UNAUDITED CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS

For the three and six months ended June 30, 2022 and 2021

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)

		Three months ended June 30,		Six months ended June 30,	
	Note	**2022**	2021	**2022**	2021
		$000s	$000s	**$000s**	$000s
Operating expenses					
Accounting, legal and professional		**(158)**	(273)	**(386)**	(627)
Depreciation	**6**	**(11)**	(18)	**(23)**	(38)
Office and general		**(48)**	(48)	**(113)**	(123)
Salaries, director and consultant fees		**(224)**	(353)	**(479)**	(716)
Share-based payments recovery		**574**	153	**89**	1,090
Social Responsibility and other project's related costs		**(23)**	(88)	**(46)**	(140)
(Loss)/gain on foreign exchange		**(1,033)**	386	**(1,195)**	(24)
Operating loss		**(923)**	(241)	**(2,153)**	(578)
Finance expense	**6**	**(750)**	(682)	**(1,514)**	(1,373)
Fair value gain on financial liabilities	**9 (b)**	**18**	6	**7**	27
Net finance loss		**(732)**	(676)	**(1,507)**	(1,346)
Loss for the period		**(1,655)**	(917)	**(3,660)**	(1,924)
Other comprehensive loss, net of tax:					
Items that are or may be reclassified subsequently to profit or loss					
Cumulative translation adjustment on foreign subsidiaries		**(593)**	(130)	**(1,393)**	(1,513)
Total other comprehensive loss, net of tax		**(593)**	(130)	**(1,393)**	(1,513)
Total comprehensive loss for the period		**(2,248)**	(1,047)	**(5,053)**	(3,437)
Loss per common share					
Basic and diluted	**5**	**(0.00)**	(0.00)	**(0.01)**	(0.01)
Weighted average number of common shares outstanding					
Basic and diluted	**5**	**353,421,200**	331,929,522	**353,350,067**	331,929,522

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 June 30, 2022 $000s	December 31, 2021 $000s
ASSETS			
Current			
Cash and cash equivalents		**44**	338
Other receivables		**50**	62
Other current assets		**50**	62
Total current assets		**144**	462
Non-current assets			
Land and property, plant and equipment		**167**	202
Mineral right interests	**7**	**35,130**	37,499
Total assets		**35,441**	38,163
LIABILITIES			
Current			
Trade and other payables		**590**	433
Gold purchase advance payments	**10**	**14,485**	14,376
Unsecured promissory note	**8**	**644**	-
Share-based payment liabilities	**11 (c)**	**1,520**	1,633
Loans and borrowings	**9**	**23,917**	23,622
Lease liability		**49**	52
Total current liabilities		**41,205**	40,116
Non-current liabilities			
Lease liability		**63**	90
Total liabilities		**41,268**	40,206
EQUITY			
Share capital	**8**	**78,899**	78,796
Equity reserve		**15,883**	15,962
Convertible loan reserve		**1,245**	1,162
Currency translation reserve		**2,009**	3,402
Accumulated losses		**(103,863)**	(101,365)
Total equity		**(5,827)**	(2,043)
Total liabilities and equity		**35,441**	38,163
Nature of operations	**1**		
Subsequent events	**13**		

Approved on behalf of the Board of Directors

Signed "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 six months ended June 30, 2022 and 2021

