



MANAGEMENT'S DISCUSSION & ANALYSIS

For the three months ended March 31, 2023

EUROMAX RESOURCES LTD.

Management's Discussion and Analysis

For the three months ended March 31, 2023

INTRODUCTION

The following Management's Discussion and Analysis ("MD&A") of Euromax Resources Ltd. ("Euromax" or the "Company") and its subsidiary companies (collectively, the "Group") is prepared as of May 12, 2023 and should be read in conjunction with the Group's unaudited condensed consolidated interim financial statements and related notes for the three months ended March 31, 2023 ("Q1-2023") ("consolidated interim financial statements") and audited consolidated financial statements and related notes for the year ended December 31, 2022 ("FY22") ("consolidated financial statements"), both prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). The accounting policies applied are consistent with those adopted and disclosed in the previous reporting periods. The Group's functional and reporting currency is the Canadian dollar and all figures in this MD&A are in Canadian dollars unless otherwise indicated.

Some of the statements in this MD&A are forward-looking statements that are subject to risk factors set out in the cautionary note contained herein.

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

CORPORATE STRATEGY

The Group's ambition is to become a leading gold and base metal mining company in Europe.

In addition, we will strive to set the standard for developing mines in Europe by using best industry practices at our operations and implementing the highest standard for environmental management and managing health and safety in the workplace.

The Group mission is to bring an Ilovica-Shtuka copper project (the "Ilovica-Shtuka Project") in the Republic of North Macedonia ("Macedonia") into production within two years (once permitting and construction funding have been arranged) and grow the value of our business by maximising the potential of the Ilovica-Shtuka Project as our flagship asset. Delivery of value for our shareholders is key and we intend to pursue a suite of financing alternatives such that we may grow our business without diminishing value for shareholders.

As part of all our activities we will engage with and empower communities to be part of our projects and we will look to create mutually beneficial opportunities for all our stakeholders including local businesses, communities and employees.

Our Business during Q1-2023

During Q1-2023 the Group operates in only one sector, exploration and development of mineral right interests. The Group's wholly owned Macedonian subsidiary, Euromax Resources DOO Skopje, is developing the Ilovica-Shtuka Project in Macedonia, which consists of two 30-years exploitation concessions ("Exploitation Concession for Ilovica 6" and "Exploitation Concession for Ilovica 11"), and the Group has plans to bring it into construction and ultimately commercial production.

Q1-2023 HIGHLIGHTS

Non-Brokered Private Placement

On January 24, 2023 the Company announced the closing of a non-brokered private placement ("2023 Private Placement") for gross proceeds of US\$3 million. As part of the 2023 Private Placement the Company issued 101,250,000 common shares and 101,250,000 share purchase warrants which were divided into two tranches under the following vesting conditions: 50,625,000 share purchase warrants vest on approval of the request for the merger of the Group's two exploitation concessions (Exploitation Concession for Ilovica 6 and Exploitation Concession for Ilovica 11) (the "Merger") and approval of the Environmental Impact Assessment on the merged concession (defined as "A Warrants"), while the other 50,625,000 share purchase warrants vest on approval of the Exploitation Permit on the merged concession (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.

Financing

Following closing of the 2023 Private Placement, on January 26, 2023 both convertible notes of \$1.638 million or US\$1.25 million, issued to Galena Resource Equities Limited ("Galena") in the year ended December 31, 2022, were converted into 35,342,120 Company's common shares.

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Q1-2023 HIGHLIGHTS – CONTINUED

Extension of convertible loans

During Q1-2023 both convertible loans with the European Bank for Reconstruction and Development ("EBRD") ("EBRD convertible loan") and with CC Ilovitza ("CCI", a member of CCC Group) (the "CCI convertible loan") were extended to February 28, 2024.

Ilovica-Shtuka Project permitting – update

As at the date of approval of this MD&A by the Company's board of directors (the "Board"), the Exploitation Concession for Ilovica 11 is considered as valid, and the Merger, filed in January 2016, is still waiting for approval. The approval of the Merger would materially change the Group's legal position as these two concessions would be merged into one new exploitation concession and allow the submission of required documentation for the Exploitation Permit approval.

During Q1-2023, following the positive decision of the Higher Administrative Court in February 2023, to accept the Group's appeal, the administrative process for termination of the Exploitation Concession for Ilovica 6 ("Termination of Ilovica 6") was returned back 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.

