kremnica quartz-adularia gold deposit. The Lutilla exploration licence covers an area of 32.2km<sup>2</sup> 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.

The Company is permitted to perform exploration activity on the property immediately.

#### **About the Slovak Republic**

- EU and NATO member since 2004.
- Eurozone member since 2009.
- Established mining industry, clearly defined mining legislation.
- No restrictions on foreign ownership.
- 21% corporate tax rate.
- 5% NSR for gold and silver.
- The use of cyanide for extractive purposes has been prohibited since 2014.
- Low-cost profiles, skilled local workforce.
- Exploration licences can be held for a 10-year period (4+4+2).

#### **The Lutilla Gold Project**

The Lutilla Gold Project is located 140 kilometres northeast of the capital city of the Slovak Republic, Bratislava. The nearby town of Žiar nad Hronom within the Banská Bystrica Region is located immediately south of the exploration licence area. The villages of Lutilla and Slaská bound the property to the west, while the villages of Kopernica and Lúčky lie to the north and the villages of Horná Ves, Dolná Ves, Bartošova Lehôtka and Stará Kremnička bound the property to the east.

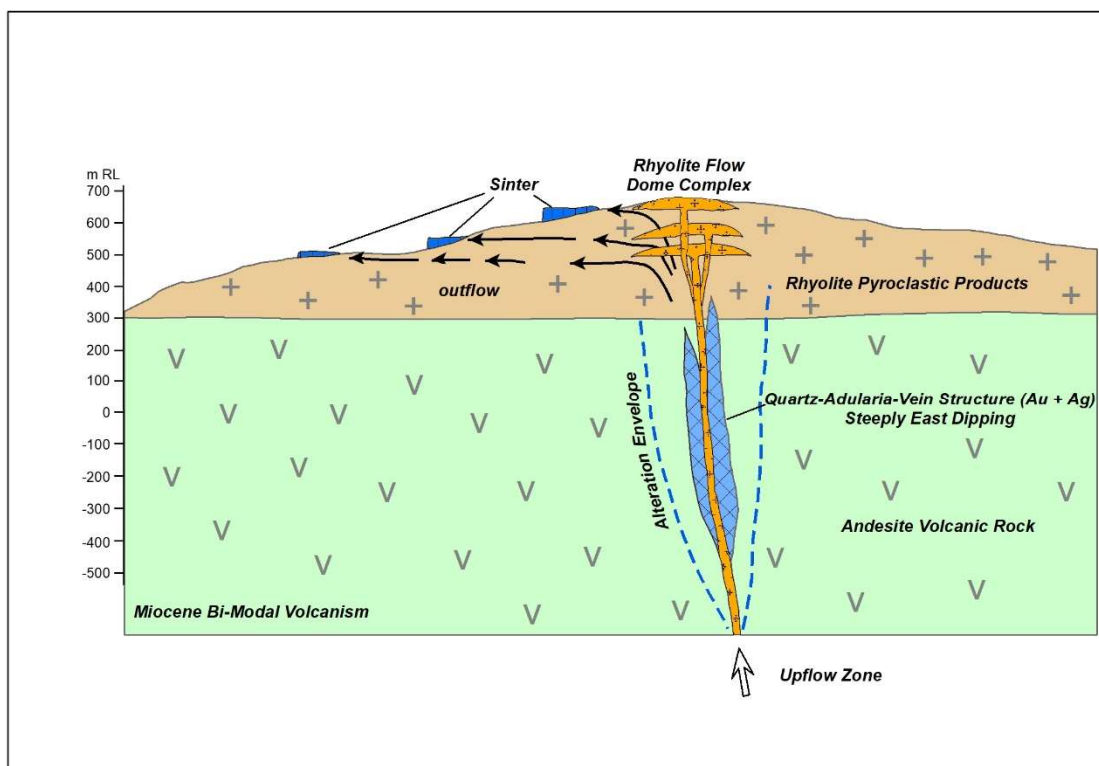
The property is located near the northern margin of the Central Slovak Volcanic Field within an area dominated by north to north-northeast trending faults and post-andesite resurgent rhyolite flow domes and dykes. The faults are normal, extensional, and form a series of horsts and grabens that are extensions of the Banská Štiavnica caldera complex that lies several kilometres to the south.

The Company was attracted to the property for the following reasons:

- The extensive sinter field which reflects the position of the paleosurface and is a surface indication of boiling at depth within an epithermal system which, if present, is preserved from erosion.
- The historic exploration diamond drilling within the northeast portion of the property indicated that the silicified rhyolite flow domes ± chalcedonic quartz veins did in fact contain gold mineralisation, which is important when assessing the upper, lower temperature parts of low-sulfidation epithermal vein systems.
- The proximity to the historic Kremnica gold deposit, which is located along strike, 5km to the north and within the same volcanic depression and effectively informs the Company's exploration model was a key factor in acquiring the property.