	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
Balance on January 1, 2021		*331,929,522*	*78,544*	*16,157*	*1,733*	*5,271*	*(97,805)*	*3,900*
Total comprehensive loss for the period								
Loss for the period			-	-	-	-	(1,924)	(1,924)
Other comprehensive loss for the period			-	-	-	(1,513)	-	(1,513)
Total comprehensive loss for the period			-	-	-	*(1,513)*	*(1,924)*	*(3,437)*
Transactions with owners of the Company								
Equity-settled share-based payments			-	21	-	-	-	21
Transfer of expired share options	8		-	(950)	-	-	950	-
Derecognition of the equity component of convertible loan	9 (b)		-	-	(1,733)	-	1,733	-
Equity component of convertible loan	9 (b)		-	-	1,162	-	-	1,162
Total transactions with owners of the Company			-	*(929)*	*(571)*	-	*2,683*	*1,183*
Balance on June 30, 2021		331,929,522	78,544	15,228	1,162	3,758	(97,046)	1,646
Balance on January 1, 2022		***352,906,200***	***78,796***	***15,962***	***1,162***	***3,402***	***(101,365)***	***(2,043)***
Total comprehensive loss for the period								
Loss for the period			**-**	**-**	**-**	**-**	**(3,660)**	**(3,660)**
Other comprehensive loss for the period			**-**	**-**	**-**	**(1,393)**	**-**	**(1,393)**
Total comprehensive loss for the period			**-**	**-**	**-**	***(1,393)***	***(3,660)***	***(5,053)***
Transactions with owners of the Company								
Equity-settled share-based payments			**-**	**24**	**-**	**-**	**-**	**24**
Exercised equity-settled share-based payments	**8**	**515,000**	**103**	**(103)**	**-**	**-**	**-**	**-**
Derecognition of the equity component of convertible loan	**9 (b)**		**-**	**-**	**(1,162)**	**-**	**1,162**	**-**
Equity component of convertible loan	**9 (b)**		**-**	**-**	**1,245**	**-**	**-**	**1,245**
Total transactions with owners of the Company			***103***	***(79)***	***83***	**-**	***1,162***	***1,269***
Balance on June 30, 2022		**353,421,200**	**78,899**	**15,883**	**1,245**	**2,009**	**(103,863)**	**(5,827)**

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)

		Six months ended June 30,	
		2022	2021
	Note	**$000s**	$000s
OPERATING ACTIVITIES			
Loss before tax		**(3,660)**	(1,924)
Add back:			
Depreciation	**6**	**23**	38
Finance expense	**6**	**1,514**	1,373
Share-based payments recovery		**(89)**	(1,090)
Unrealised foreign exchange loss		**1,181**	82
Expensed transaction costs associated with convertible loans	**9 (b)**	**64**	63
Expensed transaction costs associated with promissory note	**8**	**36**	-
Fair value gain on financial liabilities	**9 (b)**	**(7)**	(27)
Changes in non-cash working capital items:			
Decrease/(increase) in other receivables and other current assets		**24**	(22)
Increase in trade and other payables		**121**	22
Income tax paid		**-**	(43)
Cash used in operating activities		**(793)**	(1,528)
FINANCING ACTIVITIES			
Receipt of funds under unsecured promissory note	**8**	**637**	-
Transaction costs associated with convertible loans	**9 (b)**	**(128)**	(126)
Payment of lease liabilites		**(25)**	(37)
Interest paid		**(3)**	(3)
Cash provided by/(used in) financing activities		**481**	(166)
Effect of exchange rate changes on cash		**18**	(131)
Net change in cash and cash equivalents		**(312)**	(1,694)
Cash and cash equivalents, beginning of the period		**338**	2,785
Cash and cash equivalents, end of the period		**44**	960

See accompanying notes to the condensed consolidated interim financial statements.

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 August 8, 2022.

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, 2021, 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, 2021.

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 June 30, 2022, the Group had net liabilities of $5.8 million (December 31, 2021: $2 million) and a net working capital deficiency of $41.1 million (December 31, 2021: $39.6 million), including cash of $0.1 million (December 31, 2021: $0.3 million). The Group's $41.1 million working capital deficiency at June 30, 2022 largely results from:

- Convertible loans of $23.9 million (at December 31, 2021: $23.6 million) 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, 2023 and therefore classified as current liabilities (see Note 9); and
- Gold purchase advance payments of $14.5 million (December 31, 2021: $14.4 million) received from Royal Gold, AG ("Royal Gold") (see Note 10) which are repayable within 60 days of receiving a termination notice to the Gold Purchase and Sale Agreement.

These two items are classified as current liabilities as at this time contractual 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 (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.

During February 2022, the Group received US$0.5 million under the unsecured promissory note, agreed with its major shareholders, as a bridge finance for covering the short-term working capital. Subsequent to June 30, 2022, the Group received additional US$0.5 million from the same shareholder and a non-interest bearing, unsecured, convertible promissory note of US$1 million ("Convertible Note") was issued (see Note 8) that replaces the unsecured promissory note of US$0.5 million issued in February 2022.

3. Going concern (continued)

The Company's board of directors has reviewed the Group's forecasts for the period ended December 31, 2023, in which are included all committed costs for maintaining the Ilovica-Shtuka copper project (the "Ilovica-Shtuka Project") in the Republic of North Macedonia ("Macedonia" or the "Country"), and are prepared based on the following major assumptions:

- the convertible loans which have potential contractual cash outflows at February 28, 2023 of $25.9 million will either be converted into the Company's common shares or further extended to mature beyond the forecast period; and
- neither termination nor repayment notices will be received from Royal Gold for the period ended December 31, 2023.

