



*Q2-2009*

# Chief Executive Officer's Statement Q2 2009

Welcome! It is with pleasure that I can report to you that during the last quarter EurOmax has completed the strategic merger with Silk Road Resources Limited, concluded the sale of gold exploration assets in China for US\$ 15 million, repatriated the funds from China after obtaining all approvals and paying various taxes and progressed the acquisition of the Breznik and Rakitovo gold properties in Bulgaria.

The business combination with Silk Road Resources Ltd. ("Silk Road") has now been concluded and new EurOmax shares issued to Silk Road Shareholders. Subsequent to the completion of the business combination the sale of the Bulagou Property in China to Chenzhou Mining Group Co. Ltd. (listed on the Shenzhen stock exchange) closed on July 16, 2009. The proceeds from the sale of the Property net of withholding taxes were US\$ 15 million.

The previously announced acquisition of Thrace Resources EOOD ("Thrace"), will expand our gold exploration portfolio with two new projects, Breznik and Rakitovo, in southern and western Bulgaria respectively. The Breznik project has been the subject of systematic diamond and reverse circulation drilling, trenching and metallurgical testwork resulting in a JORC (2004) code compliant Indicated and Inferred Mineral Resource estimate. JORC (2004) code is similar to NI-43-101. The total Indicated resource at a cut-off of 0.5 grams per tonne is 1.08 million tonnes at 2.01 grams per tonne gold and 6.05 grams per tonne silver, containing 70,000 ounces of gold, 210,000 ounces of silver. The inferred mineral resource at a 0.5 grams per tonne cut-off grade is 0.69 million tonnes at 1.79 grams per tonne gold and 5.66 grams per tonne silver, containing 40,000 ounces of gold and 125,000 ounces of silver. The acquisition, expected to be concluded by early October, is subject to approval of the shareholders of International Resource Holdings Limited the owner of Thrace scheduled for September 23, 2009.

EurOmax has now commenced exploration activities in Serbia. A 1,000 metre diamond drilling program at the Durlan Potok property located between the large BOR and Majdanpek gold-copper deposits is largely complete and a 13 square kilometre geophysical survey has commenced at Ceovishte. This program has already defined IP anomalies at depth beneath ancient open pits in gold and silver bearing silica breccia. Planning for diamond drilling is well advanced and will follow the completion of the drilling program at Durlan Potok and Brestovatz.

Diamond drilling at Karavansalija is planned to commence during September to test high-order IP/Resistivity anomalies to the east of previously announced wide copper-gold intercepts. Elsewhere drilling awaits permitting.

This has been a most exciting time for the company and now fully funded we are in an excellent position to unlock the potential of its existing portfolio and evaluate new opportunities.

***"John C. Menzies***

John C. Menzies  
Chief Executive Officer  
August 28, 2009

# Management Discussion & Analysis

*This discussion and analysis ("MD&A") is provided by management of EurOmax Resources Ltd. ("EurOmax" or the "Company") with respect to the second quarter ended June 30, 2009 financial results and should be read in conjunction with the unaudited consolidated financial statements and related notes for the quarter ended June 30, 2009 and the audited consolidated financial statements, related notes and MD&A for the years ended December 31, 2008 and 2007. This MD&A is dated August 28, 2009.*

*BASIS OF PRESENTATION: The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") in Canadian dollars.*

*FORWARD-LOOKING STATEMENTS: This document contains statements that are forward-looking, such as those relating to results of operations and financial condition, capital spending, financing sources, commodity prices, costs of production and the magnitude of petroleum and natural gas reserves. Forward-looking statements are frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate" and other similar words, or statements that certain events or conditions "may" or "will" occur. Forward-looking statements are based on the opinions and estimates of management at the dates the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. The forward-looking statements contained in this MD&A are as of August 31, 2009 and are subject to change after this date. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. EurOmax disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.*

*MANAGEMENTS' RESPONSIBILITY FOR FINANCIAL REPORTING: Management of EurOmax is responsible for the preparation, integrity, and fair presentation of the accompanying consolidated financial statements and other information contained in this annual report. The consolidated financial statements and related notes were prepared in accordance with accounting principles generally accepted in Canada and reflect management's best judgments and estimates, based on currently available information. Management maintains a system of internal controls over financial reporting, which encompasses policies, procedures and controls to provide reasonable assurance that assets are safeguarded against loss or unauthorized use, that transactions are executed and recorded in accordance with management's authorization, and that financial records are accurate and reliable. The Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Board exercises its responsibilities through the Audit Committee of the Board, which meets with the external auditors to satisfy itself that management's responsibilities are properly discharged and to review the consolidated financial statements before they are presented to the Board of Directors for approval.*

## **CORPORATE STRATEGY**

During 2003, the Company initiated a focus on identifying, acquiring and developing natural resource opportunities in South-Eastern Europe. EurOmax believes that this region has underdeveloped natural resource potential and minimal political risk. Many of the countries in this area have not been subjected to the systematic exploration that has been conducted in western countries. However, the countries in this region have more developed economic, legal and political climates than most of the undeveloped regions of the world. In fact, Bulgaria and Romania entered the European Union in January 2007. Over the next few years, other countries which are not yet already members of this growing economic block have or intend to apply for membership. EurOmax has found that the potential to acquire natural resource properties in this region is subject to significantly less competition than would be found in North America or other developed countries. Notwithstanding the Company's belief in the potential of South-Eastern Europe EurOmax has found that political and cultural issues can delay projects longer than is normal in North America. The problems associated with raising funds for junior mining companies became quite severe in the third quarter of 2008 when the Company's financial resources were nearly depleted. The Company was able to enter into a merger agreement with Silk Road Resources Ltd., ("Silk Road") another junior mining company with a similar funding problem, during the first quarter of 2009. However, Silk Road had a mineral property in China which was marketable. The merger was completed on June 29,

2009 and the mineral property was sold for approximately US\$13.4 million after commissions and Chinese taxes on July 16, 2009.

Prior to the sale of its oil and gas operations on December 1, 2008, the Company was able to partially offset its costs through the profits from these activities.

## **HIGHLIGHTS**

In 2007, EurOmax executed a geopolitical diversification to its operations in South-Eastern Europe. Prior to that time all of the Company's activities were focused on Bulgaria. On July 13, 2007 the Company purchased an options to acquire four exploration properties in Macedonia and five exploration properties in Serbia from Freeport McMoRan Inc. subsidiary Freeport McMoRan Exploration Company (formerly Phelps Dodge Exploration Corporation) (FMEC) and its Macedonian and Serbian subsidiaries. Under the terms of the agreements EurOmax has an option to acquire a 100% interest in the Macedonian properties and its Macedonian subsidiary PD Vardar doool (PDV) by the payment of US\$ 600,000 and the issuance of 100,000 EurOmax shares and an option to acquire 100% of the shares of Mining and Geology South Danube Metals Beograd South (SDM), a FMEC Serbian subsidiary, subject to exclusion of one of the SDM licenses, by the issuance of 2.4 million shares of EurOmax. In order to exercise the options EurOmax must fulfill all concession requirements, fulfill a certain minimum drilling commitment, and complete a US\$1.5 million exploration program in each of Macedonia and Serbia over 3 years. FMEC retains a one time only back in-right on each concession, whereby FMEC may elect to earn a 70% interest, after EurOmax has completed 10,000 metres of drilling on any such property. In order to earn its interest FMEC must repay EurOmax twice its exploration expenditure on that property and fund the property through completion of a final feasibility study. As of March 31, 2009, the Company is still required to complete 842 metres of drilling in Macedonia and 1,250 metres of drilling in Serbia under the minimum drilling commitment in the July 13, 2007 agreements. As of March 31, 2009, EurOmax has completed the required exploration program for Serbia and is required to spend approximately US\$225,000 prior to July 13, 2010 for Macedonia. Once these conditions are met for either country EurOmax will exercise its option under the respective agreement. It is expected that EurOmax will complete the requirements to exercise both the Serbian and Macedonian options prior to the end of 2009. The back-in right for FMEC on each property will continue until the 10,000 metres of drilling have been completed.

On June 6, 2008, the Company entered an option agreement with Freeport-McMoRan Exploration Company (FMEC) to acquire a 100% interest in the Karavanslija property in Serbia by the payment to FMEC of US\$50,000 and the issue of 2,500,000 common shares of the Company. In order to exercise the option the Company must complete an exploration program within 3 years from the date of execution of this agreement including 4,400 metres of drilling at the direction of FMEC. FMEC retains a one time only back in-right, wherein FMEC may elect to earn a 70% interest, after the Company has completed 20,000 metres of drilling on the Karavanslija property. In order to earn its interest FMEC must repay EurOmax 1.5 times its exploration expenditure, fund the property through completion of a final feasibility study and pay EurOmax a 1% Net Smelter Royalty ("NSR") on its 70% share. If FMEC does not exercise its back-in right EurOmax is required to pay FMEC a 1% NSR. As of the date hereof, the Company has completed the minimum drilling requirement at the direction of FMEC for the first year of the Karavanslija property agreement ending June 5, 2009.

On June 29, 2009, EurOmax merged with Silk Road Resources Ltd. Under the terms of the merger, which was completed by a Plan of Arrangement between Silk Road and a subsidiary of EurOmax, the Company issued 2.2535 common shares for each share of Silk Road. The Company also issued stock options and warrants to former Silk Road optionholders and warrantholders under similar conversion terms to those for Silk Road shareholders. Silk Road has entered into an agreement to sell its Bulagao property in China. It is expected that this transaction will close in the third quarter. The sale will result in gross proceeds of approximately \$18 million. These funds will be used to fund the combined companies exploration in South-East Europe.

On July 16, 2009, the Company sold its Bulagou property in China to Chenzhen Mining Group Co. Ltd. for gross proceeds of 111,900,000 Chinese RMB. After Chinese withholding taxes and other required expenditures to complete the sale, the Company received US\$14,992,274. Commissions for arranging the sale in the amount of US\$1,632,580 were paid to parties who assisted in arranging the sale.

On March 16, 2009, EurOmax entered into an agreement to purchase all of the issued and outstanding shares of Thrace Resources EOOD (Thrace) a subsidiary of International Resource Holdings Limited (formerly Balkans Gold Limited) (IRH) subject to all necessary regulatory approvals. The purchase price for Thrace will be the cancellation of 50% of the convertible note issued by IRH to EurOmax for the outstanding debts of Thrace to the company or A\$169,807. IRH has also announced that it is a party to a reverse take-over where a private entity will receive the majority of IRH by selling its coal gasification projects in Australia to Thrace. While this will substantially dilute EurOmax's current 13% ownership of IRH, the benefits for shareholder returns, including those of the Company will be greatly enhanced. As part of this reverse take-over, two of the conditions precedent are the sale of Thrace and the conversion of the convertible note held by the Company. It is expected that this transaction will close during the third quarter of 2009. The main property of Thrace, Breznik, has an identified in situ mineral resource estimate calculated by independent consultants & resource modeling specialists Ravensgate. They used accepted industry standard best practice estimation methods and adhered to the JORC Code guidelines (similar to 43-101 guidelines) in estimating and categorizing the resource. Using a cut-off grade of 0.5 g/t gold the Indicated Resource is 1.079 million tonnes at 2.01 g/t gold and 6.05 g/t silver and the Inferred Resource is 0.689 million tonnes at 1.79 g/t gold and 5.66 g/t silver.