Review of public domain data relating to the Kremnica gold deposit indicated that rhyolite dykes were intimately associated with and often well mineralised where they are cross-cut, or run parallel to quartz-adularia veins, thus indicating that extrusive rhyolite volcanism was likely a pre-mineral event. Taken together, the above points indicate to the Company that the Kremnica gold deposit most likely has been subjected to approximately 200-300m of erosion, including the removal of sinters and the silicified rhyolite flow dome complex so as to expose the quartz-adularia vein system within andesite volcanic rocks at surface and coincident with the precious metal zone, which most likely accounts for the exploitation of the deposit over such a long period of time. Taken further, the Company believes that the Lutilla Gold Project reflects a continuation of the same volcanic depression which has been downfaulted, creating a preserved graben of rhyolite flow domes, lavas and their pyroclastic products together with a very large sinter field.

The Company's conceptual exploration model is outlined below:



## Due Diligence

The BULGOLD team has visited the property in support of its due diligence activities.

Within the sinter field the team field checked 80% of the outcropping siliceous sinters and confirmed that they were sinters which exhibit horizontal layering (laminations) and contain abundant flora and fauna fossils in the form of moulds and as replacement by low temperature opaline silica which is now chalcedonic quartz. The BULGOLD team also noted that some of the sinter occurrences are quite thick, up to 25m in some locations and are found at various topographic levels. Within the northeast portion of the property the BULGOLD team field checked the silicified rhyolite flow dome complexes ± chalcedonic quartz veins within the Čertov vrch area and cut and slabbed the following float samples in the field (~550mRL):



\*BULGOLD Assay Results (SGS Bor)

The rock samples were strongly silicified, brecciated and banded chalcedonic quartz (colloform-crustiform) in rhyolite rocks from the area of the Čertov vrch; minor marcasite ± pyrite recognised in non-oxidized portions of the rock. The gold results were in line with what the Company would expect from their location within the upper, lower temperature part of a low-sulfidation epithermal quartz-adularia vein system.

### Next Steps

- Conduct meetings with local and national stakeholders.
- Acquire, validate and incorporate into the Company's database the historic exploration data from the Lutilla exploration licence area.
- The Company has 'inherited' an initial 4-year work programme commitment of approximately CAD\$100,000 and intends to review this programme to ensure compatibility with Company's board of directors' approved budget.
- Prepare for the Company's maiden exploration diamond drilling programme, which is expected to commence in March/April 2024.

### Bulgaria

The Kostilkovo Gold Project is located 270 kilometres south-east of the capital city of Bulgaria, Sofia, close to the border with Greece, in the Municipality of Ivailovgrad within the Haskovo Region. The town of Ivailovgrad is the regional centre, located 13 kilometres north-east of the Kostilkovo Gold Project. The Kostilkovo Gold Project consists of a 10km<sup>2</sup> low-sulfidation epithermal system with additional exploration potential on the 66.18km<sup>2</sup> Chukata exploration licence area. Through a detailed analysis of historical data as well as via an extensive mapping and prospecting program, BULGOLD has established the presence of a large (10 km<sup>2</sup>) low-sulfidation epithermal system on the Project, with multiple upflow zones containing quartz-adularia-illite vein material identified. This project has not yet been fully explored and it is BULGOLD's opinion that additional potential for low-sulfidation epithermal systems exist on the project.

On August 7, 2023 the Company received the final approval from the Ministry of Environment and Waters for its submitted two-year work programme for its first exploration licence extension (i.e., Year 4 & 5). 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. The Company is currently permitting drill pads in support of its Phase III exploration drilling programme which is expected to commence during the summer of 2024.

The Kutel Gold Project is located in the Eastern Rhodope, in the south-east of Bulgaria, approximately 150 km to the southeast of Sofia, the capital of Bulgaria, in the Municipalities of Chepelare, Smolyan Region and Laki, Plovdiv Region. The Kutel Gold Project consists of a 15km<sup>2</sup> low-sulfidation epithermal system with additional exploration potential on the 24.4km<sup>2</sup> Kutel exploration licence area. BULGOLD has identified a large (15km<sup>2</sup>) quartz-adularia-illite paleogeothermal

system which has been largely preserved from erosion and is supported by a strong and extensive gold-silver-arsenic-antimony surface geochemical soil response. Multiple hydrothermal explosion breccias (also known as phreatic breccias) have been identified through geological mapping and prospecting which contain clasts of gold mineralised quartz-adularia-illite vein material which have been transported from depth to a higher elevation.