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

- cover the committed costs for maintaining the Ilovica-Shtuka Project from September 2022 and going forward, including covering the local legal costs for the ongoing administrative process related to the termination of the exploitation concession for Ilovica 6 ("Termination of Ilovica 6");
- cover any costs associated with international arbitration (should management pursue this) in respect of the Termination of Ilovica 6;
- repay the gold purchase advance payments, if termination or repayment notice is received from Royal Gold;
- repay both convertible loans, if neither are further extended in 2023 or converted into the Company's common shares; and
- ultimately construct and bring the Ilovica-Shtuka Project into commercial production.

The directors note that the level of funding required is dependent on both the outcome and duration of the legal matter as disclosed in Note 7 in respect of the Termination of Ilovica 6.

Given the above factors, the Group will need to raise additional funds during September 2022 either through equity (supported by existing shareholders or new shareholders) or by further debt.

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.

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 judgements and estimates. In preparing these condensed consolidated interim financial statements, the significant judgements and estimates 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, 2021.

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 June 30,		Six months ended June 30,	
	2022	2021	**2022**	2021
	$000s	$000s	**$000s**	$000s
Net loss for the period after tax	**(1,655)**	(917)	**(3,660)**	(1,924)
Basic weighted average number of common shares	**353,421,200**	331,929,522	**353,350,067**	331,929,522
Basic and diluted loss per share	**(0.00)**	(0.00)	**(0.01)**	(0.01)

For the three and six months ended June 30, 2022 and 2021, because there would be further reduction in loss per share resulting from the assumption that share options, share purchase 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 and six months ended June 30, 2022 and 2021.

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	Geografic 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 before tax, assets and liabilities by operating segments and the Group's consolidated loss before tax.

	Macedonia		Corporate		Total	
Six months ended	**June 30,**	June 30,	**June 30,**	June 30,	**June 30,**	June 30,
In thousands	**2022**	2021	**2022**	2021	**2022**	2021
Finance expense	**(1)**	(1)	**(1,513)**	(1,372)	**(1,514)**	(1,373)
Depreciation	**(23)**	(38)	**-**	-	**(23)**	(38)
Segment loss before tax	**(1,594)**	(986)	**(2,066)**	(938)	**(3,660)**	(1,924)

	Macedonia		Corporate		Total	
As at	**June 30,**	December 31,	**June 30,**	December 31,	**June 30,**	December 31,
In thousands	**2022**	2021	**2022**	2021	**2022**	2021
Segment assets	**35,368**	37,794	**73**	369	**35,441**	38,163
Segment liabilities	**292**	271	**40,976**	39,935	**41,268**	40,206

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. On July 24, 2012 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").

7. Mineral right interests (continued)

Macedonia (continued)

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 Ministry of Economy (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 outstanding 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 Minister of Economy had unilaterally taken the decision to reject the application for an exploitation permit for the Ilovica 6 concession (the "Rejection Decision") and this was upheld by the Government's Second Instance Commission who are responsible for ratifying certain government institution decisions. This was appealed by the Group, and on October 14, 2019 a lawsuit was submitted to the Administrative Court in Macedonia. The Administrative Court on March 31, 2020 gave a judgment fully accepting this first lawsuit submitted by the Group. On November 21, 2020, following the rejection of all appeals, the Higher Administrative Court upheld and made final the initial judgment that is in the Group's favour. However, on January 27, 2021, the Second Instance Commission ignored the judgement of the Court and without presenting new legal arguments repeated the ratification of the Minister of Economy's decision. The Group filed a third lawsuit on February 23, 2021 against this repeated decision.

On December 16, 2019 based on the MoE's Rejection Decision, the process for termination of Ilovica 6 was completed by the Government of the Republic of North Macedonia. On January 8, 2020 Euromax Resources filed a second lawsuit to the Administrative Court challenging this termination. The Administrative Court on October 21, 2020 rejected the second lawsuit, but on July 8, 2021 the Higher Administrative Court accepted the Group's appeal and annulled that decision of the Administrative Court, and then returned the case for ruling by the Administrative Court. However, on October 5, 2021 the Administrative Court rejected again the second lawsuit, and during November 2021 the case was appealed to the Higher Administrative Court for a second time.