The Group also acknowledges that there is still legal uncertainty related to development of the Ilovica-Shtuka Project until reaching a final approval of the Merger. As alternative, the Group has the option to recover the investment and potential damages from the Macedonian Government by initiating international arbitration under the arbitration rules of the International Centre of the Settlement of Investment Disputes ("ICSID") in Washington D.C., USA.

Board restructure

On February 3, 2023, the Company announced that Ali Vezvaei has been appointed as Non-Executive Director and President of Euromax.

PROJECTS

This section outlines the exploration activities carried out in the three months ended March 31, 2023. Patrick Forward, Director, is the Qualified Person responsible for the review of the technical information contained in this section of the Group's MD&A.

Ilovica-Shtuka Project – Macedonia

The Group's activities have been focused on resolving the administrative process for reaching the approval of the Merger which represents a material trigger for further development of the Ilovica-Shtuka Project (for more details please see note 7 of the consolidated interim financial statements).

SELECTED INTERIM FINANCIAL INFORMATION FOR Q1-2023

(Expressed in thousands of Canadian dollars except per common share amounts)

Quarter ended	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021
Loss attributable to the Owners of the Company								
Net loss after tax	(1,301)	(1,225)	(3,039)	(1,655)	(2,005)	(1,881)	(2,549)	(917)
Basic loss per share	(0.00)	(0.00)	(0.01)	(0.00)	(0.01)	(0.01)	(0.01)	(0.00)
Diluted loss per share	(0.00)	(0.00)	(0.01)	(0.00)	(0.01)	(0.01)	(0.01)	(0.00)

All figures presented above are prepared in accordance with IFRS, as well as the accounting policies were applied on a consistent basis for all presented periods.

The Group's primary focus is the exploration and development of mineral right interests and its principal project is the Ilovica-Shtuka Project. The Ilovica-Shtuka Project is not in production and therefore the Group has incurred losses and will continue to incur losses until the Ilovica-Shtuka Project is brought into commercial production.

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SELECTED INTERIM FINANCIAL INFORMATION FOR Q1-2023 – CONTINUED

Apart from the Group's regular operational activities that are relatively constant on a period by period basis, net loss has been influenced by fluctuations in:

- the Company's common share price, which is a key assumption in establishing fair value of (1) share-based payment liabilities and (2) the EBRD convertible loan; and
- foreign currency exchange rates.

RESULTS OF CONTINUING OPERATIONS

KEY POINTS

- Q1-2023 operating loss of \$0.521 million (the three months ended March 31, 2022 ("Q1-2022"): \$1.230 million)
- Q1-2023 operating cash costs¹ (operating (loss)/profit excluding depreciation, share-based payments and unrealised foreign exchange (loss)/gain) decreased to \$0.509 million (Q1-2021: \$0.582 million)
- Q1-2023 loss for the period of \$1.301 million (Q1-2021: \$2.005 million)

in thousands \$	Quarter ended March 31	
	2023	2022
Operating expenses		
Accounting, legal and professional	(231)	(228)
Depreciation	(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	(786)	(764)
Fair value gain/(loss) on financial liabilities	6	(11)
Net finance loss	(780)	(775)
Loss for the period	(1,301)	(2,005)

DETAILED ANALYSIS OF THE THREE MONTHS ENDED MARCH 31, 2023 COMPARED TO THE THREE MONTHS ENDED MARCH 31, 2022

The Group recorded a loss for the period of \$1.301 million or \$0.00 loss per share in Q1-2023, compared to a loss of \$2.005 million or \$0.01 per share in Q1-2022.

The decreased quarter on quarter loss was mainly due to the following:

- The recognised gain on foreign exchange of \$0.449 million in Q1-2023, compared to loss of \$0.162 million in Q1-2022, is related to unrecognised foreign exchange differences mainly driven by:
 - The favourable movement of Euro against the US dollar during Q1-2023 compared to Q1-2022, which was reflected within the foreign exchange movements on the gold purchase advance payments liability, being denominated in US dollars and held within subsidiary that has Euro as functional currency (as disclosed in note 10 of the consolidated interim financial statements) partly compensated by
 - The unfavourable movement of Canadian dollar against US dollar during Q1-2023 compared to Q1-2022, which was reflected within the foreign exchange movements on the EBRD convertible loan (as disclosed in note 9(b) of the consolidated interim financial statements).
- The decrease in recognised share-based payments expense by \$0.080 million in Q1-2023, compared to Q1-2022, due to the favourable movement of the Company's common share price during Q1-2022 compared to Q1-2023. As disclosed in Note 11(c) of the consolidated interim financial statements, the Company's Deferred Phantom Units ("DPUs") are revalued at the Company's period-end common share price.