On October 17, 2023, the Company announced that it has now completed the maiden drilling programme on the Kutel Gold Project and all assay results have been returned, validated and incorporated into the Company's database. Three diamond drill holes were drilled across two of the three primary HEB targets for a total of 1,125.4m. No significant intersections were recorded. As such the Company has re-rated the property within its portfolio.

### **QAQC**

Rock samples are shipped to SGS Bor, Serbia. Quality control samples, comprising certified reference materials, blanks, and field duplicates, are inserted into each batch of samples and locations for crushed duplicates and pulp replicates are specified. At the SGS Bor laboratory, the submitted rock samples are dried at 105°C for a minimum of 12 hours, and then jaw crushed to about 80% passing 4mm. Sample preparation duplicates are created by riffle splitting crushed samples on a 1 in 20 basis. Larger samples are riffle split prior to pulverizing, whereas smaller samples are pulverized entirely. Pulverizing specifications are 90% passing 75 microns. Gold analyses are done using a conventional 50-gram fire assay and AAS finish.

### ***Qualified Person***

Sean Hasson, the Company's President and CEO and a qualified person pursuant to National Instrument 43-101, has reviewed and approved the scientific and technical data contained in this Interim MD&A.

### ***Financial Review***

For the nine months ending September 30, 2023, the company had a net increase of cash in the amount of \$2,330,757. The primary sources of cash were \$1,781,069 from the reverse acquisition (cash on hand with St. Charles Resources when the qualifying transaction closed) and net cash from the private placement of \$2,046,654 for a total of \$3,827,724. The net cash increase after capital items of \$559,394 was \$3,268,330. Expenditures of a non-capital nature were \$937,973 for a net increase in cash of \$2,330,757.

The major expenditures of a non-capital nature of \$937,973 for the nine months ending September 30, 2023, include:

- Legal Fees in Bulgaria of ~\$131,000
- Audit fees in Bulgaria of ~\$15,000
- Accounting Services in Bulgaria of ~\$29,000
- Salaries and benefits in Bulgaria of ~\$105,000
- Seefin Capital, a BULGOLD shareholder, loan repayment of ~\$134,000
- Balkan Mineral & Discovery, a BULGOLD shareholder, loan repayment of ~\$13,000
- Dundee Resources, a BULGOLD shareholder, loan repayment of ~\$106,000
- Legal Fees in Canada of ~\$123,000
- Audit Fees in Canada of ~\$26,000
- Financial Advisory fees in Canada of \$18,000
- Corporate Secretary, Filing and Press Release fees in Canada of \$55,000

- Salaries and benefits in Canada of ~\$40,000
- Board of Director Fees of ~\$33,000
- Insurance of ~\$15,000
- Travel of ~\$37,000
- Stock exchange fees of ~49,000
- Other expenditures of ~\$9,000

#### Operating Activities

For the nine months ending September 30, 2023, operating activities consumed cash of \$638,887. The Company incurred a net loss of \$1,632,565 (\$0.16 per share) during the nine months ended September 30, 2023. This included non-cash items of \$996,902 (Cost of Listing related to the reverse acquisition of \$734,269, Stock Option Expense of \$211,776, Interest on shareholder loans of \$49,803 and Depreciation Expense of \$1,084). Other changes in Working capital resulted in a reduction in cash of \$3,224 primarily resulting from an increase in Sales Tax Receivable (VAT in Bulgaria and GST in Canada) of \$85,254, largely offset by an increase in accounts payable of \$80,569 and other items totaling \$1,461.

#### Investing Activities

For the nine months ending September 30, 2023, Investing Activity provided Cash of \$ 1,221,676. The reverse acquisition in March 2023 provided \$1,781,069 in cash which was partially offset by capital expenditures of \$559,394. During the nine months ended September 30, 2023, in accordance with its accounting policy on exploration expenditures, the Company capitalized an amount of \$551,210 on its exploration and evaluation assets (\$82,425 during the comparative period in 2022) with the increase in investment related to activities on the Kutel Gold Project (\$394,524), the Kostilkovo Gold Project (\$119,973) and Project Generation work in the amount of \$36,713. In addition, other capital expenditures (computer equipment and technical equipment for exploration activities) for the nine-month period ended September 30, 2023, and 2022 were \$8,183 and \$15,321 respectively.

#### Financing activities

For the nine months ending September 30, 2023, Financing Activity provided net Cash of \$1,773,788. The private placement, which closed in June and July, provided net cash of \$2,046,654 after deducting issuance cost of \$163,395 (brokerage fees and legal fees). The amount was partially offset by repayment of a loans (principal and interest to) Dundee Resources (~\$106,000), Seefin Capital (~134,000) and to Balkan Mineral & Discovery (~\$13,000).