As at the date of these condensed consolidated interim financial statements, the exploitation concession for Ilovica 11 is considered as valid, whilst the administrative process for Termination of Ilovica 6 is in dispute and in a legal process in the administrative courts in the Country. There are further steps for recovering the investment and potential damages from the Ilovica-Shtuka Project if the administrative courts in the Country confirm the Termination of Ilovica 6 as final, such as an option of initiating an international arbitration under the arbitration rules of the International Centre of the Settlement of Investment Disputes ("ICSID") in Washington D.C., USA. This is subject to raising additional funds by the Group either through equity (supported by existing shareholders or new shareholders) or by further debt as outlined in Note 3.

Based on independent legal advice that demonstrate that the Group is legally compliant with respect to the dispute, at June 30, 2022 the Group is of the view that it has a strong legal position, and accordingly has a reasonable expectation that the administrative process related to the Termination of Ilovica 6 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. Otherwise, the negative outcome of the administrative process related to Termination of Ilovica 6 would lead to losing the legal rights over Ilovica 6.

Assuming a positive resolution of this administrative process related to the Termination of Ilovica 6 that would result in the continued development of the Ilovica-Shtuka Project, and as explained above, the Group believes that at June 30, 2022 there is no need for impairment of the carrying amount of the mineral right interest for the Ilovica-Shtuka Project as presented below. However, the Group also acknowledges that there is legal uncertainty and ambiguity as a result of the ongoing court cases which could result in the legal rights over Ilovica 6 being lost.

7. Mineral right interests (continued)

Macedonia (continued)

A summary of changes to the Group's mineral right interests in the six months ended June 30, 2022 and 2021 is set out below.

	Macedonia *Ilovica-Shtuka Project*
	$000s
Balance, January 1, 2021	40,374
Other items:	
Exchange differences	(2,322)
Balance, June 30, 2021	38,052
Balance, January 1, 2022	**37,499**
Other items:	
Exchange differences	**(2,369)**
Balance, June 30, 2022	**35,130**

8. Share capital and reserves

At June 30, 2022 Euromax's authorised share capital consisted of an unlimited number of common shares without par value. All issued common shares are fully paid.

	2022 **Number of shares**	**Amount**	2021 Number of shares	Amount
		$000s		$000s
Balance on January 1	**352,906,200**	**78,796**	331,929,522	78,544
Exercised equity-settled share-based payments	**515,000**	**103**	-	-
Balance on June 30	**353,421,200**	**78,899**	331,929,522	78,544

Fully vested 515,000 restricted share units ("RSUs"), granted to key management personnel, were converted into common shares during the six months ended June 30, 2022.

During February 2022, the Group received US$0.5 million or $0.637 million (or $0.644 million, revalued at June 30, 2022) under the unsecured promissory note, agreed with its major shareholders, as a bridge finance for covering short-term working capital. Subsequent to June 30, 2022, the Group received additional US$0.5 million from the same shareholder and a non-interest bearing, unsecured, convertible promissory note of US$1 million was issued that replaces the unsecured promissory note of US$0.5 million issued in February 2022. The Convertible Note is convertible into the Company's common shares, in whole or part at the election of the holder, at strike price of $0.0525 per common share for conversion of the principal amount. For the purposes of conversion, the principal amount of the Convertible Note will be converted by using fixed foreign exchange rate whereby US$1 should be converted into C$1.3, and therefore of up to 24,761,904 common shares would be issued from conversion of the Convertible Note. During the six months ended June 30, 2022 transaction costs of $0.036 million were incurred for issuing of the unsecured promissory note and the Convertible Note.

No new common shares were issued in the six months ended June 30, 2021, and accordingly no share options and no share purchase warrants were exercised.

At June 30, 2022, the Company had 8,728,603 share options outstanding (June 30, 2021: 9,328,603) with exercise prices ranging from $0.03 to $0.35 per share and a weighted average exercise price of $0.06.

During the six months ended June 30, 2021, 2,618,067 share option expired and therefore $0.95 million were transferred from equity reserve to accumulated losses.

A senior officer of the Group was granted 320,000 RSUs in the six months ended June 30, 2022, and 273,504 RSUs in the six months ended June 30, 2021.

