



UNAUDITED CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS

For the three months ended March 31, 2020 and 2019

Expressed in Canadian dollars

NOTICE OF NO AUDIT OR REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited interim 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 financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Euromax Resources Ltd.

Condensed consolidated interim statements of profit or loss and comprehensive income or loss - unaudited

(Expressed in Canadian dollars)

	Note	Three months ended March 31,	
		2020 \$000s	2019 \$000s
Operating expenses			
Accounting, legal and professional		(464)	(121)
Depreciation	6	(28)	(39)
Amortisation	6	-	(1)
Office and general		(58)	(53)
Regulatory, filing and transfer agent		(22)	(24)
Rent		(4)	(4)
Salaries, director and consultant fees		(402)	(345)
Share-based payments recovery/(expenses)		110	(119)
Investor and public relations		(32)	(37)
Travel		(23)	(31)
Exploration and evaluation costs		(79)	-
Loss on foreign exchange		(1,209)	(244)
Operating loss		(2,211)	(1,018)
Finance income	6	7	-
Finance expense	6	(621)	(934)
Fair value gain/(loss) on financial liabilities	9 (b)	7	(56)
Net finance loss		(607)	(990)
Loss before tax		(2,818)	(2,008)
Income tax expense		(21)	-
Loss for the period		(2,839)	(2,008)
Other comprehensive income/(loss), net of tax:			
<i>Items that are or may be reclassified subsequently to profit or loss</i>			
Cumulative translation adjustment on foreign subsidiaries		1,796	(831)
Total other comprehensive income/(loss), net of tax		1,796	(831)
Total comprehensive loss for the period		(1,043)	(2,839)
Loss per common share			
Basic and diluted	5	(0.01)	(0.01)
Weighted average number of common shares outstanding			
Basic and diluted	5	331,929,522	166,742,080

See accompanying notes to the condensed consolidated interim financial statements.

Euromax Resources Ltd.

Condensed consolidated interim statements of financial position - unaudited

(Expressed in Canadian dollars)

	Note	As at	
		March 31, 2020 \$000s	December 31, 2019 \$000s
ASSETS			
Current			
Cash and cash equivalents		6,472	6,964
Other receivables		36	48
Other current assets		68	171
Total current assets		6,576	7,183
Non-current assets			
Land and property, plant and equipment		297	308
Intangible assets		-	-
Mineral right interests	7	40,096	37,793
Total assets		46,969	45,284
LIABILITIES			
Current			
Trade and other payables		731	623
Gold purchase advance payments	10	15,876	14,699
Loans and borrowings	9	21,466	-
Share-based payment liabilities	11 (c)	248	358
Lease liability		78	71
Total current liabilities		38,399	15,751
Non-current liabilities			
Lease liability		118	129
Loans and borrowings	9	-	19,910
Total liabilities		38,517	35,790
EQUITY			
Share capital	8	78,544	78,544
Equity reserve		16,681	16,898
Convertible loan reserve		1,733	1,733
Currency translation reserve		5,340	3,544
Accumulated losses		(93,846)	(91,225)
Total equity		8,452	9,494
Total liabilities and equity		46,969	45,284
Nature of operations	1		
Subsequent events	13		

Approved on behalf of the Board of Directors

Signed "Varshan Gokool"

Varshan Gokool, Director

"Tim Morgan-Wynne"

Tim Morgan-Wynne, Director

See accompanying notes to the condensed consolidated interim financial statements.

Euromax Resources Ltd.

Condensed consolidated interim statements of changes in equity - unaudited

(Expressed in Canadian dollars)

For the three months ended March 31, 2020 and 2019

	Note	Share capital Number of shares	Amount \$000s	Equity reserve \$000s	Convertible loan reserve \$000s	Currency translation reserve \$000s	Accumulated losses \$000s	Total equity \$000s
For the three months ended March 31, 2019								
Balance on January 1, 2019		166,742,080	74,306	10,998	-	4,849	(85,406)	4,747
<i>Total comprehensive loss for the period</i>								
Loss for the period			-	-	-	-	(2,008)	(2,008)
Other comprehensive loss for the period			-	-	-	(831)	-	(831)
<i>Total comprehensive loss for the period</i>			-	-	-	(831)	(2,008)	(2,839)
<i>Transactions with owners of the Company</i>								
Equity-settled share-based payments			-	30	-	-	-	30
Equity component of convertible loan	9 (b)		-	-	1,733	-	-	1,733
<i>Total transactions with owners of the Company</i>			-	30	1,733	-	-	1,763
Balance on March 31, 2019		166,742,080	74,306	11,028	1,733	4,018	(87,414)	3,671
For the three months ended March 31, 2020								
Balance on January 1, 2020		331,929,522	78,544	16,898	1,733	3,544	(91,225)	9,494
<i>Total comprehensive loss for the period</i>								
Loss for the period			-	-	-	-	(2,839)	(2,839)
Other comprehensive income for the period			-	-	-	1,796	-	1,796
<i>Total comprehensive loss for the period</i>			-	-	-	1,796	(2,839)	(1,043)
<i>Transactions with owners of the Company</i>								
Equity-settled share-based payments			-	1	-	-	-	1
Transfer of expired share options			-	(218)	-	-	218	-
<i>Total transactions with owners of the Company</i>			-	(217)	-	-	218	1
Balance on March 31, 2020		331,929,522	78,544	16,681	1,733	5,340	(93,846)	8,452