### SELECTED FINANCIAL INFORMATION

	Three Months Ended June 30 2009	Three Months Ended June 30 2008	Six Months Ended June 30 2009	Six Months Ended June 30 2008
Revenue	\$ -	\$ -	\$ -	\$ -
Net income /(loss) from continuing operations	\$ 40,038	\$ ( 159,592)	\$ ( 273,208)	\$ ( 596,801)
Per share - basic and diluted	\$ 0.00	\$ ( 0.00)	\$ ( 0.00)	\$ ( 0.01)
Net income from discontinued operations	\$ -	\$ 61,875	\$ -	\$ 99,270
Per share - basic and diluted	\$ -	\$ 0.00	\$ -	\$ 0.00
Net income from discontinued operations	\$ 40,038	\$ ( 97,717)	\$ ( 273,208)	\$ ( 497,531)
Per share - basic and diluted	\$ 0.00	\$ ( 0.00)	\$ ( 0.00)	\$ ( 0.01)
Total assets	\$ 18,879,410	\$ 6,279,957	\$ 18,879,410	\$ 6,279,957
Long term debt	\$ -	\$ -	\$ -	\$ -
Dividends	\$ -	\$ -	\$ -	\$ -

## DISCONTINUED OPERATIONS – OIL AND GAS PROPERTIES

EurOmax sold its oil and gas properties on December 1, 2008. The following table summarizes the results of the Company's oil and gas operations until the sale:

	Three months ended June 30		Six months ended June 30	
	2009	2008		
	\$	\$	\$	\$
Revenue				
Petroleum and natural gas sales	-	81,573	-	139,355
Expenses				
Production	-	11,241	-	22,782
Transportation	-	1,619	-	3,913
Depletion and accretion	-	6,838	-	13,390
	-	19,698	-	40,085
Net income from discontinued operations	-	61,875	-	99,270

On April 3, 2008, Daylight Energy Ltd. ("Daylight") filed a Statement of Claim in the Court of Queen's Bench of Alberta alleging that the Company had been overpaid \$196,000 in royalties from one of its oil and gas wells. The Company denies this allegation. It has filed a Statement of Defense and Counterclaim alleging the breach of the original farm-out agreement contract by Daylight. Examinations for discovery have been delayed at the request of Daylight but no trial date has been set. It is too early to predict the outcome of this proceeding.

## CONTINUING OPERATIONS

### GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses amounted to \$571,557 in the first half of 2009 (Q2 - \$298,553) as compared to \$458,530 (Q2 - \$272,924) during the same period in 2008. During the first quarter of 2009, general and administrative costs associated with the Company's mineral exploration activities in South-East Europe were \$343,044 (Q2 - \$163,656) compared to \$182,688 (Q2 - \$126,960) in the first half of 2008. The main increase in these costs is because until April 2008 the Company was mainly conducting operations for other companies who covered much of the general and administrative expenses while this did not occur in 2009. This reduced the effective general and administrative costs by the allowance paid by these other companies during 2008. No cost recovery is expected during future years as the Company does not expect to be providing these services in the future. Other corporate general and administrative costs in the first half of 2009 amounted to \$228,513 (Q2 - \$134,897) compared to \$275,062 (Q2 - \$145,964) in similar periods in 2008. In 2008, there were extra charges of \$66,000 associated with preparing 43-101 regulatory reports compared to \$25,000 in 2009. In 2009, the Company used shared office facilities rather than its own at a savings of \$3,500 per month.

EurOmax does not capitalize any general and administrative expenses.

### FOREIGN EXCHANGE GAIN / LOSS

As a result of the Company's international operations where expenses are sometimes denominated in United States dollars or Euros, EurOmax is subject to potential foreign exchange gains and losses. During 2009, the Company had a foreign exchange loss of \$38,649 compared to a gain of \$75,586 in 2008. The loss in 2009 was due to the increase in the value of the Euro which more than offset the decrease of the United States dollar compared to the Canadian dollar during the first half of 2009. In 2008 the Canadian dollar strengthened compared to both the Euro and United States dollar. The Australian dollar has dropped against the Canadian dollar this year but was relatively stable against the Canadian dollar in 2008. A significant component of the Company's monetary assets are valued in Australian dollars in 2009 through its holdings in shares of IRH which have risen by 600% in the second quarter of 2009 and the convertible note. During the second quarter of 2009 the Canadian dollar has strengthened considerably against the United States dollar and to a lesser degree against the Euro.

## **DEPRECIATION**

Depreciation expenses for the second quarter of 2009 and 2008 was \$22,288 and \$26,412 respectively is related to office equipment and vehicles in South-East Europe. There were no additions to depreciable assets in 2009.

## **CAPITAL EXPENDITURES**

Capital expenditures for the first half of 2009 of \$109,133 decreased by 95% from the \$2,170,818 spent in 2008. During 2008 \$900,000 of these funds were for the acquisition of the Karavasaliya property. The current focus of capital expenditures is on mineral exploration and development in South-Eastern Europe. The majority of capital expenditures were for mineral exploration in South-Eastern Europe. However, during 2009 the Company lack of financial resources precluded any significant mineral exploration. Since the merger with Silk Road and the sale of the Bulagao property has been completed, the Company has commenced a significant mineral exploration program for the balance of 2009. This program is expected to be approximately \$2.5 million.

### **Ilovitza Project, Macedonia**

At Ilovitza in South-Eastern Macedonia, EurOmax is exploring a newly discovered copper-gold-molybdenum system more than 1.2 kilometres in diameter. Ilovitza is one of several porphyry systems of eastern Macedonia and northern Greece associated with exposed magmatic complexes. Typical of these deposits is the Skouries deposit in Greece which hosts reserves of 146 million tonnes at 0.54% copper and 0.83 grams per tonne gold for 4 million ounces of gold and 800,000 tonnes of copper. The Company has drilled a total of 5 holes totalling 2,598 metres on this property. In addition FMEC drilled 7 holes totalling 2,801 metres prior to the purchase of the option by EurOmax. During 2008, the Company commissioned a preliminary resource study which concluded that the Ilovitza deposit contains an inferred resource of 303 million tonnes grading 0.23% copper, 0.31 grams per tonne gold and 0.005% molybdenum. This resource contains approximately 1.6 billion pounds of copper, 2.9 million ounces of gold and 3.5 million pounds of molybdenum. In copper equivalent terms this equals 3.5 billion pounds of copper. The study recommends a Phase 1 program of geophysics and drilling followed by a Phase 2 program of metallurgical testwork and drilling. EurOmax has completed the geophysics recommended in the Phase 1 program. The results from this geophysical program identified a chargeable resistivity low which is interpreted to be the core of the metallogenic system immediately east of the inferred resource with the potential for the addition of significant tonnage at higher grades. The Company has spent \$1,120,396 on exploration of the Ilovitza project as at June 30, 2009. In addition, the Company paid \$410,085 for the acquisition of the option on this property from FMEC in 2007. EurOmax anticipates testing the potential of this core area with a 1,400 metre drill program during 2009.

### **Kazandol Project, Macedonia**

The Kazandol oxide copper project is located approximately 50 kilometres west of the Ilovitza project in south-eastern Macedonia. Exploration on this project commenced in late 2007 and has identified a near surface shallow dipping copper oxide zone 25 to 100 metres thick over a length of approximately five kilometres with widths up to in excess of 200 metres. Preliminary drilling was conducted in 2008 encountering 47 metres grading 0.59% copper. Five holes totaling 659 metres have been drilled by the Company at the northern end of this project. In addition, surface trenching encountered 210 metres at 0.4% copper, 175 metres at 0.44% copper and 175 metres at 0.39% copper. This project offers the potential for an early oxide copper production. The Company has spent \$457,004 on exploration of the Kazandol project as of June 30, 2009. In addition, the Company paid \$273,390 for the acquisition of the option on this property from FMEC in 2007. EurOmax anticipates 5,000 metres of drilling and 4,000 metres of surface trenching during 2009 to allow for a preliminary resource calculation to be made in the northern 500 metres of this trend and wide spaced preliminary drilling of much of the remainder of this trend. Additionally preliminary metallurgical testing will be undertaken.

### **Ceovishte Project, Serbia**

The Ceovishte project is located in southern Serbia. Exploration conducted during 2008 identified a series of ancient gold and lead - silver workings which extend over a strike of nearly 5 kilometres. At the southern end of this trend, a two square kilometer gold bearing silica breccia has been identified surrounding an altered diorite intrusion. Ancient overgrown open pits up to several hundred metres wide cover much of the silica breccia. At the northern end of this trend one drill hole encountered 12.4 metres at 1.5% copper, 1.4% lead, 0.8% zinc, 62 grams per tonne silver and 1.6 grams per tonne gold. Fourteen holes totaling 2,060 metres have been drilled by the Company on this project. The Company has spent \$889,144 on exploration of the Ceovishte project as of March 31, 2009. In addition,

the Company paid \$520,200 for the acquisition of the option on this property from FMEC in 2007. EurOmax anticipates a geophysical program to define optimal drill targets followed by a 2,000 metre drill program in 2009.

### **Karavansalija Project, Serbia**

The Karavansalija project located in southern Serbia was acquired from FMEC on June 6, 2008. This project covers a 60 square kilometre alteration zone and two mineralized centres. Drilling on the property has produced numerous significant intersections including 42 metres at 2.05 grams per tonne gold, 0.76% nickel and 0.06% cobalt included in 111 metres at 1.30 grams per tonne, 0.43% nickel, 0.03% cobalt in drill hole 0828; 120 metres grading 0.55 grams per tonne gold, 0.48% copper and 3.2 grams per tonne silver in drill hole 0829; 235 metres grading 1.08 grams per tonne gold in drill hole 0831 and 166 metres grading 0.63 grams per tonne gold, 0.58% copper, including 63 metres at 1.01 grams per tonne and 1.05% copper in drill hole 0611. The Company has drilled 5 holes totaling 2,599 metres on this project. In addition prior to entering into the option agreement FMEC drill 28 holes totaling 10,058 metres at Karavansalija. The Company has spent \$776,252 on exploration of the Karavansalija project as of March 31, 2009. In addition, the Company paid \$851,545 for the acquisition of the option on this property from FMEC. During 2009, EurOmax anticipates conducting a program of surface mapping trenching and geochemistry to better understand the results from previous drilling. This will allow future drilling to be more focused on this large property.