¹ Non-GAAP Measure. Please refer to pages 5 for further details.

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LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2023 the Group had following contractual obligations:

Contractual obligations	Payments due by Period				
	Total	Less than 1 year	1 - 3 years	4 - years	After 5 years
	\$000s	\$000s	\$000s	\$000s	\$000s
Debt					
Trade and other payables	669	669	-	-	-
Gold purchase advance payments	15,235	15,235	-	-	-
Lease liability	133	53	80	-	-
Loans and borrowings	28,549	28,549	-	-	-
Total Contractual Obligations	44,586	44,506	80	-	-

At March 31, 2023 the Group had cash and cash equivalents of \$3.150 million and \$0.102 million in total for other receivables and other current assets. However, as presented above, the Group had trade and other payables of \$0.669 million, gold purchase advance payments of \$15.235 million, financial liabilities regarding two convertible loans (see note 9 of the consolidated interim financial statements) totalling \$25.546 million (or contractual obligations of \$28.549 million for both loans), current lease liabilities of \$0.053 million, and including the current liabilities of \$3.151 million for share-based payments, with the result that the Group had a net working capital deficiency² of \$41.402 million at March 31, 2023.

The two key contributors to the Group's working capital deficiency position at March 31, 2023 are financial liabilities regarding two convertible loans and the gold purchase advance payments received from Royal Gold, AG ("Royal Gold").

Firstly, the current financial liabilities, composed of the EBRD convertible loan of \$15.090 million and the CCI convertible loan of \$10.456 million, are classified as current liabilities since both mature on February 28, 2024. 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 of the consolidated interim financial statements). The total contractual obligations at February 28, 2024 for these two convertible loans are \$28.549 million, out of which \$16.053 million (or US\$11.854 million) related to the EBRD convertible loan and \$12.496 million to the CCI convertible loan.

Secondly, the gold purchase advance payments are classified as current liabilities since Royal Gold has the contractual capacity to issue a termination notice that may require the Group to repay the outstanding advance payments within 60 days of receiving such notice (see note 10 of the consolidated interim financial statements). As at the date of approval of this MD&A by the Company's board of directors, no termination or repayment notice has been received from Royal Gold.

As the Group is in the exploration and evaluation stage of the mining life cycle, the Group does not generate cash inflow from its operating activities. The Group's ability to continue operations is contingent on its ability to obtain additional financing and progress the Ilovica-Shtuka Project into commercial production. Refer to note 3 of the consolidated interim financial statements.

Operating Activities

in thousands \$	Quarter ended March 31	
	2023	2022
OPERATING ACTIVITIES		
Loss before tax	(1,301)	(2,005)
Add back:		
Depreciation	11	12
Finance expense	786	764
Share-based payments expense	405	485
Unrealised foreign exchange (gain)/loss	(404)	151
Expensed transaction costs associated with convertible loans	67	64
Fair value (gain)/loss on financial liabilities	(6)	11
Sub-total	(442)	(518)
Changes in non-cash working capital items:		
Decrease in other receivables and other current assets	-	15
Decrease in trade and other payables	(149)	(32)
Cash used in operating activities	(591)	(535)

² Non-GAAP Measure. Please refer to page 5 for further details

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LIQUIDITY AND CAPITAL RESOURCES – CONTINUED

Cash used in operating activities during Q1-2023 was \$0.591 million compared to \$0.535 million in Q1-2022. This increase of \$0.056 million in Q1-2023 was mainly due to payment of more payables in Q1-2023, outstanding at December 31, 2022, following the closing of the 2023 Private Placement.