See accompanying notes to the condensed consolidated interim financial statements.

Euromax Resources Ltd.

Condensed consolidated interim statements of cash flows - unaudited

(Expressed in Canadian dollars)

	Note	Three months ended March 31,	
		2020	2019
		\$000s	\$000s
OPERATING ACTIVITIES			
Loss before tax		(2,818)	(2,008)
<i>Add back:</i>			
Depreciation	6	28	39
Amortisation	6	-	1
Finance income	6	(7)	-
Finance expense	6	621	934
Share-based payments (recovery)/expenses		(110)	119
Unrealised foreign exchange loss		1,111	209
Fair value (gain)/loss on financial liabilities	9 (b)	(7)	56
<i>Changes in non-cash working capital items:</i>			
Decrease/(increase) in other receivables and other current assets		116	(12)
Increase in trade and other payables		73	26
Cash used in operating activities		(993)	(636)
INVESTING ACTIVITIES			
Expenditures on mineral right interests		-	(23)
Purchases of land, property, plant and equipment and intangible assets		-	(28)
Interest received		7	-
Cash provided by/(used in) investing activities		7	(51)
FINANCING ACTIVITIES			
Payment of lease liabilities		(20)	(20)
Interest paid		(2)	(1)
Cash used in financing activities		(22)	(21)
Effect of exchange rate changes on cash		516	16
Net change in cash and cash equivalents		(1,008)	(708)
Cash and cash equivalents, beginning of the period		6,964	1,086
Cash and cash equivalents, end of the period		6,472	394

See accompanying notes to the condensed consolidated interim financial statements.

Euromax Resources Ltd.

Notes to the condensed consolidated interim financial statements - unaudited

(Expressed in Canadian dollars, except number of common shares and per share amounts)

1. Nature of operations

Euromax Resources Ltd. ("Euromax" or the "Company") was incorporated under the Business Corporation Act ("British Columbia") and established as a legal entity on May 1, 1990. The registered address of the Company is located at 400-725 Granville Street, Vancouver, British Columbia, Canada V7Y 1G5.

These condensed consolidated interim financial statements include the accounts of Euromax and of its wholly-owned subsidiaries (collectively, the "Group"). The Group operates with the objective of becoming the leading gold and base metal mining company in Europe. The Group operates in one sector in the mining industry, i.e. the exploration and development of mineral right interests.

Euromax's common shares are listed on the Toronto Stock Exchange (the "TSX") under the trading symbol "EOX", as well as on the OTC Pink Market under the trading symbol "EOXFF". Euromax's share options and warrants are not listed.

These condensed consolidated interim financial statements were authorised for issue by the Company's board of directors on May 11, 2020.

2. Basis of preparation and statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34 *Interim Financial Reporting*. These condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2019, which were prepared in accordance with IFRS as issued by the IASB.

The Group has applied the same accounting policies and methods of computation in these condensed consolidated interim financial statements as it did in the audited consolidated financial statements for the year ended December 31, 2019.

3. Going concern

These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

At March 31, 2020, the Group had net assets of \$8.5 million (December 31, 2019: \$9.5 million) and a net working capital deficiency of \$31.8 million (December 31, 2019: \$8.6 million), including cash of \$6.5 million (December 31, 2019: \$7 million). The Group's \$31.8 million working capital deficiency at March 31, 2020 largely results from:

- Convertible loans of \$21.5 million (at December 31, 2019: \$19.9 million; classified as a non-current), closed with European Bank for Reconstruction and Development ("EBRD") (the "EBRD convertible loan") and with CC Ilovitza ("CCI" a member of the CCC Group) (the "CCI convertible loan"), both mature on February 28, 2021 (see Notes 9); and
- Gold purchase advance payments of \$15.9 million (December 31, 2019: \$14.7 million) received from Royal Gold, AG ("Royal Gold") (see Note 10) which are repayable on termination of the Gold Purchase and Sale Agreement.