### **LIQUIDITY AND FINANCIAL RESOURCES**

At June 30, 2009, the Company had a working capital deficit of \$2,388,677 compared to positive working capital of \$16,740 at the end of 2008 including a cash and short-term deposits balance at June 30, 2009 of \$84,984 compared to \$331,012 at the end of 2008. The working capital was dramatically increased with the sale of the Bulagao property on July 16, 2009 for cash of approximately US\$13.4 million. Accounts receivable and prepaid expenses decreased to \$249,429 as at June 30, 2009 compared to \$405,131 as at December 31, 2008. The accounts receivable as at June 30, 2009 include one half of a convertible note issued by IRH in the amount of \$123,683. The note has a face value of \$273,899, including accrued interest of \$16,307 of which \$25,961 has been accounted for as the value of the conversion feature. This note was issued as repayment by IRH of their outstanding obligations for the services performed by the Company on behalf of its subsidiary Thrace. The decrease in accounts receivable is primarily due to receivables from mineral exploration companies where the Company was acting as a contract operator in Bulgaria being received during the first quarter of 2009. Accounts payable and accrued liabilities were \$1,895,873 as at June 30, 2009 compared to \$770,592 at December 31, 2008. The increase consists primarily of the costs associated with the merger for both companies and the assumption of the Silk Road debt.

The Company holds 9,000,000 shares and options to acquire another 4,500,000 shares at a price of A\$0.25 of IRH. At June 30, 2009 these assets were valued at \$504,485 (December 31, 2008 - \$80,072) and represents approximately 13% of the total shares outstanding of IRH. The ability to recover these amounts upon sale will be dependent on stock market conditions at that date. IRH trades on the Australian Stock Exchange and there is little liquidity in the stock. However, IRH is currently the subject of a reverse take-over by a company which has coal gasification projects in Australia. If this transaction is completed the value and liquidity associated with these assets is expected to increase.

During the three months ended March 31, 2009 capital expenditures were funded by the draw down of cash reserves and an increase in accounts payable. The current market turmoil made it a challenge to raise additional equity through the public markets for junior mining companies. The prices for the commodities being explored by EurOmax have declined significantly due to the world wide economic downturn. EurOmax is exploring for mainly for gold and copper. In 2008, gold prices averaged US\$872 per ounce ranging from a high of US\$1,011 per ounce to a low of US\$713 per ounce. In 2009 to date, the gold price has ranged from a low of US\$858 to a high of US\$975 averaging US\$923. As gold is a proxy for money it is expected that these prices will remain at these relatively high levels in historical terms but dramatic increases are not expected unless the economic downturn significantly worsens. The story for copper is much different. The price of copper peaked at slightly above US\$4 per pound in mid 2008. As the economic downturn progressively worsened copper prices fell to a low of approximately US\$1.25 per pound in December 2008 before recovering to approximately US\$2.90 currently. This volatility in prices has effectively shut down the credit markets and to a lesser but still significant extent the public equity

markets for mineral projects. Mining is a capital intensive industry which requires debt as well as equity to finance its projects. There is also a long lead time from discovery to production, often in excess of 5 years. The current commodity price volatility only worsens the financial climate for mineral projects. The merger with Silk Road and the sale of its properties to a Chinese mining company has provided the Company with a cash position of approximately US\$ 10 million to fund its exploration activities in South-Eastern Europe. As these properties develop the Company may need additional sources of funding. There can be no assurance that financing, whether debt or equity, will always be available to the Company in the amount required at any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to the Company.

#### **OFF-BALANCE SHEET ARRANGEMENTS**

The Company has no off-balance sheet arrangements.

#### **RELATED PARTY TRANSACTIONS**

During the six months ended June 30, 2009, the Company paid or accrued management and consulting fees in the amount of \$126,000 (2008 - \$105,000) to directors or companies controlled by directors. Of these amounts \$58,376 (2008 -\$7,500) is included in accounts payable and accrued liabilities at June 30, 2009. Management and consulting fees have been recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties based on standard commercial terms.

#### **CONTRACTUAL OBLIGATIONS**

The Company's mineral properties in Serbia and Macedonia were acquired under option agreements with FMEC. FMEC conducts the operations for EurOmax under these option agreements. As of June 30, 2009, the Company had an outstanding balance of \$257,000. EurOmax is also required to prepay the exploration amounts for the next quarter but was unable to make the payment as of June 30, 2009. The Company has brought these payments current including the prepayment for the third quarter as of July 15, 2009. In addition the Company has a drilling commitment on certain properties to maintain the option agreements. This has not been completed as of the date hereof. The Company has negotiated an amendment to the option agreements allowing this drilling to be completed prior to December 31, 2009. In the last month, the Company has commenced the drilling necessary. As part of the requirements to maintain the option in good standing, the Company must maintain the underlying properties in good standing.

In Macedonia, these properties are held pursuant to an Exploration Permit ("Permit") granted by the Ministry of Economy. These Permits have an initial term of four years with a right to extend the term under certain circumstances. The Company may withdraw from a Permit at any time. In the event of an economic discovery on a Permit, the Company has the right to apply for a mineral concession ("Concession"). The term for a Concession is for an initial term of 30 years to extract the mineralization renewable for an additional 30 years. The mining law in Macedonia was amended in July 2008 to modernize it to be more in line with current western legislation (the "Amended Law").

In Serbia Exploration Permits are issued under the 1996 Law on Geological Exploration by the Serbian Ministry of Energy and Mines. An Exploration Permit is valid until the end of the calendar year in which it was issued and can be extended until the end of the following calendar year by filing an annual report on the previous year's work program and a proposed work program for the current year. The Exploration Permit grants rights to explore for mineral deposits, but not to exploit a mineral deposit should a discovery be made. In case of a discovery under the terms of an Exploration Permit, the transfer of the ownership rights to an Exploitation License are regulated under paragraph 17 of the 2005 Act on the Amendments to the Mining Act of 1995.

#### **New Accounting Pronouncements**

On January 1, 2008, the Company adopted the following provisions of the Canadian Institute of Chartered Accountants ("CICA") Handbook. There was no material impact on the Company's financial condition or operating results, as a result of the adoption of these new standards:

- (a) Section 3862 – Financial Instruments – Disclosures, which replaces Section 3861 and provides expanded disclosure requirements that provide additional information by financial asset and liability categories.

- (b) Section 3863 – Financial Instruments – Presentation, to enhance financial statement users’ understanding of the significance of financial instruments to an entity’s financial position, performance and cash flows.
- (c) Section 1535 – Capital Disclosures, which establishes standards for disclosing information about an entity’s capital and how it is managed. Under this standard, the Company is required to disclose the following, based on the information provided internally to the Company’s key management personnel:
- qualitative information about its objectives, policies and processes for managing capital;
  - summary quantitative data about what it manages as capital;
  - whether during the period it complied with any externally imposed capital requirement to which it is subject; and
  - when the Company has not complied with such externally imposed capital requirements, the consequences of such non-compliance.
- (d) Section 1400 – General Standards of Financial Statement Presentation, to include requirements for management to assess and disclose an entity’s ability to continue as a going concern.

#### **Future Accounting Pronouncements**

- (a) In February 2008, the CICA issued Section 3064 - Goodwill and Intangible Assets, which replaces Section 3062 - Goodwill and Other Intangible Assets and Section 3450 - Research and Development Costs. The new standard establishes the recognition, measurement, presentation and disclosure of goodwill subsequent to initial recognition and of intangible assets by profit-oriented enterprises. The section will be applicable to financial statements relating to fiscal years beginning on or after October 1, 2008, and is not expected to have a material impact on the Company’s financial condition or operation results
- (b) In January 2009, the CICA issued Section 1582 – Business Combinations, which replaces Section 1581 – Business Combinations, and Section 1601 – Consolidated Financial Statements and Section 1602 – Non-Controlling Interests, which replace Section 1600 – Consolidated Financial Statements. These new sections are effective for years beginning on or after January 1, 2011 with earlier adoption permitted. Section 1582 and 1602 will require net assets, non-controlling interests and goodwill acquired in a business combination to be recorded at fair value and non-controlling interests will be reported as a component of equity. In addition, the definition of a business is expanded and is described as an integrated set of activities and assets that are capable of being managed to provide a return to investors or economic benefits to owners. As well acquisition costs are not part of the consideration and are to be expensed when incurred. These new sections are not expected to have a material impact on the Company’s financial condition or operation results.
- (c) International Financial Reporting Standards (“IFRS”)  
In 2006, the Canadian Accounting Standards Board (“AcSB”) published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP and IFRS over an expected five year transitional period. In February 2008 the AcSB announced that January 1, 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canadian GAAP, affecting interim and annual financial statements relating to fiscal years after this time. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. The Company is currently assessing the impact of the convergence of Canadian GAAP with IFRS on results of operations, financial position and disclosures. A project team has been set up to manage this

transition and to ensure successful implementation within the required timeframe. A high level analysis has been completed to identify areas affected by the change. The Company will provide disclosures of the key elements of our plan and progress on this transition as the information becomes available during the transition period.

To transition to IFRS, the Company must apply "IFRS 1 - First Time Adoption of IFRS" which set out the rules for first time adoption. In general, IFRS 1 requires an entity to comply with each IFRS effective at the reporting date for the entity's first IFRS financial statements. This requires that an entity apply IFRS to its opening IFRS balance sheet as at January 1, 2010 (i.e.: the balance sheet prepared at the beginning of the earliest comparative period presented in the entity's first IFRS financial statements).

Within IFRS 1 there are exemptions, some of which are mandatory and some of which are elective. The exemptions provide relief for companies from certain requirements in specified areas when the cost of complying with the requirements is likely to exceed the resulting benefit to users of financial statements. IFRS 1 generally requires retrospective application of IFRS's on first-time adoptions, but prohibits such application in some areas, particularly when retrospective application would require judgments by management about past conditions after the outcome of a particular transaction is already known.

On transition, management must apply the mandatory exemptions and make the determination as to which elective exemptions will be made under IFRS 1. Management has completed the high level analysis of the financial statement areas and is currently reviewing the analysis to make determinations on what elections will be taken. After these decisions are made, the impact on the financial statements will be determinable.

Management continues to assess the impact that IFRS will have on the aspects of the business including accounting policy, financial reporting, information technology and communications perspective. Management is currently reviewing accounting systems and assessing the changes that will be required and the strategies that will be employed. Communication and training strategies are also being developed by management.

### **CRITICAL ACCOUNTING POLICIES**

A comprehensive discussion of the Company's significant accounting policies is contained in Note 3 to the consolidated financial statements. There have been no changes in accounting policies during the last year.

Certain of these policies are recognized as critical because in applying these policies management is required to make judgments, assumptions and estimates that have a significant impact on the financial results of the Company. The estimates used in applying these critical accounting policies have been discussed with the Audit Committee of our Board of Directors and are discussed below.

#### **Measurement uncertainties**

Generally accepted accounting principles require management to make assumptions and estimates that affect the reported amounts and other disclosures in these consolidated financial statements. Actual results may differ from those estimates.

The consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. The most significant estimates relate to the calculation of asset retirement obligations; the valuation of property and equipment, the calculation of depreciation and depletion; recoverability of accounts receivable, valuation of future income tax amounts, impairment testing and the calculation of stock based compensation.

By their nature, these estimates are subject to measurement uncertainty and the effect of changes in such estimates on the consolidated financial statements of future periods could be significant.

