



UNAUDITED CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS

For the three months ended March 31, 2023 and 2022

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,	
		2023 \$000s	2022 \$000s
Operating expenses			
Accounting, legal and professional		(231)	(228)
Depreciation	6	(11)	(12)
Office and general		(70)	(65)
Salaries, director and consultant fees		(225)	(255)
Share-based payments expense		(405)	(485)
Social responsibility and other project related costs		(28)	(23)
Gain/(loss) on foreign exchange		449	(162)
Operating loss		(521)	(1,230)
Finance expense			
Finance expense	6	(786)	(764)
Fair value gain/(loss) on financial liabilities	9 (b)	6	(11)
Net finance loss		(780)	(775)
Loss for the period		(1,301)	(2,005)
Other comprehensive income/(loss), net of tax:			
<i>Items that are or may be reclassified subsequently to profit or loss</i>			
Translation adjustment on foreign subsidiaries		347	(800)
Total other comprehensive income/(loss), net of tax		347	(800)
Total comprehensive loss for the period		(954)	(2,805)
Loss per common share			
Basic and diluted	5	(0.00)	(0.01)
Weighted average number of common shares outstanding			
Basic and diluted	5	452,803,374	353,278,144

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)

		As at	
	Note	March 31, 2023 \$000s	December 31, 2022 \$000s
ASSETS			
Current			
Cash and cash equivalents		3,150	24
Other receivables		76	67
Other current assets		26	92
Total current assets		3,252	183
Non-current assets			
Land and property, plant and equipment		190	198
Mineral right interests	7	38,246	37,483
Total assets		41,688	37,864
LIABILITIES			
Current			
Trade and other payables		669	860
Gold purchase advance payments	10	15,235	15,236
Share-based payment liabilities	11 (c)	3,151	2,749
Loans and borrowings	9	25,546	27,810
Lease liability		53	52
Total current liabilities		44,654	46,707
Non-current liabilities			
Lease liability		80	89
Total liabilities		44,734	46,796
EQUITY			
Share capital	8	82,132	78,899
Equity reserve		18,101	15,828
Convertible loan reserve	9 (b)	1,334	1,245
Currency translation reserve		3,515	3,168
Accumulated losses		(108,128)	(108,072)
Total deficit		(3,046)	(8,932)
Total liabilities and equity		41,688	37,864
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 three months ended March 31, 2023 and 2022

	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, 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			-	-	-	-	(2,005)	(2,005)
Other comprehensive loss for the period			-	-	-	(800)	-	(800)
Total comprehensive loss for the period			-	-	-	(800)	(2,005)	(2,805)
Transactions with owners of the Company								
Exercised equity-settled share-based payments	8	515,000	103	(103)	-	-	-	-
Equity-settled share-based payments			-	24	-	-	-	24
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 March 31, 2022		353,421,200	78,899	15,883	1,245	2,602	(102,208)	(3,579)
Balance on January 1, 2023		353,421,200	78,899	15,828	1,245	3,168	(108,072)	(8,932)
Total comprehensive loss for the period								
Loss for the period			-	-	-	-	(1,301)	(1,301)
Other comprehensive income for the period			-	-	-	347	-	347
Total comprehensive loss for the period			-	-	-	347	(1,301)	(954)
Transactions with owners of the Company								
Common shares issued, net of issue costs	8	101,250,000	1,595	2,270	-	-	-	3,865
Conversion of the convertible notes	8	35,342,120	1,638	-	-	-	-	1,638
Equity-settled share-based payments			-	3	-	-	-	3
Derecognition of the equity component of convertible loan	9 (b)		-	-	(1,245)	-	1,245	-
Equity component of convertible loan	9 (b)		-	-	1,334	-	-	1,334
Total transactions with owners of the Company			3,233	2,273	89	-	1,245	6,840
Balance on March 31, 2023		490,013,320	82,132	18,101	1,334	3,515	(108,128)	(3,046)