These two items are classified as current liabilities as contractually repayment may be required within the next twelve months. Both convertible loans are convertible into the Company's common shares at the election of EBRD and CCI on or before their maturity as explained below (see Note 9 for more details). As at the date of these condensed consolidated interim financial statements no termination or repayment notice has been received from Royal Gold.

The Company's board of directors have reviewed the Group's forecasts for the period ended December 31, 2021, in which are including all committed costs for maintaining the Ilovica-Shtuka copper project (the "Ilovica-Shtuka Project") in the Republic of North Macedonia ("Macedonia" or the "Country"), but prepared based on following major assumptions:

Euromax Resources Ltd.

Notes to the condensed consolidated interim financial statements - unaudited

(Expressed in Canadian dollars, except number of common shares and per share amounts)

3. Going concern (continued)

- both convertible loans will be either converted into Company's common shares or further extended later than December 31, 2021, whereby potential contractual cash outflows at February 28, 2021 would be \$23.8 million; and
- neither termination nor repayment notices will be received from Royal Gold (\$15.9 million at March 31, 2020).

Based on these forecasts, the directors have identified that further funding will be required to

- repay the gold purchase advance payments, if termination or repayment notice is received from Royal Gold;
- repay both convertible loans, if neither are extended later than December 31, 2021 or converted into the Company's common shares; and
- ultimately construct and bring the Ilovica-Shtuka Project into commercial production.

The directors believe that such funding will be dependent on the outcome of the legal matter discussed below.

On July 12, 2019 Euromax announced that the Group received a rejection resolution from the Ministry of Economy in Macedonia (the "MoE") on the Exploitation Permit Request for Exploitation Concession for Ilovica 6 ("Rejection Resolution"), submitted on July 22, 2016, and following to that the Group submitted an appeal on that Rejection Resolution to the State Commission for Acting Upon Administrative and Employment procedures in the Second Instance ("Second Instant Commission"). However, that appeal was rejected by the Second Instant Commission ("Resolution for Rejection of the Appeal"), and on October 14, 2019 a lawsuit was submitted to the Administrative Court in Macedonia appealing the Resolution for Rejection of the Appeal (see Note 7). On March 31, 2020 the Administrative Court in Macedonia adopted a verdict adopting the lawsuit of the Group against the Second Instance Commission and annulling the Resolution for Rejection of the Appeal of the Second Instant Commission. The verdict could be further appealed, but at the date of these condensed consolidated interim financial statements such appeal has not been submitted to the Higher Administrative Court in the Country (see Note 7).

On December 16, 2019 the Exploitation Concession for Ilovica 6 was terminated as consequence of the Rejection Resolution. Following to that, on January 8, 2020, the Group filed a lawsuit to the Administrative Court in Macedonia against that termination (see Note 7).

As at the date of these condensed consolidated interim financial statements, the Exploitation Concession for Ilovica 11 is considered valid and in possession of the Group. Whilst the administrative process for termination of the Exploitation Concession for Ilovica 6 is complete as of December 16, 2019, this administrative process is in dispute and is in process in the lower court in the Country. There are also further steps including an appeal in the Higher Administrative Court in Macedonia together with international arbitration if required.

Based on independent legal advice that demonstrate that the Group is legally compliant with respect to the dispute and based on the verdict of the Administrative Court adopting the lawsuit of the Group from October 14, 2019, as at March 31, 2020 the Group is of the view that it has a strong legal position, and accordingly has a reasonable expectation that the lawsuits will be resolved in the Group's favour in line with the local Macedonian laws that would enable further progress towards the development of the Ilovica-Shtuka Project.

Whilst the directors remain optimistic that the outcome of the lawsuit would be positive in enabling progress towards the development of the Ilovica-Shtuka Project, the Group's funding position is also reliant on the convertible loans being either converted into the Company's common shares or repayment further extended since they mature on February 28 2021, the gold purchase advance payments would not require settlement in cash until December 31, 2021, and that the Group can raise additional debt or equity funding to ultimately construct and bring the Ilovica-Shtuka Project into commercial production, of which none of these events are within the Group's control. The directors are confident that the Group's debt holders (convertible loans and gold purchase advance payments) remain supportive. The convertible loan holders have extended the terms of the agreements in the past and Royal Gold has not called the advance gold payments to date. If either the Royal Gold's advance payments or convertible loans require settlement in cash, then the Group would need to raise additional funds either through equity (supported by existing shareholders or new shareholders) or by further debt. The directors also note that the current coronavirus (COVID-19) pandemic and the state of emergency, that has been declared in the Country (see Note 7), could have an impact upon the timing of the completion of the legal cases, and therefore on the ability to raise further funds as and when required. These events are outside of the Group's control, and as such, a material uncertainty exists which may cast significant doubt about the Group's continued ability to operate as a going concern and its ability to realise its assets and discharge its liabilities in the normal course of business.