The Company had 20,976,678 share purchase warrants (June 30, 2021: Nil) with exercise price of $0.08 per share and 2,296,155 RSUs (June 30, 2021: 2,491,155) outstanding at June 30, 2022.

9. Loans and borrowings

	June 30, 2022	December 31, 2021
	$000s	$000s
EBRD convertible loan	13,636	13,087
CCI convertible loan	10,281	10,535
	23,917	23,622

(a) Terms and conditions

The terms and conditions of outstanding loans are as follows:

	Currency	Nominal interest rate	Year of maturity	June 30, 2022 Face value	June 30, 2022 Carrying amount	December 31, 2021 Face value	December 31, 2021 Carrying amount
				$000s	$000s	$000s	$000s
EBRD convertible loan	US$	7.00%	2023	6,438	13,636	6,391	13,087
CCI convertible loan	$	7.00%	2023	5,200	10,281	5,200	10,535
				11,638	23,917	11,591	23,622

EBRD convertible loan

On May 24, 2016 the Company closed the EBRD convertible loan with EBRD and received proceeds of US$5 million ($6.438 million) (the "Principal Amount"), amended on April 12, 2018 (the "2018 Amendments of the EBRD convertible loan"), amended in March 2019 (the "2019 Amendments of the EBRD convertible loan"), amended in February 2021 (the "2021 Amendments of the EBRD convertible loan") and amended in February 2022 (the "2022 Amendments of the EBRD convertible loan")

The EBRD convertible loan matures on February 28, 2023, extended from February 28, 2022 as per the 2022 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 ($1.828 million) (the "Redemption Amount"),
- a finance delay fee of US$0.150 million ($0.193 million) (the "Fee"),
- 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
- 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, at 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.

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"), amended in March 2019 (the "2019 Amendments of the CCI convertible loan"), amended in February 2021 (the "2021 Amendments of the CCI convertible loan") and amended in February 2022 (the "2022 Amendments of the CCI convertible loan").

The CCI convertible loan matures on February 28, 2023, extended from February 28, 2022 as per the 2022 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.

9. Loans and borrowings (continued)

(b) Recognition and measurement of convertible loans

EBRD convertible loan

EBRD convertible loan	**2022**	2021
	$000s	$000s
Carrying amount at January 1	**13,087**	12,254
Adjustments recorded during the period:		
Accrued interest	**452**	414
Fair value adjustment	**(7)**	(27)
Foreign exchange movements	**104**	(397)
Carrying amount at June 30	**13,636**	12,244

The EBRD convertible loan is designated as 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.

During the six months ended June 30, 2022 transaction costs of $0.064 million were incurred for closing the 2022 Amendments of the EBRD convertible loan (2021: $0.063 million for closing the 2021 Amendments of the EBRD convertible loan).

As per provisions of IFRS 9 *Financial Instruments*, the amount of change in the fair value of financial liability designated as 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 June 30, 2022 was assessed at $13.636 million (US$10.591 million) (June 30, 2021: $12.244 million or US$9.898 million), representing a decrease of the liability from March 31, 2022 that resulted in fair value gain of $0.018 million recognised for the three months ended June 30, 2022 (2021: $0.006 million) and a decrease of the liability as disclosed at December 31, 2021, that resulted in fair value gain of $0.007 million recognised for the six months ended June 30, 2022 (2021: $0.027 million).

CCI convertible loan

CCI convertible loan	**2022**	2021
	$000s	$000s
Carrying amount at January 1	**10,535**	9,855
Adjustments recorded during the period:		
Adjustments due to the significant modification *		
Derecognition of the financial liability	**(10,894)**	(10,170)
Recognition of the financial liability	**9,642**	9,001
Transaction costs	**(57)**	(56)
Accrued interest	**1,055**	950
Carrying amount at June 30	**10,281**	9,580

* Resulting from the significant modification of the CCI convertible loan, the existing financial liability was derecognised and new financial liability of $9.642 million (2021: $9.001 million) was recognised, while the remaining amount of that compound financial instrument of $1.252 million (2021: $1.169 million) was recognised as an equity

9. Loans and borrowings (continued)

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

CCI convertible loan (continued)

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.

The significant modification of the CCI convertible loan's conditions as per the 2022 Amendments of the CCI convertible loan resulted in recognition of newly recognised financial liability in 2022, and derecognition of both the existing financial liability and related equity component of $1.162 million, whereby the equity component was transferred to Accumulated losses. Therefore, a new financial liability has been recognised at $9.642 million, while the remaining amount of that compound financial instrument of $1.252 million has been recognised as an equity component.