Financing Activities

<i>in thousands \$</i>	Quarter ended March 31	
	2023	2022
FINANCING ACTIVITIES		
Proceeds from shares issued	4,015	-
Proceeds from convertible notes	-	637
Share issue costs	(113)	-
Transaction costs associated with convertible loans	(134)	(128)
Transaction costs associated with convertible notes	(19)	-
Payment of lease liabilities	(13)	(12)
Interest paid	(2)	(2)
Cash provided in financing activities	3,734	495

In Q1-2023 the Group closed the 2023 Private Placement (as explained in “Q1-2023 Highlights” section above) for gross proceeds of \$4.015 million or US\$3 million, and that was partly offset by (i) the payment of extension fees and legal costs of \$0.134 million for extension of both convertible loans, as disclosed in “Q1-2023 Highlights” section above, (ii) paid share issue costs of \$0.113 million, (iii) paid legal fees of \$0.019 million regarding the convertible note issued to Galena, (iv) \$0.013 million paid for leases and (v) interest of \$0.002 million paid during Q1-2023.

During Q1-2022 the Group received US\$0.5 million or \$0.637 million under the convertible note issued to Galena, and that was partly offset by (i) the payment of extension fees and legal costs of \$0.128 million for extension of both convertible loans, (ii) \$0.012 million paid for leases, and (iii) interest of \$0.002 million paid during Q1-2022.

Investing Activities

No transactions were incurred regarding the investing activities during Q1-2023 and Q1-2022.

NON-GAAP MEASURES

The Company has included a non-GAAP performance measure, namely operating cash costs, in this document. Mineral exploration companies are reliant on continuously sourcing funding until commercial production is reached and hence minimising cash outflows from administrative costs is a key objective. In addition to conventional measures prepared in accordance with GAAP, the Company and certain investors use this information to evaluate the Company's cash-burn rate. This non-GAAP measure is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

The following table provides a reconciliation of the operating cash costs for the three months ended March 31, 2023 and 2022.

<i>in thousands \$</i>	Quarter ended March 31	
	2023	2022
Operating loss - per financial statements	(521)	(1,230)
<i>Add/(Less):</i>		
Share-based payments expense	405	485
Depreciation	11	12
Unrealised foreign exchange (gain)/loss	(404)	151
Total Operating cash costs	(509)	(582)

The other non-GAAP measure used is net working capital deficiencies which represents the difference between current liabilities and current assets.

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RELATED PARTY TRANSACTIONS

At March 31, 2023, 46% of all issued common shares were owned by 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, that were converted into 35,342,120 Company's 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.

(a) Key management personnel transactions

The Group's related party is as follows:

- ARQX Capital DWC Ltd – a 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.

For these services an annual fee has been agreed, paid in monthly instalments, and that annual fee was set based on advice from third party human resource consultants as being a fair market price for such services.

The Group incurred the following fees and expenses in the normal course of operations in connection with related parties. Expenses incurred by related parties are reimbursed by the Group at their original cost.

	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).

(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, restricted share units ("RSUs") and DPUs granted to directors and key management personnel.

CONTRACTUAL COMMITMENTS

The Group had no future contractual obligations as at March 31, 2023, except to those already disclosed in the consolidated interim financial statements and in this MD&A.

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CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Group's significant accounting policies are summarised in note 3 of the consolidated financial statements. The preparation of the consolidated interim financial statements is in accordance with IFRS, as issued by the IASB, requires management to select accounting policies and make estimates that may have a significant impact on the consolidated interim financial statements.

The Group regularly reviews its estimates; however, actual amounts could differ from the estimates and judgements used and, accordingly, materially affect the results of operations.

The Group's significant estimates include:

- *Equity-settled share-based payments arrangements and Share purchase warrants*

The Group measures the cost of share-based payment arrangements with employees and consultants by reference to the fair value of the equity instruments at the date on which they are granted. Estimating fair values for share-based payment arrangements requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. The estimate also requires determining the most appropriate inputs to the valuation model, including the expected life of the share option, volatility and dividend yield, and making assumptions about them.

The Black-Scholes option pricing model was developed for use in estimating the fair value of share options and share purchase warrants that have no vesting provisions and are fully transferable. Also, option-pricing models require the use of estimates and assumptions including the expected volatility. The Group uses expected volatility rates which are based upon their historical volatility. Changes in the underlying assumptions can materially affect the fair value estimates.

For those share-based payment arrangements that have non-market performance conditions, the Group is assessing the number of equity instruments that are expected to be vested by applying the best available estimation of the related services and non-market performance conditions, associated to these arrangements, that are expected to be met. This estimation of how much equity instruments are expected to be vested is revised at each reporting period.