Euromax Resources Ltd.

Notes to the condensed consolidated interim financial statements - unaudited

(Expressed in Canadian dollars, except number of common shares and per share amounts)

4. Critical accounting judgements and key sources of estimation uncertainty

The preparation of these condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements for the year ended December 31, 2019.

These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

5. Loss per share

	Three months ended March 31,	
	2020	2019
	\$000s	\$000s
Net loss for the period after tax	(2,839)	(2,008)
Basic weighted average number of common shares	331,929,522	166,742,080
Basic and diluted loss per share	(0.01)	(0.01)

For the three months ended March 31, 2020 and 2019, because there would be further reduction in loss per share resulting from the assumption that share options, warrants and convertible loan are exercised or converted, all these instruments are considered as anti-dilutive and are ignored in the computation of loss per share. As there were no other instruments that may have a potential dilutive impact, the basic and diluted loss per share were the same for the three months ended March 31, 2020 and 2019.

6. Operating segments

The Group's principal business is the exploration and development of mineral right interests. The Group's board of directors (the Group's Chief Operating Decision Maker) has arranged the Group's operating segments by both type of business and by geographic region. No operating segments have been aggregated in arriving at the reportable segments of the Group.

The Group's reportable segments are as follows:

Reportable segments	Operations	Geographic location
Macedonia	exploration and development of mineral right interests	Republic of North Macedonia
Corporate	corporate operations	Canada and UK

The following is an analysis of the Group's loss/profit before tax, assets and liabilities by operating segments and the Group's consolidated loss/profit before tax.

Three months ended	Macedonia		Corporate		Total	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
<i>In thousands</i>						
Finance income	-	-	7	-	7	-
Finance expense	(4)	(4)	(617)	(930)	(621)	(934)
Depreciation	(28)	(39)	-	-	(28)	(39)
Amortisation	-	(1)	-	-	-	(1)
Segment loss before tax	(882)	(713)	(1,936)	(1,295)	(2,818)	(2,008)

As at	Macedonia		Corporate		Total	
	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
<i>In thousands</i>						
Segment assets	40,586	38,307	6,383	6,977	46,969	45,284
Segment liabilities	400	331	38,117	35,459	38,517	35,790

Euromax Resources Ltd.

Notes to the condensed consolidated interim financial statements - unaudited

(Expressed in Canadian dollars, except number of common shares and per share amounts)

7. Mineral right interests

Macedonia

On July 11, 2007 the Group acquired an option to earn a 100% interest in the Ilovica-Shtuka Project. After completing an agreed exploration programme and the vendor not exercising its back-in right in January 2012, the Group acquired a 100% interest in the Ilovica-Shtuka Project.

The Ilovica-Shtuka Project consists of two adjacent properties, Ilovica 6 and Ilovica 11. The Group was granted the Exploitation Concession for Ilovica 6 under the rules and regulations of the Minerals Law in Macedonia. The Ilovica 6 Exploitation Concession has an initial term of 30 years and is subject to a state royalty of 2% of the market value of metals contained in concentrate. The Ministry of Environment and Physical Planning in Macedonia (the "MoEPP") has formally approved the Environmental Impact Assessment Study (the "EIA") for Ilovica 6 under the Environmental Law in Macedonia.

On January 6, 2016 the Group announced the Feasibility Study (the "FS") for the Ilovica-Shtuka Project, prepared in compliance with National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101").

The Exploitation Concession on Ilovica 11 was granted on January 13, 2016 under the rules and regulations of the Minerals Law in Macedonia. This Exploitation Concession on Ilovica 11 has the same conditions as those of Ilovica 6, i.e. an initial term of 30 years and a state royalty of 2% of the market value of metals contained in concentrate. During 2017, a Strategic Environmental Impact Assessment was approved by the MoEPP (required for urbanisation process of the mine footprint), and a commission within the MoEPP issued a Compliance Report for the EIA on Ilovica 11, and recommended a formal approval to be granted by the MoEPP.

Additionally, during 2017 the Environmental and Social Impact Assessment Study (the "ESIA") was completed under international standards, which could facilitate the financing of the Ilovica-Shtuka Project's construction as well as meets the requirements of various project stakeholders.