#### **Mineral Properties**

Direct costs relating to the acquisition, exploration and development of mineral properties are capitalized on an area of interest and mineral basis. These expenditures will be charged against income through unit-

of production depletion when properties are developed to the stage of commercial production. Where the Company's exploration commitments are performed under option agreements with a third party, the proceeds of any option payments under such agreements are applied to the area of interest to the extent of costs incurred. The excess, if any, is credited to operations. If an area of interest is abandoned or management determines that the carrying value cannot be supported by future production or sale, the related costs are charged to operations.

## QUARTERLY DATA

<i>(in thousands of dollars except per share amounts)</i>	2009		2008				2007	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenue	-	-	-	-	-	-	-	-
Net loss - continuing operations	40 ( 314)	( 3,412)	( 366)	( 160)	( 437)	( 683)	( 247)	
Per share - basic and diluted	0.00 ( 0.01)	( 0.06)	( 0.01)	( 0.00)	( 0.01)	( 0.01)	( 0.01)	( 0.01)
Net income /(loss) - discontinued operations	-	-	124	9	62	37	( 23)	77
Per share - basic and diluted	-	-	0.00	0.00	0.00	0.00	( 0.00)	0.00
Net loss	40 ( 314)	( 3,288)	( 357)	( 98)	( 400)	( 706)	( 170)	
Per share - basic and diluted	0.00 ( 0.01)	( 0.06)	( 0.01)	( 0.00)	( 0.01)	( 0.01)	( 0.01)	( 0.00)
Total assets	18,879	5,795	6,264	8,425	7,673	7,555	7,749	8,139
Long term debt	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-

## OUTSTANDING SHARE DATA

As of August 31, 2009, the following securities were outstanding:

Share Capital : 119,062,040 common shares with a recorded value of \$32,921,085

Share Purchase Warrants: as per note 7(c) of the financial statements.

Stock Options:

OUTSTANDING			EXERCISABLE		
Average Price	Number	Average Remaining life (months)	Average Price	Number	Average Remaining life (months)
\$ 0.32	150,000	7.12	\$ 0.32	150,000	7.12
\$ 0.34	495,770	8.29	\$ 0.34	495,770	8.29
\$ 0.22	20,000	10.67	\$ 0.22	20,000	10.67
\$ 0.64	259,153	23.03	\$ 0.64	259,153	23.03
\$ 0.36	80,000	23.19	\$ 0.36	80,000	23.19
\$ 0.36	40,000	24.35	\$ 0.36	40,000	24.35
\$ 0.42	675,000	25.69	\$ 0.42	675,000	25.69
\$ 0.49	67,605	33.80	\$ 0.49	67,605	33.80
\$ 0.53	225,350	34.71	\$ 0.53	225,350	34.71
\$ 0.72	975,000	35.36	\$ 0.72	975,000	35.36
\$ 0.72	195,000	39.38	\$ 0.72	195,000	39.38
\$ 0.60	856,330	37.71	\$ 0.60	856,330	37.71
\$ 0.32	605,000	43.12	\$ 0.32	403,333	43.12
\$ 0.32	185,000	49.20	\$ 0.32	123,333	49.20
\$ 0.20	360,560	49.87	\$ 0.20	180,280	49.87
\$ 0.49	5,189,768	32.61	\$ 0.51	4,746,154	31.30

## **OPERATIONAL AND OTHER BUSINESS RISKS**

The following risk factors, as well as risks not currently known to the Company, could materially adversely affect the Company's future business, operations and financial condition and could cause them to differ materially from the estimates described in the forward-looking statements and information contained herein. The risks sets out below include those that are widespread and associated with any form of business and those that are specific risks associated with the Company's business and its involvement in the exploration and mining industry generally, and in southern Europe in particular. Shareholders and prospective investors should carefully consider, in light of their own financial circumstance, the factors set out herein.

### **Current Global Financial Conditions**

Current global financial conditions have been characterized by volatility and several financial institutions have either gone into bankruptcy or have had to be rescued by governmental authorities. Access to financing has been negatively impacted by many factors as a result of the global financial crisis. This may impact the Company's ability to obtain financing in the future at all, or on reasonable terms. Additionally, global economic conditions may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses.

### **Fluctuation of Commodity Prices**

The Company's exploration and other mining activities have previously been, and may in the future be, significantly adversely affected by declines in commodity prices. Commodity prices are volatile and are affected by numerous factors beyond the Company's control such as the sale or purchase of metals by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and foreign currencies, global and regional supply and demand, and the political and economic conditions of major mining countries throughout the world. Any future serious drop in commodity prices or sustained low commodity prices could adversely impact the Company's future revenues, profits and cash flows. In particular, sustained low, or further reductions in, commodity prices could:

- reduce or eliminate the Company's ability to finance the exploration and development of existing and future mineral projects;
- force the Company to lose its interest in, or to sell, all or some of its properties;
- halt or delay the development of existing or new projects; and
- reduce the value of the Company's securities.

Furthermore, declining or sustained low commodity prices could impact the Company's operations by requiring a reassessment of the feasibility of any existing or new projects. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

### **Dependence on Third Party Financing**

The Company currently has no source of operational cash flow. As a result, the Company will continue to depend on third party financing to fund future working capital, capital expenditures, operating and exploration costs and other general corporate requirements. The success and the pricing of any such capital raising and/or debt financing will be dependent upon the prevailing market conditions at that time and upon the ability of a company without any significant projects already in production to attract significant amounts of debt and/or equity. There can be no assurance that such financing will be available to the Company or, if it is, that it will be offered on acceptable terms. Failure to obtain sufficient financing, as and when required, may result in a delay or indefinite postponement of exploration or development on any or all of the Company's properties.

### **Currency Risk**

The Company maintains most of its working capital in Canadian and United States dollars. Although, the Company currently operates in Macedonia and Serbia a significant portion of its operating costs are incurred in United States dollars or Euros. Accordingly, the Company is subject to fluctuations in the rates of currency exchange between the Canadian, United States dollar and the Euro. The Company has not hedged its exposure to currency fluctuations.

### **Economic and Political Instability in Foreign Jurisdictions**

The Company currently operates in Macedonia and Serbia. There are risks to conducting business in foreign countries. These risks may include, among others, invalidation of governmental orders and permits, corruption, uncertain political and economic environments, sovereign risk, war, civil disturbances, arbitrary changes in laws or policies, the failure of foreign parties to honour contractual relations, delays in obtaining or the inability to obtain necessary governmental permits, authorizations and consents, limitations on foreign ownership, limitations on the repatriation of earnings, limitations on exports, instability due to economic under-development, inadequate infrastructure and increased financing costs. In addition, the enforcement by the Company of its legal rights to exploit its properties may not be recognized by any foreign government or by the court system of a foreign country. These risks may limit or disrupt the Company's operations, restrict the movement of funds or result in the deprivation of mining related rights or the taking of property by nationalization or expropriation without fair compensation.

### **Mineral Exploration and Development**

Mineral resource exploration is highly speculative, involves substantial expenditures, and is frequently unsuccessful. Few prospects that are explored are ultimately developed into producing mines. To the extent that the Company continues to be involved in exploration, the long-term success of its operations will be related to the cost and success of its exploration programs. There can be no assurance that the Company's exploration efforts will be successful. The success of exploration is determined in part on the following factors:

- the identification of potential mineralization based on superficial analysis;
- availability of prospective land;
- availability of government-granted exploration and exploitation permits;
- the quality of management and geological and technical expertise; and
- the capital available for exploration and development.

Substantial expenditures are required to determine if a project has economically mineable mineralization. It could take several years to establish proven and probable mineral reserves and to develop and construct mining and processing facilities. As a result of these uncertainties, there can be no assurance that current and future exploration programs will result in the discovery of mineral reserves and the development of mines.

### **Resource Estimates**

The mineral resource estimates presented herein are made by Company personnel and independent geologists. These estimates are imprecise and depend upon geological interpretation and statistical inferences drawn from drilling and sampling analysis, which may prove to be unreliable. There can be no assurance estimates will be accurate. The inclusion of mineral resource estimates should not be regarded as a representation that these amounts can be economically exploited and no assurances can be given that such resource estimates will be converted into reserves.

### **Operating Hazards and Other Uncertainties**

The Company's business operations are subject to risks and hazards inherent in the mining industry. The exploration for and the development of mineral deposits involves significant risks, including:

- environmental hazards;
- discharge of pollutants or hazardous chemicals;
- industrial accidents;
- labor disputes and shortages;
- supply and shipping problems and delays;
- shortage of equipment and contractor availability;
- unusual or unexpected geological or operating conditions;
- fire;
- changes in the regulatory environment; and
- natural phenomena such as inclement weather conditions, floods and earthquakes.

These or other occurrences could result in damage to, or destruction of, mineral properties, personal injury or death, environmental damage, delays in mining, monetary losses and possible legal liability. The Company could also incur liabilities as a result of pollution and other casualties all of which could be very costly and could have a material adverse effect on the Company's financial position and results of operations.

#### **Limitations on the transfer of cash or other assets**

The Company is a Canadian company that conducts operations through foreign (principally Macedonia and Serbia) subsidiaries and joint ventures, and substantially all of the Company's assets consist of equity in these entities. Accordingly, any limitation on the transfer of cash or other assets between the Company and these entities, or among these entities, could restrict the Company's ability to fund its operations efficiently.

#### **Permitting Requirements**

Mining operations require mining and other permits from the government. These permits may not be issued on a timely basis or at all, and such permits, when issued, may be subject to requirements or conditions with which it is burdensome or expensive to comply. Furthermore, there is no assurance that delays will not occur in connection with obtaining all necessary renewals of existing permits, additional permits for any possible future changes to operations, or additional permits associated with new legislation.

#### **Government Regulation**

Mineral businesses are subject to regulation and intervention by governments in such matters as the imposition of specific exploration, drilling and development obligations; environmental protection controls and control over the development and abandonment of resource (including restrictions on production). As well, governments may regulate or intervene with respect to prices, taxes, royalties and the exportation of commodities. Such regulation may be changed from time to time in response to economic or political conditions. The implementation of new regulations or the modification of existing regulations affecting the minerals industries could reduce demand for commodities produced, increase the Company's operating costs and have a material adverse impact on the Company.

#### **Environmental Risks**

All phases of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. There is no assurance that the Company will have or be able to obtain all necessary environmental approvals, licenses, permits or consents or be in compliance therewith or that notwithstanding its precautions, breaches of environmental laws (whether inadvertent or not) will not occur. The lack of or inability to obtain any such approvals, licences, permits or consents or any breaches of environmental laws, may result in penalties including fines or other sanctions, breach of the conditions of a mining concession or other consent or permit with possible revocation of the concession, consent or permit. In this regard, environmental hazards may exist on the properties in which the Company has an interest which are unknown to the Company at present and which have been caused by previous or existing owners or operators of the properties.

Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations, or its ability to develop its properties economically.

#### **Litigation risks**

All industries, including the mining industry, are subject to legal claims, with and without merit. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding could have a material adverse effect on the Company's financial position and results of operations.