- *Recognition and measurement of convertible loans*

The EBRD convertible loan is accounted for as a financial liability at fair value through profit or loss ("FVTPL") and its fair value is calculated via an internally prepared model that separately values the loan amount (on a discounted cash flow basis, by using the interest rate of the CCI convertible loan, see note 9 of the consolidated interim financial statements, as only available relevant observable input) and the conversion option using a Black-Scholes option pricing model.

The value of the option varies under the different possible financial scenarios. To value each of these, management prepared a model using market observable information assumptions both available generally and specific to the EBRD convertible loan agreement which was filed on SEDAR. These assumptions, 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 estimate of the likelihood of each scenario occurring. This probability weighting is 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.

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 consolidated interim financial statements, and therefore the whole effect from movement of the fair value of the EBRD convertible loan is presented in profit or loss.

Furthermore, both convertible notes issued to Galena were accounted as a financial liability at FVTPL, same as the EBRD convertible loan. Since both convertible notes were converted into the Company's common shares on January 26, 2023 and due to the close proximity of December 31, 2022 to the date of their conversion, management's estimate was that the value on conversion represented their fair value at December 31, 2022, and therefore no additional fair value adjustment was required for Q1-2023.

Separately the CCI convertible loan is a compound financial instrument. As such on initial recognition, the loan must be split into a liability component and an equity component. The recognised liability component had been determined by fair valuing the convertible loan using a relevant market interest rate that would apply to a similar loan that did not contain an equity conversion right. The equity component was calculated as the residual amount of the face value of the convertible loan and the calculated liability component.

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CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS – CONTINUED

- *Right-of-use asset and lease liabilities*

The Group recognised a right-of-use asset and a lease liability at the present value of the remaining lease payments.

The lease liability is measured at the present value of the lease payments that are not paid at the reporting date, discounted using its incremental borrowing rate of 7% which represents an interest rate applied to both convertible loans (see note 9(a) of the consolidated interim financial statements).

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

The Group's significant judgments include:

- *Carrying values of mineral right interests*

The Group reviews the carrying value of its mineral right interests to determine whether there is any indication that those assets are impaired which includes whether there are plans for further activity and exploration. The calculated recoverable amount may be based on assumptions about future events or circumstances and estimates and assumptions may change if new information becomes available. If, after expenditures are capitalised, information becomes available suggesting that the recovery of the expenditures is unlikely, the amount capitalised is impaired with a corresponding charge to profit or loss in the period in which the new information becomes available.

Based on the assumption for positive resolution of the administrative process for reaching the approval of the Merger, as material trigger for further development of the Ilovica-Shtuka Project, the Group believes that as at March 31, 2023 there is no need for impairment of the carrying amount of the mineral right interest for the Ilovica-Shtuka Project.

- *Functional currency*

The determination of functional currency often requires significant judgement where the primary economic environment in which a company operates may not be clear. The parent entity reconsiders the functional currency of its entities if there is a change in the underlying transactions, events and conditions which determines the primary economic environment.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Euromax's financial instruments are presented below.

Financial assets

At March 31, 2023, financial assets held by the Group consist of cash and cash equivalents of \$3.150 million, other receivables and other current assets in total of \$0.102 million, as disclosed in the "Liquidity and Capital Resources" section above. The Group is not exposed to significant interest or credit risks arising from these financial instruments, but is exposed to currency risk. The overall net effect of this risk is disclosed in the "Sensitivity analysis on the currency risk" sub-section below. Cash and cash equivalents are used for paying the Group's operations, while other receivables and other current assets represent tax receivables (value added taxes from Canadian, Macedonian and UK tax authorities and tax advances paid to Macedonian tax authorities) and prepayments paid for the regular Group's operations.

Financial liabilities

Financial instruments recognised as financial liabilities at March 31, 2023 were as follows: trade and other payables of \$0.669 million, gold purchase advance payments of \$15.235 million, lease liabilities of \$0.133 million and financial liabilities regarding two convertible loans of \$25.546 million.