Similarly in 2021, due to the significant modification of the CCI convertible loan's conditions as per the 2021 Amendments of the CCI convertible loan new financial liability of $9.001 million and equity component of $1.169 million were recognised in 2021, while the existing financial liability and related equity component of $1.733 million were derecognised.

Transaction costs incurred of $0.064 million (2021: $0.063 million) for closing the 2022 Amendments of the CCI convertible loan (2021: $0.063 million for closing of the 2021 Amendments of the CCI convertible loan) were allocated on a proportional basis to the liability component of $0.057 million (2021: $0.056 million) and equity element of $0.007 million (2021: $0.007 million). Transaction costs allocated to the liability component will be fully amortised at February 28, 2023.

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 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 that Royal Gold pay US$175 million as an advance payment on the purchase price of the Ilovica-Shtuka Project's future gold production.

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 were not 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, nor does the Group expect to receive such notice until funds for repayment of that advance payment are secured by the Group.

10. Gold purchase advance payments (continued)

The following is a summary of the changes in the GPSA advance payments as at June 30, 2022 and 2021:

	2022	2021
	$000s	$000s
Balance on January 1	**14,376**	14,379
Adjustments recorded during the year:		
Foreign exchange movements:		
Unrealised foreign exchange loss	**1,086**	450
Currency translation reserve movements *	**(977)**	(913)
Balance on June 30	**14,485**	13,916

* Gold purchase advance payments held within subsidiary that has Euro as functional currency

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:

- Coast Invest Ltd and ARQX Capital DWC Ltd – private companies owned by one of the Group's directors, as additional support for the Group's Macedonian affairs, particularly engaged in the permitting process and for the development of the Ilovica-Shtuka Project, provided by both companies, whereby Coast Invest Ltd was engaged for the period ended May 31, 2021, and ARQX Capital DWC Ltd has been engaged from June 1, 2021; and
- Wheatley Project Services – private company owned by one of the Group's key management personnel, for performing of project management services to the Ilovica-Shtuka Project in 2021.

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.

	Six months ended June 30,	
	2022	2021
	$000s	$000s
Fees for Macedonian affairs and for support of the permitting process of the Ilovica-Shtuka Project	**100**	108
Project management fees	-	2
	100	110

At June 30, 2022, the Group owed ARQX Capital DWC Ltd $0.032 million (December 31, 2021: $0.018 million owed to Coast Invest Ltd) for the services provided in May and June 2022.

(b) Key management personnel compensation

The remuneration of directors and other members of key management personnel during the six months ended June 30, 2022 and 2021 was as follows:

	Note	Six months ended June 30, 2022	2021
		$000s	$000s
Short-term employee benefits		**165**	310
Post-employment benefits	(i)	**-**	13
Share-based payments recovery	(ii)	**(113)**	(1,111)
		52	(788)

(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 expense/(recovery) is the expense/income from share options, RSUs and deferred phantom units ("DPUs") granted to directors and key management personnel.

11. Related party transactions (continued)

Transactions with key management personnel (continued)

(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 ("GDXJ"), 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 GDXJ's price performance. No additional DPUs were granted for the six months ended June 30, 2022 and 2021 under this set benchmark.

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 June 30, 2022 was 27,642,396 (June 30, 2021: 22,983,166). Share-based payment liabilities of $1.52 million (December 31, 2021: $1.633 million) are recognised as current at June 30, 2022. The DPU recovery for the three and six months ended June 30, 2022 was $0.574 million (2021: $0.153 million) and $0.113 million (2021: $1.111 million), respectively.

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 June 30, 2022.

13. Subsequent events

Subsequent to June 30, 2022 following reportable events have occurred:

- On July 11, 2022 the Convertible Note of US$1 million was issued, replacing the unsecured promissory note of US$0.5 million issued in February 2022 and providing US$0.5m of new funding. The Convertible Note is convertible into the Company's common shares, in whole or part at the election of the holder, at strike price of $0.0525 per common share for conversion of the principal amount. For the purposes of conversion, the principal amount of the Convertible Note will be converted by using fixed foreign exchange rate of US$1 to C$1.3, and therefore up to 24,761,904 common shares would be issued from conversion of the Convertible Note.