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,	
		2023	2022
		\$000s	\$000s
OPERATING ACTIVITIES			
Loss before tax		(1,301)	(2,005)
<i>Add back:</i>			
Depreciation	6	11	12
Finance expense	6	786	764
Share-based payments expense		405	485
Unrealised foreign exchange (gain)/loss		(404)	151
Expensed transaction costs associated with convertible loans	9 (b)	67	64
Fair value (gain)/loss on financial liabilities	9 (b)	(6)	11
<i>Changes in non-cash working capital items:</i>			
Decrease in other receivables and other current assets		-	15
Decrease in trade and other payables		(149)	(32)
Cash used in operating activities		(591)	(535)
FINANCING ACTIVITIES			
Proceeds from shares issued	8	4,015	-
Proceeds from convertible notes	9 (a)	-	637
Share issue costs	8	(113)	-
Transaction costs associated with convertible loans	9 (b)	(134)	(128)
Transaction costs associated with convertible notes	9 (b)	(19)	-
Payment of lease liabilities		(13)	(12)
Interest paid		(2)	(2)
Cash provided in financing activities		3,734	495
Effect of exchange rate changes on cash		(17)	11
Net change in cash and cash equivalents		3,143	(40)
Cash and cash equivalents, beginning of the period		24	338
Cash and cash equivalents, end of the period		3,150	309

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 700 West Georgia St, Suite 2200, Vancouver, British Columbia, Canada V7Y 1K8.

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 12, 2023.

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, 2022, 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, 2022.

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, 2023, the Group had net liabilities of \$3 million (December 31, 2022: \$8.9 million) and a net working capital deficiency of \$41.4 million (December 31, 2022: \$46.5 million), including cash of \$3.2 million (December 31, 2022: \$0.024 million). The Group’s \$41.4 million working capital deficiency at March 31, 2023 largely results from:

- Convertible loans of \$25.5 million (at December 31, 2022: \$26.2 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, 2024 and therefore classified as current liabilities (see Note 9); and
- Gold purchase advance payments of \$15.2 million (December 31, 2022: \$15.2 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.

On January 24, 2023 the Group closed a non-brokered private placement (the “2023 Private Placement”) for gross proceeds of US\$3 million or \$4.015 million, and following that, both convertible notes of US\$1.25 million, issued in the year ended December 31, 2022, were converted into Company’s common shares on January 26, 2023 (see Note 8).

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)

The Company's board of directors has reviewed the Group's forecasts for the period ended December 31, 2024, 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, 2024 of \$28.5 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, 2024.

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 June 2024 and going forward, including covering the local legal costs for the ongoing and potential administrative processes until the final approval of the request for the merger of the Group's two exploitation concessions (the "Merger") (see Note 7);
- 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 2024 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 administrative process for getting approval of the Merger.

Given the above factors, the Group will need to raise additional funds from June 2024 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.

These condensed consolidated interim financial statements do not include any adjustments that may result from the outcome of these uncertainties.

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, 2022.

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.

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)

5. Loss per share

	Three months ended March 31,	
	2023	2022
	\$000s	\$000s
Net loss for the period after tax	(1,301)	(2,005)
Basic weighted average number of common shares	452,803,374	353,278,144
Basic and diluted loss per share	(0.00)	(0.01)

For the three months ended March 31, 2023 and 2022, 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 months ended March 31, 2023 and 2022.

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

Three months ended <i>In thousands \$</i>	Macedonia		Corporate		Total	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Finance expense	-	-	(786)	(764)	(786)	(764)
Depreciation	(11)	(12)	-	-	(11)	(12)
Profit/(loss) for the period	214	(693)	(1,515)	(1,312)	(1,301)	(2,005)

As at <i>In thousands \$</i>	Macedonia		Corporate		Total	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Assets	38,600	37,764	3,088	100	41,688	37,864
Liabilities	306	328	44,428	46,468	44,734	46,796

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").

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)

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, 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.

During July 2019, Minister of Economy rejected the application for an exploitation permit for the exploitation concession on Ilovica 6 (the "Rejection for exploitation permit") 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 in October 2019, and in March 2020 the Administrative Court in Macedonia accepted that lawsuit, a decision that was further confirmed by the Higher Administrative Court. However, in January 2021, the Second Instance Commission ignored the judgement of the Macedonian administrative courts and without presenting new legal arguments repeated the ratification of the Minister of Economy's decision. The Group filed a new lawsuit in February 2021 against this repeated decision, which, following its rejection by the Administrative Court in December 2022, has now been elevated to the Higher Administrative Court.

On December 16, 2019 based on the Rejection for exploitation permit, the process for termination of the exploitation concession on Ilovica 6 (the "Termination of Ilovica 6") was completed by the Government of the Republic of North Macedonia. In January 2020 a new administrative court process was initiated in front of the administrative courts by filing a lawsuit challenging this termination. Following a positive decision of the Higher Administrative Court in February 2023, the case was returned to the Administrative Court. After the quarter end in May 2023 the Administrative Court followed the rationale of the Higher Administrative Court and issued a decision in which it annulled the Termination of Ilovica 6 on the basis that the Merger represents an administrative preliminary matter.