During 2017 and 2018, the MoE positively responded on the request for the merger of the Group's two exploitation concessions (the "Merger"), however the final approval is still waiting from the Government of the Republic of North Macedonia. The approval of the Merger represents a significant trigger for further development of the Ilovica-Shtuka Project.

On July 12, 2019 Euromax announced that the Group received the Rejection Resolution for the Exploitation Permit Request for Exploitation Concession for Ilovica 6 submitted on July 22, 2016. The Rejection Resolution is based on the claim that all documents required under the law for the application were not submitted by the Group. Following to that, the Group submitted an appeal on that Rejection Resolution to the Second Instant Commission, however that appeal was rejected ("Resolution for Rejection of the Appeal"). Further to that, on October 14, 2019 a lawsuit was submitted to the Administrative Court in Macedonia appealing the Resolution for Rejection of the Appeal. On March 31, 2020 the Administrative Court in Macedonia adopted a verdict adopting the lawsuit of the Group against the Second Instance Commission and annulling the Resolution for Rejection of the Appeal of the Second Instant Commission. However, the adopted verdict could be further appealed, but at the date of these condensed consolidated interim financial statements such appeal has not been submitted at the Higher Administrative Court in the Country. Due to the declared state of emergency in the Country, all set deadlines, including the deadline for submission of related appeal to the Higher Administrative Court in Macedonia, are put on hold until the end of the state of emergency (at the date of these condensed consolidated interim financial statements, the state of emergency is still effective in the Country), and that would result in further prolonging of the timing of the completion of this legal case for the Rejection Resolution in the Country.

On November 1, 2019, an Exploitation Permit Request for Exploitation Concession for Ilovica 11 was submitted for its approval.

On December 16, 2019 Exploitation Concession for Ilovica 6 was terminated, and following to that, on January 8, 2020, the Group filed a lawsuit to the Administrative Court in Macedonia against that termination.

As at the date of these condensed consolidated interim financial statements, the Exploitation Concession for Ilovica 11 is considered valid and in possession of the Group. Whilst the administrative process for termination of the Exploitation Concession for Ilovica 6 is complete as of December 16, 2019, this administrative process is in dispute and is in process in the lower court in Macedonia (i.e. Administrative Court). There are also further steps including an appeal in the higher court in the Country (i.e. Higher Administrative Court) together with international arbitration if required.

Euromax Resources Ltd.

Notes to the condensed consolidated interim financial statements - unaudited

(Expressed in Canadian dollars, except number of common shares and per share amounts)

7. Mineral right interests (continued)

Macedonia (continued)

Based on independent legal advice that demonstrate that the Group is legally compliant with respect to the dispute, as at March 31, 2020 the Group is of the view that it has a strong legal position, and accordingly has a reasonable expectation that the lawsuits will be resolved in the Group's favour in line with the local Macedonian laws that would enable further progress towards the Ilovica-Shtuka Project

Assuming a positive resolution of these legal disputes that would result in the continued development of the Ilovica-Shtuka Project, as explained above, the Group believes that as at March 31, 2020 there is no need for impairment of the carrying amount of the mineral right interest for the Ilovica-Shtuka Project as presented below.

A summary of changes to the Group's mineral right interests in the three months ended March 31, 2020 and 2019 is set out below.

Macedonia	
<i>Ilovica-Shtuka Project</i>	
	\$000s
Balance, January 1, 2019	39,918
Exploration expenditures:	
Feasibility costs	23
Other	10
	39,951
Other items:	
Exchange differences	(1,615)
Balance, March 31, 2019	38,336
Balance, January 1, 2020	37,793
Other items:	
Exchange differences	2,303
Balance, March 31, 2020	40,096

8. Share capital and reserves

At March 31, 2020 Euromax's authorised share capital consisted of an unlimited number of common shares without par value. All issued common shares are fully paid.

	2020		2019	
	Number of shares	Amount \$000s	Number of shares	Amount \$000s
Balance on January 1	331,929,522	78,544	166,742,080	74,306
Balance on March 31	331,929,522	78,544	166,742,080	74,306

During the three months ended March 31, 2020 and 2019, no new common shares were issued, and accordingly no share options and no share purchase warrants were exercised.

During the three months ended March 31, 2020 \$0.218 million were transferred from equity reserve to accumulated losses, out of which \$0.104 million represents a fair value of 950,000 share options that expired during the three months ended March 31, 2020, while the remaining amount of \$0.114 million for other share options that expired prior to January 1, 2020.