#### **Competition**

The Company faces strong competition from other mining companies in connection with the acquisition of properties producing, or capable of producing, precious or base metals. The majority of these companies have greater financial resources, operational experience and technical capabilities. As a result, there can

be no assurance that the Company will be able to compete successfully against other companies in acquiring new prospecting, development or mining rights.

**Title Matters**

The Company periodically confirms the validity of its title to, or contract rights with respect to, each mineral property in which it has a material interest. However, the Company cannot guarantee that title to its properties will not be challenged. The Company's mineral properties could be subject to prior unregistered agreements, transfers or claims, and title could be affected by, among other things, undetected defects. In addition, the Company might be unable to operate its properties as permitted or to enforce its rights with respect thereto.

**Insurance coverage could be insufficient**

While the Company maintains insurance to protect against certain risks, the nature of these risks is such that liability could exceed policy limits or could be excluded from coverage. There are also risks against which the Company cannot insure or against which it may elect not to insure. Losses from these events may cause substantial delays and require significant capital outlays, adversely affecting future financial performance and results of operations.

**Dependence on Key Personnel**

The success of the Company and its ability to continue to carry on operations is dependent upon its ability to retain the services of certain key personnel. The loss of their services to the Company may have a material adverse effect on the Company. The Company does not presently have "key person" life insurance for any of its officers.

**Conflicts of Interest**

Certain of the directors of the Company are directors of other mineral resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the directors of the Company, a director who has such a conflict will abstain from voting for or against the approval of such matter. Furthermore, in appropriate cases the Company will establish a special committee of independent directors to review a matter in which several directors, or management, may have a conflict.

## NOTICE FROM MANAGEMENT

### To the Shareholders of EurOmax Resources Ltd.

In accordance with National Instrument 51-102, Part 4, subsection 4.3(3)(a), we report that the accompanying unaudited interim consolidated financial statements of the Company 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 interim consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

**“John C. Menzies”**

**“Christopher A. Serin”**

Chairman and Chief Executive Officer

Chief Financial Officer

Vancouver, British Columbia  
August 31, 2009

# EurOmax Resources Ltd.

## Consolidated statements of loss and comprehensive loss (unaudited)

	Three months ended		Six months ended	
	June 30		June 30	
	2009	2008	2009	2008
	\$	\$	\$	\$
		(Restated- Note 5)		(Restated- Note 5)
Expenses				
General and administrative (Note 10)	<b>298,553</b>	272,924	<b>571,557</b>	458,530
General exploration	<b>26,714</b>	-	<b>39,868</b>	-
Stock-based compensation	<b>7,500</b>	18,677	<b>46,383</b>	113,377
Depletion, depreciation and accretion	<b>10,526</b>	14,194	<b>22,288</b>	26,412
Other	<b>8,627</b>	-	<b>9,268</b>	-
Foreign exchange (gain) loss	<b>47,679</b>	(87,208)	<b>38,649</b>	(75,586)
	<b>399,599</b>	218,587	<b>728,013</b>	522,733
Other expenses (income)				
Loss (gain) on note receivable	<b>(2,990)</b>	-	<b>(9,210)</b>	-
Loss (gain) on investment	<b>(429,887)</b>	-	<b>(430,343)</b>	-
Loss (gain) on stock options held	<b>740</b>	(52,231)	<b>1,555</b>	90,145
Interest income	<b>(7,500)</b>	(6,764)	<b>(16,307)</b>	(16,077)
	<b>(439,637)</b>	(58,995)	<b>(454,305)</b>	74,068
Net loss from continuing operations	<b>40,038</b>	(159,592)	<b>(273,708)</b>	(596,801)
Net income from discontinued operations (Note 5)	-	61,875	-	99,270
<b>Net loss and comprehensive loss</b>	<b>40,038</b>	(97,717)	<b>(273,708)</b>	(497,531)
Basic and diluted (loss) earnings per share from				
Continuing operations	<b>0.00</b>	(0.00)	<b>(0.00)</b>	(0.01)
Discontinuing operations	-	0.00	-	0.00
	<b>0.00</b>	(0.00)	<b>(0.00)</b>	(0.01)
Weighted average number of shares	<b>67,154,079</b>	48,214,154	<b>61,963,283</b>	47,830,820

# EurOmax Resources Ltd.

## Consolidated balance sheets (unaudited)

	June 30 2009	December 31 2008
	\$	\$
<b>Assets</b>		
Current assets		
Cash and cash equivalents	84,984	331,012
Accounts receivable, prepaids and deposits	249,429	405,131
Derivative on convertible note	26,533	35,380
Current assets of discontinued operations (Note 5)	-	15,809
	<b>360,946</b>	787,332
Note receivable	123,683	125,757
Stock options held	2,281	4,058
Investment	502,204	76,014
Restricted cash (Note 6)	17,340	18,342
Property and equipment (Note 7)	17,872,956	5,268,454
	<b>18,879,410</b>	6,279,957
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	1,895,873	770,592
Short-term loan	853,750	-
	<b>2,749,623</b>	770,592
Future Income tax liability	927,221	-
<b>Shareholders' equity</b>		
Share capital (Note 8)	32,921,085	23,577,652
Warrants	747,144	548,544
Contributed surplus	1,585,788	1,160,912
Accumulated other comprehensive income	-	-
Deficit	(20,051,451)	(19,777,743)
	<b>15,202,566</b>	5,509,365
	<b>18,879,410</b>	6,279,957

Nature of operations and continuance of business (Note 1)

Commitments and contingencies (Note 9)

Approved by the Board

**(Signed) Christopher A. Serin**

Christopher A. Serin, Director

**(Signed) Robert Powers**

Robert Powers, Director

# EurOmax Resources Ltd.

Consolidated statements of shareholders' equity  
six months ended June 30, 2009 and year ended December 31, 2008  
(unaudited)

	<u>Common shares</u>		Warrants	Contributed surplus	Accumulated other comprehensive income (loss)	Deficit	Total
	Shares	Amount					
		\$		\$	\$	\$	\$
<b>Balance at December 31, 2007</b>	47,222,487	21,815,352	208,276	719,424	314,982	(15,623,683)	7,434,351
Net loss	-	-	-	-	-	(4,154,060)	(4,154,060)
Other comprehensive loss on mark-to-market of investment, net of tax	-	-	-	-	(1,008,846)	-	(1,008,846)
Reclassification of losses recorded in earnings	-	-	-	-	693,864	-	693,864
Comprehensive loss							<u>(4,469,042)</u>
Shares issued for:							
Issue for cash (Note 8 (b))	6,350,000	878,300	340,268	-	-	-	1,218,568
Exercise of stock options (Note 8 (b))	700,000	84,000	-	(14,000)	-	-	70,000
Mineral property (Note 8 (b))	2,500,000	800,000	-	-	-	-	800,000
Stock-based compensation (Note 8 (e))	-	-	-	455,488	-	-	455,488
<b>Balance at December 31, 2008</b>	56,772,487	23,577,652	548,544	1,160,912	-	(19,777,743)	5,509,365
Net loss and comprehensive loss	-	-	-	-	-	(273,708)	(273,708)
Shares issued for:							
Issue for purchase of Silk Road (Note 4)	62,289,553	9,343,433	198,600	378,493	-	-	9,920,526
Stock-based compensation (Note 8 (e))	-	-	-	46,383	-	-	46,383
<b>Balance at June 30, 2009</b>	119,062,040	32,921,085	747,144	1,585,788	-	(20,051,451)	15,202,566

# EurOmax Resources Ltd.

Consolidated statements of cash flows  
(unaudited)

	Three months ended June 30		Six months ended June 30	
	2009	2008	2009	2008
	\$	\$	\$	\$
		(Restated - Note 4)		(Restated - Note 4)
<b>Operating activities</b>				
Net loss from continuing operations Items not involving cash	<b>40,038</b>	(159,592)	<b>(273,708)</b>	(596,801)
Unrealized loss (gain) on note receivable	<b>8,294</b>	-	<b>2,074</b>	
Unrealized loss (gain) on investment	<b>(425,375)</b>	-	<b>(426,190)</b>	
Unrealized loss (gain) on stock options held	<b>1,321</b>	(176,167)	<b>1,777</b>	67,331
Accretion on note receivable	-	-	-	-
Stock-based compensation	<b>7,500</b>	18,677	<b>46,383</b>	113,377
Depletion, depreciation and accretion	<b>10,526</b>	14,194	<b>22,288</b>	26,412
Net change in non-cash working capital balances (Note 12)	<b>2,111,794</b>	(260,396)	<b>2,143,580</b>	78,215
Cash used by continuing operations	<b>1,754,098</b>	(563,284)	<b>1,516,204</b>	(311,466)
Cash provided by discontinued operations	-	68,713	<b>15,809</b>	112,660
	<b>1,754,098</b>	(494,571)	<b>1,532,013</b>	(198,806)
<b>Investing activities</b>				
Acquisition of property and equipment	<b>(12,559,609)</b>	(1,587,009)	<b>(12,626,790)</b>	(2,188,637)
Cash used by continuing operations	<b>(12,559,609)</b>	(1,587,009)	<b>(12,626,790)</b>	(2,188,637)
Cash used by discontinued operations	-	-	-	-
	<b>(12,559,609)</b>	(1,587,009)	<b>(12,626,790)</b>	(2,188,637)
<b>Financing activity</b>				
Future income tax liability	<b>927,221</b>	-	<b>927,221</b>	-
Issue of shares, options and warrants, net of issuance costs	<b>9,920,526</b>	825,000	<b>9,920,526</b>	870,000
	<b>10,847,747</b>	825,000	<b>10,847,747</b>	870,000
Effect of foreign exchange rate changes on cash and cash equivalents	<b>1,403</b>	(2,109)	<b>1,002</b>	(873)
Net decrease in cash and cash equivalents	<b>43,639</b>	(1,258,689)	<b>(246,028)</b>	(1,518,316)
Cash and cash equivalents, beginning of year	<b>41,345</b>	1,454,858	<b>331,012</b>	1,714,485
<b>Cash and cash equivalents, end of year</b>	<b>84,984</b>	196,169	<b>84,984</b>	196,169
Cash and cash equivalents is comprised of				
Cash	<b>84,984</b>	196,169	<b>84,984</b>	196,169
Short-term deposits	-	-	-	-
	<b>84,984</b>	196,169	<b>84,984</b>	196,169
Supplemental cash flow information				
Interest received	<b>7,500</b>	6,764	<b>16,307</b>	96,334
Non-cash investing and financing transactions				
Shares issued for property	-	800,000	-	800,000
Acquisition of Silk Road (Note 4)	<b>10,133,453</b>	-	<b>10,133,453</b>	-

# EurOmax Resources Ltd.

## Notes to the consolidated financial statements

June 30, 2009 and 2008

The interim unaudited consolidated financial statements of Euromax Resources Ltd. ("the Company") have been prepared by management in accordance with accounting policies generally accepted in Canada. The interim unaudited consolidated financial statements have been prepared following the same accounting policies and methods of computation as the consolidated financial statements for the fiscal year ended December 31, 2008. The disclosures included below are incremental to those included with the annual consolidated financial statements. The interim consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto in the Company's annual report for the year ended December 31, 2008.