As at the date of these consolidated financial statements, the exploitation concession for Ilovica 11 is considered as valid, and the Merger is still waiting for approval.

There are further steps for recovering the investment and potential damages from the Ilovica-Shtuka Project if the administrative process for reaching the approval of the Merger is not resolved in line with local Macedonian law, 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 and the latest positive developments in the Macedonian courts, at March 31, 2023 the Group is of the view that it has a reasonable expectation that the administrative process for reaching the approval of the Merger could be solved positively in accordance with the local Macedonian law.

Therefore, the Group believes that at March 31, 2023 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 still legal uncertainty related to development of the Ilovica-Shtuka Project until reaching a final approval for the Merger.

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)

A summary of changes to the Group's mineral right interests in the three months ended March 31, 2023 and 2022 is set out below.

Macedonia	
<i>Ilovica-Shtuka Project</i>	
	\$000s
Balance, January 1, 2022	37,499
Other items:	
Exchange differences	(1,621)
Balance, March 31, 2022	35,878
Balance, January 1, 2023	37,483
Other items:	
Exchange differences	763
Balance, March 31, 2023	38,246

8. Share capital and reserves

At March 31, 2023 Euromax's authorised share capital consisted of an unlimited number of common shares without par value. All issued common shares are fully paid.

	2023		2022	
	Number of shares	Amount \$000s	Number of shares	Amount \$000s
Balance on January 1	353,421,200	78,899	352,906,200	78,796
Common shares issued, net of issue costs	101,250,000	1,595	-	-
Conversion of the convertible notes	35,342,120	1,638	-	-
Exercised equity-settled share-based payments	-	-	515,000	103
Balance on March 31	490,013,320	82,132	353,421,200	78,899

On January 24, 2023 the Company announced closing of the 2023 Private Placement for gross proceeds of US\$3 million or \$4.015 million for issuing 101,250,000 common shares and 101,250,000 share purchase warrants. These issued 101,250,000 share purchase warrants have the following vesting conditions: 50,625,000 share purchase warrants vest on approval of the Merger and approval of the Environmental Impact Assessment on the merged concession for the Ilovica-Shtuka Project (defined as "A Warrants"), while the other 50,625,000 share purchase warrants vest on approval of the Exploitation Permit on the merged concession for the Ilovica-Shtuka Project (defined as "B Warrants"). All these 101,250,000 share purchase warrants are exercisable for a period of two years from the date of issuance, whereby A Warrants are exercisable at a price of \$0.075, and B Warrants at price of \$0.125.

The aggregate fair market value of the share purchase warrants and the common shares issued in the 2023 Private Placement was distributed on a pro-rata basis between share capital and equity reserve. The fair value of the share purchase warrants was estimated at \$0.02655 for A Warrant and \$0.02003 for B Warrant, or in total of \$2.358 million for all issued 101,250,000 share purchase warrants, at the grant date by using the Black-Scholes option pricing model.

The Company incurred share issue costs of \$0.150 million for filing and legal fees, of which \$0.037 million were paid at December 31, 2022, while \$0.113 million were paid during the three months ended March 31, 2023. These share issue costs of \$0.150 million were allocated on a proportional basis, whereby \$0.062 million were allocated to share capital while \$0.088 million to share purchase warrants via the equity reserve.

Following closing of the 2023 Private Placement, on January 26, 2023 both convertible notes (see Note 9) of \$1.638 million or US\$1.25 million, issued in the year ended December 31, 2022, were converted into 35,342,120 common shares.

During the three months ended March 31, 2022, fully vested 515,000 restricted share units ("RSUs"), granted to key management personnel, were converted into common shares.

During the three months ended March 30, 2023 and 2022, no share options and no share purchase warrants were exercised.

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)

8. Share capital and reserves (continued)

At March 31, 2023, the Company had 8,378,603 share options outstanding (March 31, 2022: 8,728,603) with exercise prices ranging from \$0.03 to \$0.08 per share and a weighted average exercise price of \$0.05.

A senior officer of the Group was granted 320,000 RSUs in the three months ended March 31, 2022.

The Company had 122,226,678 share purchase warrants (March 31, 2022: 20,976,678) with weighted average exercise price of \$0.10 per common share and 2,296,155 RSUs (March 31, 2022: 2,296,155) outstanding at March 31, 2023.