#### **Liquidity and Capital Resources**

As at September 30, 2023, the Company had a working capital of \$2,303,401 compared to a working capital deficit of \$1,039 as at December 31, 2022. The increase in working capital is mainly attributable to the cash and cash equivalents of \$1,781,069 acquired on the reverse acquisition as well as proceeds from the company's private placement of \$2,210,049 partially offset by share issue expenses of \$163,395 including legal fees, finder's fees and listing fees related to same.

The Company funds its activities through equity financing. The current cash on hand is expected to be sufficient to meet the Company's obligations and general and administrative expenses for at least twelve months from the end of the reporting period. The Company will need to raise additional funds to pursue the exploration and development of its projects. There can be no assurance that management will be able to secure additional financing, or that such additional financing will be available to the company or that it will be available on terms which are acceptable to the Company.

### **Outstanding securities**

As of November 23, 2023, the company has 27,597,928 issued and outstanding common shares, 3,683,415 share purchase warrants exercisable at a price of \$0.40 until December 23, 2024, 281,759 finder's warrants exercisable at a price of \$0.40 until December 23, 2024, 666,666 compensation options (broker warrants) exercisable at a price of \$0.30 until April 2027, 684,000 stock options exercisable at \$0.30 until March 17, 2024, 228,000 stock options exercisable at \$0.30 until April 26, 2027, and 1,840,000 stock options exercisable at \$0.30 until July 20, 2028.

### **Shares subject to escrow**

As of September 30, 2023, 8,845,707 shares were held in escrow which is 32.1% of the 27,597,928 issued and outstanding shares. 1,226,667 CPC Seed Shares were in escrow while the balance of shares (7,619,040) in escrow relate to the Qualifying Transaction.

Shares issued to the CPC shareholders (2,453,333 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% will 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.

### **Financial Risk Factors**

The Company thoroughly examines the various financial risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include liquidity risk and credit risk. Where material, these risks are reviewed and monitored by the board of directors.

### **Other Risks Factors**

The Company has no history of earnings and expects to incur losses for the foreseeable future. There can be no assurance that the Company will be profitable in the future. Substantial expenditures are required to identify mineral deposits.

The Company's activities are highly speculative due to the nature of mineral exploration generally. The Company's projects are in the early exploration stage. Few properties that are explored are ultimately developed into producing mines. Resource exploration and development is characterized by, a number of significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate.

Risk factors relating to the Resulting Issuer and risks related to mining operations are fully described in the Company's filing statement, dated as of February 23, 2023, filed on SEDAR.



**Cautionary note regarding forward information**

This Interim MD&A contains "forward-looking information", within the meaning of applicable securities laws. Generally, forward-looking information or statements can be identified by the use of forward-looking terminology such as "plans", "expects", "budget", "scheduled", "estimates", "intends", "anticipates" or "believes", or variations of such words or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Such forward-looking statements in this Interim MD&A include, but are not limited to: the Company's exploration and financing plans; references to the potential of the Kutel Gold Project, the Kostilkovo Gold Project and the Lutilla Gold Project ("the Projects"); the likelihood of discovering resources; any objectives, expectations, intentions, plans, results, levels of activity, goals or achievements; the timing and amount of estimated exploration expenditures and capital raises for the Company; the ability of the Company to obtain all permits, consents or authorizations required for its operations and activities; the ability of the Company to fund the capital and operating expenses necessary to achieve the business objectives of the Company; the liquidity of the common shares in the capital of the Company; and any other events or conditions that may occur in the future.

Forward-looking information is not historical facts. Forward-looking information is based on the reasonable assumptions, estimates, analyses and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made. Despite a careful process to prepare and review the forward-looking information, forward-looking information is inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by the forward-looking information for various reasons discussed throughout this Interim MD&A and there can be no assurance that the underlying opinions, estimates and assumptions will prove to be correct. Readers are cautioned that reliance on such statements and information may not be appropriate for other purposes, such as making investment decisions. Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks, including the inherent uncertainty of mineral exploration; risks related to title to mineral properties; and credit, market, currency, operational, commodity, geopolitical, liquidity and funding risks generally, including changes in economic conditions, interest rates or tax rates and general market and economic conditions. Accordingly, readers should not place undue reliance on the forward-looking statements and information contained in this Interim MD&A. Readers are cautioned that the foregoing list of factors is not exhaustive. The forward-looking statements and information contained in this Interim MD&A are made as of the date hereof and the Company undertakes no obligation to update publicly or otherwise revise any forward-looking information, whether as a result of new information or future events or otherwise, except as may be required by law. Accordingly, readers should not place undue reliance on forward-looking information and such statements and information contained in this Interim MD&A are expressly qualified by this cautionary statement.

**Additional Information and Continuous Disclosure**

Additional information on the Company is available through regular filings of press releases and financial statements on SEDAR+ ([www.sedarplus.com](http://www.sedarplus.com)) and the Company's website: [www.BULGOLD.com](http://www.BULGOLD.com)