At March 31, 2020, the Company had 6,425,000 share options outstanding (March 31, 2019: 10,100,000) with exercise prices ranging from \$0.08 to \$0.49 per share and a weighted average exercise price of \$0.24.

Additionally, the Company has 206,983,010 share purchase warrants (March 31, 2019: 64,141,834) with exercise prices ranging from \$0.15 to \$0.33 per share and 3,977,717 RSUs (March 31, 2019: 3,977,717) outstanding at March 31, 2020.

Euromax Resources Ltd.

Notes to the condensed consolidated interim financial statements - unaudited

(Expressed in Canadian dollars, except number of common shares and per share amounts)

9. Loans and borrowings

	March 31, 2020	December 31, 2019
	\$000s	\$000s
EBRD convertible loan	12,837	11,687
CCI convertible loan	8,629	8,223
	21,466	19,910

(a) Terms and conditions

The terms and conditions of outstanding loans are as follows:

	Currency	Nominal interest rate	Year of maturity	March 31, 2020		December 31, 2019	
				Face value	Carrying amount	Face value	Carrying amount
				\$000s	\$000s	\$000s	\$000s
EBRD convertible loan	US\$	7.00%	2021	7,056	12,837	6,534	11,687
CCI convertible loan	\$	7.00%	2021	5,200	8,629	5,200	8,223
				12,256	21,466	11,734	19,910

EBRD convertible loan

On May 24, 2016 the Company closed the EBRD convertible loan with EBRD and received proceeds of US\$5 million (\$7.056 million) (the "Principal Amount"), amended on April 12, 2018 (the "2018 Amendments of the EBRD convertible loan") and in March 2019 (the "2019 Amendments of the EBRD convertible loan").

The EBRD convertible loan matures on February 28, 2021, extended from May 10, 2019 as per the 2019 Amendments of the EBRD convertible loan.

Upon maturity, the Company will be required to pay or convert:

- the Principal Amount,
- an amount of US\$1.420 million (\$2.004 million) (the "Redemption Amount"),
- a finance delay fee of US\$0.150 million (\$0.212 million) (the "Fee"),
- a finance delay interest (the "Interest") accrued from January 1, 2017 until April 30, 2018 on the Principal Amount at the rate of 3 months LIBOR plus 7% per annum, compounded quarterly, and
- a finance interest (the "Interest on Extension") accrued from May 1, 2018 to its maturity on collectively the Principle Amount, the Redemption Amount, the Fee and the Interest at April 30, 2018 at a rate of 20% per annum applied from May 1, 2018 to March 31, 2019 and 7% per annum from April 1, 2019 to its maturity, compounded annually.

The EBRD convertible loan is convertible into the Company's common shares, in whole or in part at the election of EBRD, by using a strike price of \$0.15 per common share for conversion of all the Principal Amount, the Redemption Amount, the Fee, the Interest, and the Interest on Extension (as per the 2019 Amendments of the EBRD convertible loan).

CCI convertible loan

On May 20, 2016 the Company closed a convertible loan with CCI and received proceeds of \$5.2 million, amended on April 12, 2018 (the "2018 Amendments of the CCI convertible loan") and in March 2019 (the "2019 Amendments of the CCI convertible loan").

The CCI convertible loan matures on February 28, 2021, extended from May 10, 2019 as per the 2019 Amendments of the CCI convertible loan.

The CCI convertible loan incurred a fixed interest rate of 20% per annum, compounded annually (changed from interest rate of 9% per annum, compounded daily), applied retrospectively from May 20, 2016 to March 31, 2019, repayable at maturity, while from April 1, 2019 until its maturity incurs fixed interest rate of 7% per annum, compounded annually.

At maturity, CCI can elect to receive cash repayment or convert the outstanding loan balance into the Company's common shares at a conversion price of \$0.15 per common share (as per the 2019 Amendments of the CCI convertible loan).

Euromax Resources Ltd.

Notes to the condensed consolidated interim financial statements - unaudited

(Expressed in Canadian dollars, except number of common shares and per share amounts)

9. Loans and borrowings (continued)

(b) Recognition and measurement of convertible loans

EBRD convertible loan

EBRD convertible loan	2020	2019
	\$000s	\$000s
Carrying amount at January 1	11,687	11,077
Adjustments recorded during the period:		
Accrued interest	209	532
Fair value adjustment	(7)	56
Foreign exchange movements	948	(232)
Carrying amount at March 31	12,837	11,433

The EBRD convertible loan is designated as at fair value through profit or loss ("FVTPL"), whereby all attributable transaction costs, together with any accrued interest, foreign exchange movements and fair value adjustments are recognised in profit or loss.