9. Loans and borrowings

	March 31, 2023	December 31, 2022
	\$000s	\$000s
EBRD convertible loan	15,090	14,841
CCI convertible loan	10,456	11,331
Convertible notes	-	1,638
	25,546	27,810

(a) Terms and conditions

The terms and conditions of outstanding loans are as follows:

	Currency	Nominal interest rate	Year of maturity	March 31, 2023		December 31, 2022	
				Face value	Carrying amount	Face value	Carrying amount
				\$000s	\$000s	\$000s	\$000s
EBRD convertible loan	US\$	7.00%	2024	6,771	15,090	6,772	14,841
CCI convertible loan	\$	7.00%	2024	5,200	10,456	5,200	11,331
Convertible notes	US\$	interest fee	2023	-	-	1,693	1,638
				11,971	25,546	13,665	27,810

EBRD convertible loan

On May 24, 2016 the Company closed the EBRD convertible loan with EBRD and received proceeds of US\$5 million (\$6.771 million) (the "Principal Amount"), amended in April 2018, March 2019, February 2021, February 2022 (the "2022 Amendments of the EBRD convertible loan") and February 2023 (the "2023 Amendments of the EBRD convertible loan").

The EBRD convertible loan matures on February 28, 2024, extended from February 28, 2023 as per the 2023 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 (\$1.923 million) (the "Redemption Amount"),
- a finance delay fee of US\$0.150 million (\$0.203 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.

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)

(a) Terms and conditions (continued)

CCI convertible loan

On May 20, 2016 the Company closed a convertible loan with CCI and received proceeds of \$5.2 million, amended in April 2018, March 2019, February 2021, February 2022 (the "2022 Amendments of the CCI convertible loan") and February 2023 (the "2023 Amendments of the CCI convertible loan").

The CCI convertible loan matures on February 28, 2024, extended from February 28, 2023 as per the 2023 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.

Convertible notes

During the year ended December 31, 2022, the Group received US\$1.25 million (\$1.627 million) under two non-interest bearing, unsecured, convertible notes issued to its major shareholder, as a bridge finance for covering short-term working capital until closing of the 2023 Private Placement.

The first convertible note of US\$1 million was issued on July 11, 2022, for US\$0.5 million (\$0.637 million) received on February 24, 2022 and US\$0.5 million (\$0.647 million) received on July 11, 2022. This first convertible note is convertible into the Company's common shares at strike price of \$0.0525 per common share for conversion of the principal amount and by using fixed foreign exchange rate, whereby US\$1 should be converted into \$1.3, up to 24,761,904 common shares would be issued from conversion of this convertible note.

The second convertible note of US\$0.25 million was issued on October 18, 2022 for US\$0.25 million (\$0.343 million) received on October 17, 2022. This second convertible note is convertible into the Company's common shares at strike price of \$0.032 per common share for conversion of the principal amount and by using fixed foreign exchange rate, whereby US\$1 should be converted into \$1.35, up to 10,580,216 common shares would be issued from conversion of this convertible note.

Following closing of the 2023 Private Placement (see Note 8), on January 26, 2023 both convertible notes of \$1.638 million or US\$1.25 million were converted into 35,342,120 common shares.

(b) Recognition and measurement of convertible loans

EBRD convertible loan

EBRD convertible loan	2023	2022
	\$000s	\$000s
Carrying amount at January 1	14,841	13,087
Adjustments recorded during the period:		
Accrued interest	256	224
Fair value adjustment	(6)	11
Foreign exchange movements	(1)	(309)
Carrying amount at March 31	15,090	13,013

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 three months ended March 31, 2023 transaction costs of \$0.067 million were incurred for the 2023 Amendments of the EBRD convertible loan (2022: \$0.064 million incurred for the 2022 Amendments of the EBRD 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 (continued)

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 March 31, 2023 was assessed at \$15.090 million (US\$11.143 million) (March 31, 2022: \$13.013 million or US\$10.427 million), representing a decrease of the liability as disclosed at December 31, 2022, and therefore resulted in fair value gain of \$0.006 million recognised for the three months ended March 31, 2023 (\$0.011 million loss for the three months ended March 31, 2022).

CCI convertible loan

CCI convertible loan	2023	2022
	\$000s	\$000s
Carrying amount at January 1	11,331	10,535
Adjustments recorded during the period:		
Adjustments due to the significant modification *		
Derecognition of the financial liability	(11,668)	(10,894)
Recognition of the financial liability	10,326	9,642
Transaction costs	(59)	(57)
Accrued interest	526	536
Carrying amount at March 31	10,456	9,762

* Resulting from the significant modification of the CCI convertible loan, the existing financial liability was derecognised and new financial liability of \$10.326 million (2022: \$9.642 million) was recognised, while the remaining amount of that compound financial instrument of \$1.342 million (2022: \$1.252 million) was recognised as an equity component.