These unaudited interim financial statements have been prepared by and are the responsibility of the Corporation's management. The Corporation's independent auditors have not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants.

### **1. Nature of operations and continuation of business**

The consolidated financial statements include the accounts of EurOmax Resources Ltd. (the "Company") and the accounts of its wholly-owned subsidiaries, Omax International Ltd., Omax Energy Ltd., Martern EOOD ("Martern"), Scala Mines EOOD ("Scala"), 7167911 Canada Ltd. (formerly Silk Road Resources Ltd. and Power Fortune Ltd.

The Company is in the process of exploring its mineral properties in Bulgaria, Serbia and Macedonia which have the potential for the discovery of economically recoverable minerals. The measurement of certain assets and liabilities is dependent on future events therefore the preparation of these consolidated financial statements requires the use of estimates, which may vary from actual results. The success of the Company's exploration and development of its mineral interests in Bulgaria, Serbia and Macedonia is influenced by significant financial risks, legal and political risks, commodity prices, and the ability of the Company to discover economically recoverable reserves and to bring such reserves into future profitable production. The amounts shown for mineral interests represent net costs incurred to date and do not necessarily represent present or future values. Such estimates have been made using careful judgments and conform to the significant accounting policies summarized below.

The Company's exploration, development and production of natural resources activities in western Canada were disposed of in December 2008 (Note 4).

These consolidated financial statements are prepared on a going concern basis which assumes that the Company will be able to realize assets and discharge liabilities in the normal course of business. The Company's ability to continue on a going concern basis depends on its ability to successfully raise additional financing. The current market turmoil has made it difficult to raise additional equity through the public markets for junior mining companies. The current commodity price volatility only worsens the financial climate for mineral projects. Mining is a capital intensive industry which often requires debt as well as equity to finance its projects. There is also a long lead time from discovery to production, often in excess of five years. There can be no assurance that financing, whether debt or equity, will always be available to the Company in the amount required at any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to the Company. If the Company cannot obtain additional financing, the Company may be forced to realize its assets at amounts significantly lower than the current carrying value.

Uncertainty also exists with respect to the recoverability of the carrying value of certain resource properties. The ability of the Company to realize on its investment in resource properties is contingent upon resolution of the uncertainties and confirmation of the Company's title to the resource properties.

# EurOmax Resources Ltd.

## Notes to the consolidated financial statements

June 30, 2009 and 2008

### 2. Change in accounting policies

On January 1, 2008, the Company adopted the following provisions of the Canadian Institute of Chartered Accountants ("CICA") Handbook. There was no material impact on the Company's financial condition or operating results as a result of the adoption of these new standards:

- (a) Section 3862, *Financial Instruments - Disclosures*, which replaces Section 3861 and provides expanded disclosure requirements that provide additional information by financial asset and liability categories.
- (b) Section 3863, *Financial Instruments - Presentation*, to enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows.
- (c) Section 1535, *Capital Disclosures*, which establishes standards for disclosing information about an entity's capital and how it is managed. Under this standard, the Company is required to disclose the following, based on the information provided internally to the Company's key management personnel:
  - qualitative information about its objectives, policies and processes for managing capital;
  - summary quantitative data about what it manages as capital;
  - whether during the period it complied with any externally imposed capital requirement to which it is subject; and
  - when the Company has not complied with such externally imposed capital requirements, the consequences of such non-compliance.
- (d) Section 1400, *General Standards of Financial Statement Presentation*, to include requirements for management to assess and disclose an entity's ability to continue as a going concern.

### 3. Significant accounting policies

- (a) *Principles of consolidation*

These consolidated financial statements include the accounts of the Company and its subsidiaries, all of which are wholly owned. All intercompany balances and transactions have been eliminated.

Variable interest entities ("VIEs"), which include, but are not limited to, special purpose entities, trusts, partnerships, and other legal structures, as defined by the Accounting Standards Board in Accounting Guideline ("AcG") 15, *Consolidation of Variable Interest Entities* ("AcG 15"), are entities in which equity investors do not have the characteristics of a "controlling financial interest" or there is not sufficient equity at risk for the entity to finance its activities without additional subordinated financial support. VIEs are subject to consolidation by the primary beneficiary who will absorb the majority of the entities' expected losses and/or expected residual returns. The Company has not identified any VIEs at June 30, 2009.

# EurOmax Resources Ltd.

## Notes to the consolidated financial statements

June 30, 2009 and 2008

### 3. Significant accounting policies (continued)

#### (b) *Measurement uncertainties*

Generally accepted accounting principles ("GAAP") require management to make assumptions and estimates that affect the reported amounts and other disclosures in these consolidated financial statements. Actual results may differ from those estimates.

The consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. The most significant estimates relate to the calculation of asset retirement obligations; the impairment of property and equipment, and the calculation of depreciation and depletion; recoverability of accounts receivable, valuation of future income tax amounts, impairment testing and the calculation of stock based compensation.

By their nature, these estimates are subject to measurement uncertainty and the effect of changes in such estimates on the consolidated financial statements of future periods could be significant.

#### (c) *Cash and cash equivalents*

Cash and cash equivalents consists of balances with banks and investments in highly liquid short-term deposits with a maturities from the date of acquisition of three months or less.

#### (d) *Property and equipment*

##### (i) Office and other equipment

Office and other equipment are depreciated over their estimated useful lives on a straight-line basis over three to 10 years.

##### (iii) Mineral properties

Direct costs relating to the acquisition, exploration and development of mineral properties are capitalized on an area of interest and mineral basis. These expenditures will be charged against income through unit-of production depletion when properties are developed to the stage of commercial production. Where the Company's exploration commitments are performed under option agreements with a third party, the proceeds of any option payments under such agreements are applied to the area of interest to the extent of costs incurred. The excess, if any, is credited to operations. If an area of interest is abandoned or management determines that the carrying value cannot be supported by future production or sale, the related costs are charged to operations.

# EurOmax Resources Ltd.

## Notes to the consolidated financial statements

June 30, 2009 and 2008

### 3. Significant accounting policies (continued)

(e) *Asset retirement obligations*

The estimated fair value of each asset retirement obligation is recorded in the period a well or related asset is drilled, constructed or acquired. Fair value is estimated using the present value of the estimated future cash outflows to rehabilitate the asset at the Company's credit-adjusted risk-free interest rate. The obligation is reviewed regularly by Company management based upon current regulations, costs, technologies and industry standards. The discounted obligation is initially capitalized as part of the carrying amount of the related petroleum and natural gas properties and a corresponding liability is recognized. The increase in petroleum and natural gas properties is depleted on the same basis as the remainder of the petroleum and natural gas properties. The liability is subsequently adjusted for the passage of time and is recognized as an accretion expense in the statement of loss. Actual restoration expenditures are charged to the accumulated obligation as incurred. As at December 31, 2008, the Company has no asset retirement obligations related to its mineral properties in Bulgaria, Serbia and Macedonia.

(f) *Revenue recognition*

Revenue from the sale of petroleum and natural gas is recognized based on volumes delivered to customers at contractual delivery points and rates. The costs associated with the delivery, including production, transportation, and production-based royalty expenses will be recognized in the same period in which the related revenue is earned and recorded.

(g) *Income taxes*

Income taxes are accounted for using the liability method of income tax allocation. Under the liability method, income tax assets and liabilities are recorded to recognize future income tax inflows and outflows arising from the settlement or recovery of assets and liabilities at their carrying values. Income tax assets are also recognized for the benefits from tax losses and deductions that cannot be identified with particular assets or liabilities, provided those benefits are more likely than not to be realized. Future income tax assets and liabilities are determined based on the substantively enacted tax rates in the period of anticipated realization.

(h) *Stock-based compensation*

All stock-based awards are measured and recognized using a fair value method based on Black-Scholes model. The fair value of the stock-based compensation awards at the date of the grant is accrued and charged to operations, with the offsetting credit to contributed surplus, on a straight-line basis over the vesting period. When options are exercised, the proceeds, together with the amount recorded in contributed surplus, are recorded to share capital.

The Company has not incorporated an estimated forfeiture rate for stock options that will not vest; rather, the Company accounts for cancellations as they occur.

# EurOmax Resources Ltd.

## Notes to the consolidated financial statements

June 30, 2009 and 2008

### 3. Significant accounting policies (continued)

(i) *Loss per share*

Net loss per share is calculated based on the weighted average number of common shares outstanding during the period. The diluted weighted average number of shares takes into account the dilutive effect of options and warrants. Under the treasury stock method, only "in the money" options and warrants are included in the weighted average diluted number of shares. It is also assumed that any proceeds obtained upon the exercise of options and warrants plus the unamortized portion of stock-based compensation would be used to purchase common shares at the average price during the period. The weighted average number of shares is then reduced by the number of shares acquired.

(j) *Foreign currency translation*

The Company follows the temporal method when translating foreign currency transactions and the financial statements of its integrated subsidiaries.

Under this method, foreign currency denominated assets and liabilities are translated at the exchange rate prevailing at the balance sheet date for monetary items and at the transaction date for non-monetary items. Revenues and expenses, except depletion and depreciation, are translated at average exchange rates for the year. Depletion and depreciation are translated at the same rate as the related assets. Exchange gains or losses on translation of current and non-current monetary items are included in the determination of net income (loss).

(k) *Financial instruments – recognition and measurement*

All financial instruments are initially recorded at fair value. Financial assets are designated upon inception into one of the following 4 categories: held-to-maturity, held-for-trading, available-for-sale or loans-and-receivables. Financial liabilities are designated upon inception as either held-for-trading or other-financial-liabilities.

Financial instruments classified as held-for-trading are measured at fair value with unrealized gains and losses recognized in net income for the period. The Company's stock options held and cash and short-term money market investments are classified as held-for-trading.

Financial instruments classified as loans-and-receivables, held-to-maturity and other-financial-liabilities are measured at amortized cost. The Company's accounts receivable are classified as loans-and-receivables while accounts payable are classified as other-financial-liabilities.

Financial instruments classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary. The Company's investment is classified as available-for-sale.

Transactions costs associated with held-for-trading financial instruments are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the instrument.