As per provisions of IFRS 9 *Financial Instruments*, the amount of change in the fair value of financial liability designated as at FVTPL attributable to change in the credit risk of that liability shall be presented in other comprehensive income or loss, while the remaining amount of change in the fair value of the liability shall be presented in profit or loss. Based on the management estimate, the effect of fair value movement of the EBRD convertible loan resulting from changes in the credit risks of the EBRD convertible loan do not have material effect on the Group's condensed consolidated interim financial statements, and therefore the whole effect from movement in the fair value of the EBRD convertible loan is presented in profit or loss.

The fair value of the EBRD convertible loan is calculated via an internally prepared model that separately values the loan amount on a discounted cash flow basis and the conversion option using a Black-Scholes option pricing model. The market observable information assumptions used, of which the most significant is the Company's common share price, have been applied consistently to management's most likely future financing plans.

A probability weighting has been applied to each scenario, developed based on future financing plans, by using management's best estimates of the likelihood of each scenario occurring. This probability weighting was categorised as a level 3 non-market observable assumption under IFRS 13 *Fair Value Measurement* and hence results in the EBRD convertible loan valuation being a level 3 valuation.

The fair value of the EBRD convertible loan at March 31, 2020 was assessed at \$12.837 million (US\$9.097 million) (March 31, 2019: \$11.433 million or US\$8.566 million), representing a decrease of the liability as disclosed at December 31, 2019, and therefore resulted in fair value gain of \$0.007 million recognised for the three months ended March 31, 2020 (fair value loss of \$0.056 million for the three months ended March 31, 2019).

CCI convertible loan

CCI convertible loan	2020	2019
	\$000s	\$000s
Carrying amount at January 1	8,223	8,507
Adjustments recorded during the period:		
Amount classified as equity element	-	(1,733)
Accrued interest	406	397
Carrying amount at March 31	8,629	7,171

The CCI convertible loan is a compound financial instrument, whereby a liability component and an equity component were determined at initial recognition. The liability component was measured by fair valuing the convertible loan using a relevant market interest rate that would apply to an equivalent loan that does not contain an equity conversion option. The remaining amount was recognised as equity element.

Transaction costs incurred for closing of the CCI convertible loan during 2016, were allocated on a proportional basis to the liability component and equity element. Transaction costs allocated to the liability component were fully amortised at April 30, 2018.

Euromax Resources Ltd.

Notes to the condensed consolidated interim financial statements - unaudited

(Expressed in Canadian dollars, except number of common shares and per share amounts)

9. Loans and borrowings (continued)

(b) Recognition and measurement of convertible loans (continued)

CCI convertible loan (continued)

The significant modification of the CCI convertible loan's conditions as per the 2019 Amendments of the CCI convertible loan resulted in recognition of newly recognised financial liability in 2019, and derecognition of the existing one. A liability component of this new compound financial instrument was set at \$7.053 million, while the remaining amount of \$1.733 million has been recognised as an equity component.

Subsequent to initial recognition, the liability component is measured at amortised cost by using the effective interest method.

10. Gold purchase advance payments

On October 20, 2014 the Group entered into a Gold Purchase and Sale Agreement ("GPSA") with Royal Gold pursuant to which the Group via its wholly-owned subsidiaries was initially agreed to sell an equivalent of 25% of future gold production from the Ilovica-Shtuka Project to Royal Gold to a maximum of 525,000 ounces and then 12.5% gold produced thereafter. In consideration, it was agreed Royal Gold to pay US\$175 million as an advance payment on the purchase price of the Ilovica-Shtuka Project's future gold production.

However, during 2015, under the initial tranche and part of the first anniversary payment the Group received US\$11.25 million, as part of that GPSA. All these advance payments received under the GPSA are classified as current liabilities since all conditions precedent for the third tranche weren't satisfied in the agreed timetable as per GPSA.

The repayment of the advance payments is currently secured by share pledges over the Group's common shares in a number of its wholly-owned subsidiaries together with security of specific intergroup transactions and balances. On June 3, 2015 the Group obtained the Concession Agreement Annex allowing for the Exploitation Concession for Ilovica 6 to be granted as security by way of assignment in favour to Royal Gold as well as to the Group's creditors. Royal Gold's first priority security interest will be subordinated to that of the permitted senior ranking debt finance under arrangements to be agreed with the senior financiers. Royal Gold's security interest falls away once its entire advance payment has been repaid back.

Under the provisions of GPSA, in case of its termination, advance payments need to be repaid in full within 60 days of received termination notice. As at the date of these condensed consolidated interim financial statements no termination or repayment notice has been received from Royal Gold, as well as it is not expecting such notice to be received until funds for repayment of that advance payment is secured by the Group.