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 2023 Amendments of the CCI convertible loan resulted in recognition of newly recognised financial liability in 2023, and derecognition of both the existing financial liability and related equity component of \$1.245 million, whereby the equity component was transferred to Accumulated losses. Therefore, a new financial liability has been recognised at \$10.326 million, while the remaining amount of that compound financial instrument of \$1.342 million has been recognised as an equity component.

Similarly in 2022, due to the significant modification of the CCI convertible loan's conditions as per the 2022 Amendments of the CCI convertible loan new financial liability of \$9.642 million and equity component of \$1.252 million were recognised in 2022, while the existing financial liability and related equity component of \$1.162 million were derecognised.

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)

Transaction costs incurred of \$0.067 million for the 2023 Amendments of the CCI convertible loan (2021: \$0.064 million incurred for the 2022 Amendments of the CCI convertible loan) were allocated on a proportional basis to the liability component of \$0.059 million (2022: \$0.057 million) and equity element of \$0.008 million (2021: \$0.007 million). Transaction costs allocated to the liability component will be fully amortised at February 28, 2024.

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

Convertible notes

The Convertible notes are designated as 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 year ended December 31, 2022 transaction costs of \$0.081 million were incurred for issuing of both convertible notes, out of which \$0.062 million were paid in 2022, while remaining \$0.019 million paid in the three months ended March 31, 2023.

Following closing of the 2023 Private Placement (see Note 8), on January 26, 2023 both convertible notes of \$1.638 million or US\$1.25 million were converted into 35,342,120 common shares, and accordingly due to the close proximity of December 31, 2022 to their conversion, the fair value of both convertible notes at December 31, 2022 was their value of conversion, i.e. \$1.638 million, and no additional fair value adjustment on these convertible notes was recognised for the three months ended March 31, 2023.

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.

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.

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)

10. Gold purchase advance payments (continued)

The following is a summary of the changes in the GPSA advance payments as at March 31, 2023 and 2022:

	2023	2022
	\$000s	\$000s
Balance on January 1	15,236	14,376
Adjustments recorded during the year:		
Foreign exchange movements:		
Unrealised foreign exchange (gain)/loss	(282)	239
Currency translation reserve movements *	281	(576)
Balance on March 31	15,235	14,039

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

11. Related party transactions

At March 31, 2023, 46% of all issued common shares were owned by Galena Resource Equities Limited ("Galena"), an entity that is controlled by Galena Asset Management S.A., which is an affiliate of Trafigura Group Pte Ltd. ("Trafigura"). Galena has executed its right to appoint four out of eight members of the board of directors, and therefore Trafigura as ultimate controlling entity of Galena represents a controlling entity of the Company.

During the year ended December 31, 2022, the Group received US\$1.25 million (\$1.627 million) under two non-interest bearing, unsecured, convertible notes issued to Galena (see Note 9), that were converted into 35,342,120 common shares on January 26, 2023.

The Group has signed an off-take agreement with Trafigura whereby the whole future production of the copper concentrate from the Ilovica-Shtuka Project will be sold to Trafigura.

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 party:

- ARQX Capital DWC Ltd – private company 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.

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,	
	2023	2022
	\$000s	\$000s
Fees for Macedonian affairs and for support of the permitting process of the Ilovica-Shtuka Project	51	51
	51	51

At March 31, 2023, all services performed by ARQX Capital DWC Ltd were fully paid (December 31, 2022: the Group owed \$0.035 million to ARQX Capital DWC Ltd).

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)

Transactions with key management personnel (continued)

(b) Key management personnel compensation

The remuneration of directors and other members of key management personnel during the three months ended March 31, 2023 and 2022 was as follows:

	Note	Three months ended March 31,	
		2023	2022
		\$000s	\$000s
Short-term employee benefits		84	87
Share-based payments expenses	(i)	404	461
		488	548

- (i) 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.

(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 ("GDJX"), 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 GDJX's price performance. No additional DPUs were granted for the three months ended March 31, 2023 and 2022 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 March 31, 2023 was 31,507,075 (March 31, 2022: 26,173,716). Share-based payment liabilities of \$3.151 million (December 31, 2022: \$2.749 million) are recognised as current at March 31, 2023. The DPU expense for the three months ended March 31, 2023 was \$0.402 million (March 31, 2022: \$0.461 million).

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, 2023.

13. Subsequent events

Subsequent to March 31, 2023 following reportable events have occurred:

- In May 2023, the Administrative Court followed the rationale of the Higher Administrative Court and issued a decision in which it annulled the Termination of Ilovica 6 on the basis that the Merger represents an administrative preliminary matter.