# EurOmax Resources Ltd.

## Notes to the consolidated financial statements

June 30, 2009 and 2008

### 3. Significant accounting policies (continued)

(l) *Future accounting pronouncements*

- (i) In February 2008, the CICA issued Section 3064, *Goodwill and Intangible Assets*, which replaces Section 3062, *Goodwill and Other Intangible Assets*, and Section 3450, *Research and Development Costs*. The new standard establishes the recognition, measurement, presentation and disclosure of goodwill subsequent to initial recognition and of intangible assets by profit-oriented enterprises. The section will be applicable to financial statements relating to fiscal years beginning on or after October 1, 2008, and is not expected to have a material impact on the Company's financial condition or operation results.
- (ii) In January 2009, the CICA issued Section 1582, *Business Combinations*, which replaces Section 1581, *Business Combinations*, and Section 1601, *Consolidated Financial Statements*, and Section 1602, *Non-Controlling Interests*, which replace Section 1600, *Consolidated Financial Statements*. These new sections are effective for years beginning on or after January 1, 2011 with earlier adoption permitted. Section 1582 and 1602 will require net assets, non-controlling interests and goodwill acquired in a business combination to be recorded at fair value and non-controlling interests will be reported as a component of equity. In addition, the definition of a business is expanded and is described as an integrated set of activities and assets that are capable of being managed to provide a return to investors or economic benefits to owners. As well acquisition costs are not part of the consideration and are to be expensed when incurred. These new sections are not expected to have a material impact on the Company's financial condition or operation results.
- (iii) International Financial Reporting Standards ("IFRS")

In January 2006, the CICA's Accounting Standards Board ("AcSB") formally adopted the strategy of replacing Canadian GAAP with IFRS for Canadian enterprises with public accountability. The current conversion timetable calls for financial reporting under IFRS for accounting periods commencing on or after January 1, 2011. On February 13, 2008, the AcSB confirmed that the use of IFRS will be required in 2011 for publicly accountable profit-oriented enterprises. For these entities, IFRS will be required for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company continues to monitor and assess the impact of convergence of Canadian GAAP and IFRS.

# EurOmax Resources Ltd.

## Notes to the consolidated financial statements

June 30, 2009 and 2008

### 4. Acquisition of Silk Road Resources Ltd.

In June 2009, a subsidiary of the Company acquired 100% of the outstanding common shares of Silk Road Resources Ltd. ("Silk Road") pursuant to a court approved Plan of Arrangement between Silk Road and the Company's subsidiary. The Company issued 62,289,553 common shares or 2.2535 common shares for each common share of Silk Road outstanding at the closing. Silk Road owned interests in two Chinese joint ventures. The purchase cost of Silk Road was \$10,145,157. The Plan of Arrangement was accounted for as an asset acquisition as Silk Road is not considered to constitute a business in accordance with EIC-124. Silk Road's results of operations will be included in the Company's consolidated financial statements from the date of the closing of the transaction, which was June 30, 2009.

The purchase consideration of \$10,145,157 was comprised of 62.3 million common shares, issued options acquired from Silk Road, the convertible debenture acquired from Silk Road and transaction costs. Each common share was valued at \$0.15, being the closing price on the date of the closing of the transaction. The Company exchanged the options and warrants of Silk Road which were outstanding at the closing date for options and warrants of the Company at an exchange ratio of 2.2535 and at a price equivalent to the original price divided by 2.2535. The following assumptions were used for the Black Scholes option pricing model to estimate the fair value of the stock options and warrants

Risk-free interest rate	0.37% to 2.25%
Expected life of options and warrants (years)	0.7 to 4.2
Expected volatility of each option granted	150%
Dividend yield per share	Nil

Purchase consideration is as follows:

Share capital	\$	9,343,433
Fair value stock options		198,600
Fair value warrants		378,493
Transaction costs		224,630
Purchase consideration	\$	<u>10,145,157</u>

The allocation of the consideration to the assets acquired and liabilities assumed is based upon estimated fair values at the time of the Plan of Arrangement. We have started the process of estimating Silk Road's assets and liabilities; however, the process of determining fair values is not yet complete as all outstanding liabilities are not finalized and as such current estimates are preliminary. As a result, the allocation of the consideration is subject to change over the balance of 2009 as the valuation process is completed.

# EurOmax Resources Ltd.

## Notes to the consolidated financial statements

June 30, 2009 and 2008

### 4. Acquisition of Silk Road Resources Ltd. (continued)

The preliminary allocation of the purchase price assigned to the assets and liabilities of Silk Road is based on preliminary estimates of fair value and is as follows:

Estimated fair value of net assets acquired is as follows:

Cash	\$	11,704
Accounts receivable and prepaid expenses		54,167
Loan to Euromax		250,000
Investment in Chinese mineral properties		12,517,564
Accounts payable	(	907,307)
Future income tax liability	(	927,221)
Short Term Loan	(	853,750)
Net value of assets and liabilities at fair market value	\$	<u>10,145,157</u>

Non-cash items

Non-cash items associated with the acquisition of Silk Road are as follows:

Accounts receivable and prepaid expenses		54,167
Loan to Euromax		250,000
Investment in Chinese mineral properties		12,517,564
Accounts payable	(	907,307)
Future income tax liability	(	927,221)
Short Term Loan	(	853,750)
Non-cash items	\$	<u>10,133,453</u>

# EurOmax Resources Ltd.

## Notes to the consolidated financial statements

June 30, 2009 and 2008

### 5. Discontinued operations

On December 1, 2008, the Company completed an agreement with a third party for the sale of all of its producing oil and gas interests. The sale price was \$303,000, subject to closing adjustments. The Company's oil and gas operations have been accounted for as discontinued operations. Results of the Company's oil and gas assets have been included in the financial statements up to the closing date of the sale (the date that control was transferred to the purchaser).

	Three months ended June 30		Six months ended June 30	
	2009	2008		
	\$	\$	\$	\$
Revenue				
Petroleum and natural gas sales	-	81,573	-	139,355
Expenses				
Production	-	11,241	-	22,782
Transportation	-	1,619	-	3,913
Depletion and accretion	-	6,838	-	13,390
	-	19,698	-	40,085
Net income from discontinued operations	-	61,875	-	99,270

### 6. Restricted cash

During the year ended December 31, 2004, under the terms of the mineral licenses granted to the Company in Bulgaria, a bond for potential environmental reclamation was required to be deposited with the Ministry of Environment and Water. The Company's banker provided the government with a guarantee to cover these bonds in the amount of US\$15,000 (December 31, 2008 - US\$15,000). As a condition of providing these guarantees the Company's banker required that the Company place a deposit in the amount of US\$15,000 (December 31, 2008 - US\$15,000) in a segregated account.

# EurOmax Resources Ltd.

Notes to the consolidated financial statements

June 30, 2009 and 2008

## 7. Property and equipment

	<b>June 30, 2009</b>		
	<b>Cost</b>	<b>Accumulated depletion and depreciation</b>	<b>Net book value</b>
	\$	\$	\$
Office and other equipment	<b>242,403</b>	<b>185,029</b>	<b>57,374</b>
Mineral Properties			
Bulgaria, Macedonia and Serbia	<b>5,298,018</b>		<b>5,298,018</b>
China	<b>12,517,564</b>	-	<b>12,517,564</b>
	<b>18,057,985</b>	<b>185,029</b>	<b>17,872,956</b>

	December 31, 2008		
	Cost	Accumulated depletion and depreciation	Net book value
	\$	\$	\$
Office and other equipment	242,403	162,834	79,569
Mineral properties			
Bulgaria, Macedonia and Serbia	5,188,885	-	5,188,885
	5,431,288	162,834	5,268,454

No general and administrative costs have been capitalized.

# EurOmax Resources Ltd.

Notes to the consolidated financial statements  
June 30, 2009 and 2008

## 7. Property and equipment (continued)

### Mineral interest additions by area of interest

	Macedonia		Serbia		China	Total
	Kazandol	Ilovitza	Ceovishte	Karavansalija	Bulagou	
	\$	\$	\$	\$	\$	
Balance December 31, 2008	683,757	1,509,878	1,387,827	1,607,422	-	5,188,885
Additions						
Acquisition	-	-	-	-	12,517,564	12,517,564
Assaying & analysis	213	-	-	-	-	213
Drilling	-	-	-	-	-	-
Geological consulting	36,326	14,819	15,600	14,860	-	81,604
Geophysical contractors	-	-	-	-	-	-
Other	10,099	5,784	5,917	5,515	-	27,315
Balance June 30, 2009	730,395	1,530,481	1,409,344	1,627,797	12,517,564	17,815,581

### Mineral interest by category

	Macedonia		Serbia		China	Total
	Kazandol	Ilovitza	Ceovishte	Karavansalija	Bulagou	
	\$	\$	\$	\$	\$	
Acquisition	273,390	410,085	520,200	851,545	12,517,564	15,400,295
Assaying & analysis	4,364	48,165	28,439	38,243	-	244,283
Drilling	156,668	604,587	523,773	548,605	-	2,354,858
Geological consulting	154,675	248,770	176,777	83,765	-	1,125,104
Geophysical contractors	-	40,102	-	-	-	40,102
Other	141,298	178,771	160,155	105,639	-	770,296
Balance June 30, 2009	730,394	1,530,481	1,409,344	1,627,797	12,517,564	17,815,581

## 8. Share capital

### (a) Authorized

Unlimited common voting shares

- (b) The Company has a stock option plan under which directors, officers, consultants and employees of the Company are eligible to receive stock options. The maximum number of shares reserved for issuance upon exercise of all options granted under the plan is equal to 10% of the then issued and outstanding common shares. The Board of Directors shall determine the terms and provisions of the options at the time of grant. Options under the plan generally have a term of five years and are vested as to one third at the date of grant, one third after six months and one third after 18 months from the date of grant. The exercise price of each option equals the market value of the Company's common shares on the date of grant.

# EurOmax Resources Ltd.

## Notes to the consolidated financial statements

June 30, 2009 and 2008

### 8. Share capital (continued)

(b) (continued)

A summary of the status of the Company's stock option plan as at June 30, 2009 and 2007 and changes during the years then ended are as follows:

	Number of options	Weighted average exercise price per share \$
Balance, December 31, 2008	3,007,500	0.50
Options issued for purchase of Silk Road	2,264,768	0.47
Options expired	(72,500)	0.34
<b>Balance, December 31, 2007</b>	<b>5,199,768</b>	<b>0.49</b>

The weighted average remaining term of the stock options as at June 30, 2009 is 2.71 years.

	Weighted average exercise price \$	Weighted average remaining contractual life (months)		Weighted average exercise price \$
Number of stock options outstanding			Number of stock options outstanding	
10,000	0.26	1.07	10,000	0.26
150,000	0.32	7.12	150,000	0.32
495,770	0.34	8.29	495,770	0.34
20,000	0.22	10.67	20,000	0.22
259,153	0.64	23.03	259,153	0.64
80,000	0.36	23.19	80,000	0.36
40,000	0.36	24.35	40,000	0.36
675,000	0.42	25.69	675,000	0.42
67,605	0.49	33.80	67,605	0.49
225,350	0.53	34.71	225,350	0.53
975,000	0.72	35.36	975,000	0.72
195,000	0.72	36.38	195,000	0.72
856,330	0.60	37.71	856,330	0.60
605,000	0.32	43.12	403,333	0.32
185,000	0.32	49.20	123,333	0.32
360,560	0.20	49.87	180,280	0.20
<b>5,199,768</b>	<b>0.49</b>	<b>32.55</b>	<b>4,756,154</b>	<b>0.51</b>

# EurOmax Resources Ltd.

## Notes to the consolidated financial statements June 30, 2009 and 2008

### 8. Share capital (continued)

#### (c) Share purchase warrants

Number of warrants outstanding as at January 1, 2009	Issued during the year	Number of warrants expired/exercised during the year	Balance of warrants outstanding as at March 31, 2009	Exercise price per warrant	Expiry date
750,000	-	-	750,000	0.60	August 20, 2010
4,850,000	-	-	4,850,000	0.15	December 31, 2010
-	-	-	3,154,900	0.16	May 25, 2012
5,600,000	-	-	8,754,900		

### 9. Commitments and contingencies

- (a) The Company has no future commitments. At June 30, 2009, the Company had no forward commodity contracts in place.
- (b) On April 3, 2008, Daylight Energy Ltd. ("Daylight") filed a Statement of Claims in the Court of Queen's Bench of Alberta alleging that the Company had been overpaid \$196,000 in royalties from one of its oil and gas wells. The Company denies this allegation. It has filed a Statement of Defense and Counterclaim alleging the breach of the original farm-out agreement contract by Daylight. No examinations for discovery are scheduled and no trial date has been set. It is too early to predict the outcome of this proceeding.