The following is a summary of the changes in the GPSA advance payments as at March 31, 2020 and 2019:

	2020	2019
	\$000s	\$000s
Balance on January 1	14,699	15,338
Adjustments recorded during the period:		
Foreign exchange movements	1,177	(323)
Balance on March 31	15,876	15,015

Euromax Resources Ltd.

Notes to the condensed consolidated interim financial statements - unaudited

(Expressed in Canadian dollars, except number of common shares and per share amounts)

11. Related party transactions

Details of the transactions between the Group and other related parties are disclosed below.

Transactions with key management personnel

(a) Key management personnel transactions

The Group has the following related parties:

- Wheatley Project Services – private company owned by one of the Group’s current key management personnel, for performing of project management services to the Ilovica-Shtuka Project; and
- Coast Invest Ltd – private company owned by one of the Group’s director, engaged from January 1, 2020 as additional support for the Group’s Macedonian affairs, particularly engaged in the permitting process and for the development of the Ilovica-Shtuka Project.

The Group incurred the following fees and expenses in the normal course of operations in connection with related parties. Expenses have been measured at the amount which is agreed between the parties.

	Three months ended March 31,	
	2020	2019
	\$000s	\$000s
Project management fees	19	19
Fees for Macedonian affairs and for support of the permitting process of the Ilovica-Shtuka Project	53	-
	72	19

At March 31, 2020, the Group owed Wheatley Project Services \$0.026 million (December 31, 2019: \$0.006 million) for services provided from December 2019 to March 2020 and \$0.019 million to Coast Invest Ltd for services provided in March 2020.

(b) Key management personnel compensation

The remuneration of directors and other members of key management personnel during the three months ended March 31, 2020 and 2019 was as follows:

	Note	Three months ended March 31,	
		2020	2019
		\$000s	\$000s
Short-term employee benefits		233	185
Post-employment benefits	(i)	13	12
Share-based payments (recovery)/cost	(ii)	(110)	114
		136	311

- (i) Some executive directors and some key management personnel receive pension contributions ranging from 5% to 10% of their salary to their individual pension plans.
- (ii) Share-based payments are the cost/(recoveries) of share options, RSUs and DPUs granted to directors and key management personnel.

(c) Deferred Phantom Unit Plan (“DPU Plan”)

In March 2013 Euromax introduced a DPU Plan for its directors and key management personnel. Under the terms of the plan the Company’s directors elected to convert their outstanding unpaid directors’ fees into DPUs in lieu of a cash payment. Since 2013, directors who have elected to convert their fees into DPUs, have been making a semi-annual elections for issuing of DPUs in lieu of cash.

All DPUs granted to directors vest immediately.

However, those DPUs granted to executive officers, that contain a vesting condition relating to the Company’s common share price performance compared to the Market Vectors Junior Gold Mines ETF (“GDJ”), have a market performance vesting condition, so at grant date it is estimated that the Company’s common share price performance should be at least consistent with the GDJ’s price performance. No additional DPUs were granted for the three months ended March 31, 2020 and 2019 under this set benchmark.

Euromax Resources Ltd.

Notes to the condensed consolidated interim financial statements - unaudited

(Expressed in Canadian dollars, except number of common shares and per share amounts)

11. Related party transactions (continued)

(c) *Deferred Phantom Unit Plan ("DPU Plan") (continued)*

All vested DPUs are revalued at the Company's reporting period end share price and only becomes payable in cash in the event that a director or key management person leaves the Group.

The total DPUs in issue at March 31, 2020 was 16,519,795 (March 31, 2019: 9,525,813). Share-based payment liabilities of \$0.248 million (December 31, 2019: \$0.358 million) are recognised as current at March 31, 2020. The DPU recovery for the three months ended March 31, 2020 was \$0.111 million (March 31, 2019: DPU expense of \$0.089 million).

(d) *Working capital loan*

During the year ended December 31, 2017, the Group arranged and closed a working capital loan from certain directors of the Group, which incurs a one-off interest rate of 20% which has been fully accrued for the year ended December 31, 2017, as presented below:

	2020	2019
	\$000s	\$000s
Balance on January 1	-	349
Foreign exchange movements	-	(1)
Balance on March 31	-	348

During the year ended December 31, 2019, the working capital loan was repaid in full.

12. Contingencies and commitments

Apart of above presented contractual obligations, in other notes of these condensed consolidated interim financial statements, the Group had no further contingencies or commitments as at March 31, 2020.

13. Subsequent events

There have been no reportable events occur subsequent to March 31, 2020.