### 10. Related party transactions

During the six months ended June 30, 2009, the Company paid or accrued management and consulting fees in the amount of \$126,000 (2008 - \$105,000) to directors or companies controlled by directors. Of these amounts \$58,376 (2008 -\$7,500) is included in accounts payable and accrued liabilities at June 30, 2009. Management and consulting fees have been recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties based on standard commercial terms.

# EurOmax Resources Ltd.

## Notes to the consolidated financial statements

June 30, 2009 and 2008

### 11. Segment information

The Company's reportable operating segments consist of a unit that operates in petroleum and natural gas activities in Canada and a unit that operates in mining activities in Bulgaria, Serbia and Macedonia.

#### (a) Business segments

	Three Months Ended					
	June 30, 2009			June 30, 2008		
	Corporate	Mining	Total	Corporate	Mining	Total
	\$	\$	\$	\$	\$	\$
General and administrative expenses	134,897	163,656	298,553	145,964	126,960	272,924
General exploration		26,714	26,714			
Foreign exchange loss	15	47,664	47,679	(755)	(86,452)	(87,207)
Stock based compensation	7,500	-	7,500	18,677	-	18,677
Depletion, depreciation and accretion		10,526	10,526	-	14,294	14,294
Other	1,127		1,127	(6,764)	-	(6,764)
Unrealized gain on note receivable	(2,990)		(2,990)			
Unrealized gain on investment	(429,887)		(429,887)			
Unrealized (gain)/loss on stock options held	740	-	740	(52,231)	-	(52,231)
Net income/(loss)	288,598	(248,560)	40,038	(104,891)	(54,802)	(159,693)
Capital expenditures		12,559,609	12,559,609		1,579,556	1,579,556
Assets	913,772	17,965,638	18,879,410	147,722	7,369,359	7,517,081

  

	Six Months Ended					
	June 30, 2009			June 30, 2008		
	Corporate	Mining	Total	Corporate	Mining	Total
	\$	\$	\$	\$	\$	\$
General and administrative expenses	228,513	343,044	571,557	275,862	182,668	458,530
General exploration		39,868	39,868			
Foreign exchange loss	15	38,634	38,649	(773)	(74,812)	(75,585)
Stock based compensation	46,383	-	46,383	113,377	-	113,377
Depletion, depreciation and accretion		12,218	22,288	-	26,512	26,512
Other	(7,039)		(7,039)	(16,077)	-	(16,077)
Unrealized gain on note receivable	(9,210)		(9,210)			
Unrealized gain on investment	(430,343)		(430,343)			
Unrealized (gain)/loss on stock options held	1,555	-	1,555	90,145	-	90,145
Net income/(loss)	170,126	(433,764)	(273,708)	(462,534)	(134,368)	(596,902)
Capital expenditures		12,626,790	12,626,790		2,170,818	2,170,818
Assets	913,772	17,965,638	18,879,410	147,722	7,369,359	7,517,081

#### (b) Geographic segments

The details of property and equipment by country has been disclosed in Note 6.

# EurOmax Resources Ltd.

## Notes to the consolidated financial statements June 30, 2009 and 2008

### 12. Net change in non-cash operating working capital

	Three Months Ended June 30		Six Months Ended June 30	
	2009	2008	2009	2008
	\$	\$		
Decrease (increase) in accounts receivable, prepaid expenses and deposits	( 76,980)	( 159,058)	164,549	56,549
Increase (decrease) in accounts payable	1,335,024	( 101,532)	1,125,281	21,278
Increase in short-term loan	853,750		853,750	
Increase in asset retirement obligations	-	194	-	388
	<b>2,111,794</b>	<b>( 260,396)</b>	<b>2,143,580</b>	<b>78,215</b>

### 13. Financial risk management

The fair values of the Company's accounts receivable and accounts payable approximate their carrying values due to the short-term nature of these instruments.

The Company's financial instruments are exposed to certain financial risks, including market risk with respect to currency risk, interest risk, credit risk, liquidity risk, stock market risk and commodity price risk.

#### (a) Currency risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Bulgaria, Canada, Macedonia, and Serbia. Its functional currency is the Canadian dollar. The Bulgarian leva is fixed to the Euro as part of its entry into the European Union. Most of the Company's costs in Macedonia and Serbia are denominated in either United States dollars or Euros. During the last year the Macedonia denar has fluctuated by three percent from its current Euro exchange rate and the Serbian dinar has fluctuated approximately five percent from its current Euro exchange rate. Consequently the Macedonian dinar and the Serbian dinar, although not fixed to the Euro, are closely associated to it. The Company's investments and stock options held trade on the Australian Stock Exchange and are traded in Australian dollars. A significant change in the currency exchange rates between the Canadian dollar and the Euro could have a material effect on the Company's results of operations, financial position or cash flows. The Company's assets in China are being sold in Chinese Reminbi which will be exchanged into United States dollars after the sale. The assets are valued in Canadian dollars for accounting purposes at fair market valuation. The Company has not hedged its exposure to currency fluctuations. As of December 31, 2008, the Company is exposed to currency risk through assets and liabilities denominated in Canadian dollars, Bulgarian leva, Serbian dinar, Macedonian denar, and United States and Australian dollars.

# EurOmax Resources Ltd.

## Notes to the consolidated financial statements June 30, 2009 and 2008

### 13. Financial risk management (continued)

#### (a) Currency risk (continued)

	United States dollars	Bulgarian leva	Australian dollars
	\$	\$	\$
Cash and cash equivalents	30,295	41,000	-
Accounts receivable	-	17,583	165,825
Prepaid expenses	-	498	-
Stock option held	-	-	2,281
Investments	-	-	502,204
Accounts payable and accrued liabilities	(300,129)	(295,624)	-
<b>As stated in Canadian dollars</b>	<b>(269,833)</b>	<b>(236,544)</b>	<b>670,310</b>

Based on the above net exposures as of June 30, 2009 and assuming that all other variables remain constant, a 10% depreciation or appreciation of the United States dollar, Bulgarian leva and Australian dollar against the Canadian dollar would result in an increase/decrease of approximately \$16,000 (for a \$27,000 decrease for the United States dollar, a \$24,000 decrease for the Bulgarian leva and a \$67,000 increase for the Australian dollar) in the Company's net loss.

#### (b) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's cash and short-term bank deposits are held in large Canadian financial institutions and large European international financial institutions. Short-term bank deposits are composed of financial instruments issued by Canadian banks are not subject to external restrictions. These investments mature at various dates.

#### (c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage in Note 13.

Accounts payable and accrued liabilities are generally payable within ninety days or less.

#### (d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of the short-term investments included in cash and cash equivalents is limited because these investments, although held for trading, are generally held to maturity.

# EurOmax Resources Ltd.

## Notes to the consolidated financial statements

June 30, 2009 and 2008

### 13. Financial risk management (continued)

(e) *Commodity price risk*

The ability of the company to develop its mineral properties and the future profitability of the Company are directly related to the market price of copper and gold. These commodities are priced in United States dollars but the cost of operation will be denominated in Bulgarian leva, Macedonian denar or Serbian dinar depending on the location of any economic resources discovered.

### 14. Capital risk management

The Company includes as capital its common shares, and contributed surplus. The Company's objectives are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. As the Company has minimal cash flow from operations, to maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including capital deployment, results from the exploration of its properties and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

In order to maximize ongoing development efforts, the Company does not pay out dividends. The Company's investment policy is to invest its cash in highly liquid short-term interest-bearing investments with maturities 90 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

The Company expects it may need additional capital resources in order to carry out an optimal exploration plan and operations through its current fiscal year. Any new capital resources may be provided by the attempted sale of investments or the issue of new shares.

### 15. Subsequent events

- (a) On March 16, 2009, the Company entered into an agreement to purchase all of the outstanding shares of Thrace Resources EOOD ("Thrace") from IRH Thrace. This agreement is subject to all necessary regulatory approval, including approval of the IRH shareholders. Thrace holds the Bulgarian properties sold to IRH in 2006. The consideration to be paid by the Company is the cancellation of one-half of the convertible note issued by IRH to the Company on December 10, 2008. IRH has entered into an agreement for a business combination with a private Australian company. Under this business combination IRH will acquire all of the assets of Clean Global Energy Pty. Ltd. One of the conditions to this agreement is the conversion of the balance of the convertible note into common shares of IRH. The shareholders are expected to approve the transaction at a meeting on September 23, 2009 with the closing to occur shortly thereafter.

# **EurOmax Resources Ltd.**

Notes to the consolidated financial statements

June 30, 2009 and 2008

## **15. Subsequent events (continued)**

- (b) On July 16, 2009, the Company sold its Bulagou property in China to Chenzhen Mining Group Co. Ltd. for gross proceeds of 111,900,000 Chinese RMB. After Chinese withholding taxes and other required expenditures to complete the sale, the Company received US\$14,992,274. Commissions for arranging the sale in the amount of US\$1,632,580 were paid to parties who assisted in arranging the sale.

## Corporate Information

### Directors

John Menzies – Chief Executive Officer  
Christopher Serin – Chief Financial Officer  
Robert Power – Chairman of the Board<sup>1,3</sup>  
David Bell<sup>2</sup>  
Michael Mason<sup>1,2,3</sup>  
Anthony Patriarco<sup>1,3</sup>

- (1) *Member of the Audit Committee*  
(2) *Member of the Compensation Committee*  
(3) *Member of the Corporate Governance Committee*

### Officers and Management

John Menzies – Chief Executive Officer  
Christopher A. Serin – Chief Financial Officer

### Banker

Bank of Montreal, Vancouver  
ING Bank, Sofia, Bulgaria  
Bank of Bermuda, Bermuda

### Auditor

Deloitte & Touche LLP  
Vancouver, British Columbia

### Legal Counsel

Lawson Lundell  
Vancouver & Calgary

### Registrar & Transfer Agent

Computershare Trust Company of Canada

### Stock Exchange

TSX Venture Exchange

### Stock Symbol

EOX

### Shares Outstanding

119,062,040

### Investor Contacts

David Stothart,  
+1 347 248 0062



### Head Office

Suite 511 – 475 Howe Street.,  
VANCOUVER BC  
V6C 2B3 CANADA  
Main: + 1 604 669 5999  
Fax: + 1 604 608 3344

[euromax@euromaxresources.com](mailto:euromax@euromaxresources.com)  
<http://www.euromaxresources.com>