Only one financial instrument, i.e. EBRD convertible loan is designated at FVTPL, and accordingly fair value gain of \$0.006 million was recognised in Q1-2023 (Q1-2022: loss of \$0.011 million). The assumptions used for determining the fair value of the EBRD convertible loan is disclosed in "Critical Accounting Estimates" section above, as well as in note 9(b) of the consolidated interim financial statements. All other financial liabilities are classified as measured at amortised cost. Further to that, CCI convertible loan is a compound financial instrument, whereby liability and equity component were recognised, and subsequent to the initial recognition a liability component is measured at amortised cost by using the effective interest method (see note 9(b) of the consolidated interim financial statements for more details).

Gold purchase advance payments and both convertible loans are issued for the purpose of financing the Group's operations and the development of the Ilovica-Shtuka Project.

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FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS – CONTINUED

Financial liabilities – continued

The liquidity risk associated with these financial liabilities is disclosed in the “Liquidity and Capital Resources” section above.

Interest expense is accrued by applying the fixed interest rate for both convertible loans, whereby expense of \$0.782 million was recognised in Q1-2023 (Q1-2022: \$0.760 million), and therefore the change in the market interest rate would not further affect the Group's profit or loss. No interest expense is charged to other financial instruments.

The Group is exposed to exchange rate between US dollar and Canadian dollar for the EBRD convertible loan, which is denominated into US dollar, and between US dollar and Euro for the gold purchase advance payments, which is denominated into US dollars and held within subsidiary that has Euro as functional currency. Accordingly, for Q1-2023 the Group recognised unrealised gain on foreign currency of \$0.001 million for the EBRD convertible loan (Q1-2022: \$0.309 million) (see note 9(b) of the consolidated interim financial statements for more details) and unrealised gain on foreign currency of \$0.282 million for the gold purchase advance payments (Q1-2022: loss of \$0.239 million) (see note 10 of the consolidated interim financial statements for more details).

Sensitivity analysis on the currency risk

The summary of the Group's exposure to currency risk as at March 31, 2023 is as follows

	U.S. Dollar	British Pound	Macedonian Denar	Euros	Total
Balance on March 31, 2023	\$000s	\$000s	\$000s	\$000s	\$000s
Cash and cash equivalents	3,035	2	93	5	3,135
Other financial assets	-	6	68	4	78
Loans and borrowings	(15,090)	-	-	-	(15,090)
Lease liability	-	-	(133)	-	(133)
Gold purchase advance payments	(15,235)	-	-	-	(15,235)
Other financial liabilities	(117)	(13)	(132)	(390)	(652)
Net financial assets / (liabilities)	(27,407)	(5)	(104)	(381)	(27,897)

Based on the sensitivity analyses, a 10% decrease/increase of the Canadian dollar would result in an increase/decrease of approximately \$2.790 million in the Group's loss for Q1-2023. The Group does not use derivative instruments or foreign exchange contracts to hedge against gains or losses arising from foreign exchange fluctuations.

OPERATIONAL AND OTHER BUSINESS RISKS AND UNCERTAINTIES

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

The directors and management of Euromax are monitoring the global economic and energy crisis and the geopolitical risks related to the war in Ukraine. There are likely to be some business disruption caused by these factors, however, the directors and management do not consider that there would be an immediate impact on the Group's consolidated statement of financial position and will continue to monitor the situation closely.

Title Matters

Title defects or claims may affect our existing operations as well as our development projects and future acquisitions. A determination of defective title or a challenge to title rights could impact our existing operations as well as exploration and development projects and future acquisitions, which may have a material adverse effect on our operations, business and financial position.

The Group cannot guarantee that title to its properties will not be challenged or impugned. The Group's mining properties could be subject to prior unregistered agreements, transfers or claims, and title could be affected by, among other things, undetected defects. In addition, the Group might be unable to operate its properties as permitted or to enforce its rights with respect thereto.

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OPERATIONAL AND OTHER BUSINESS RISKS AND UNCERTAINTIES – CONTINUED

Title Matters – continued

For Exploitation Concession for Ilovica 6, ongoing administrative proceedings have been undertaken before the administrative courts in Macedonia, while Exploitation Concession for Ilovica 11 remains in place and valid. Following independent domestic and international legal advice that has reviewed the Group's legal position, together with local and international legal remedies available, the Group is working towards the resolution of this situation regarding reaching the approval of the Merger.

Permitting Requirements

The Group is required to obtain and renew governmental permits for the operation and expansion of existing operations or for the development, construction, and commencement of new operations. Obtaining or renewing the necessary governmental permits can be costly and involve extended timelines. The Group may not be able to obtain or renew permits that are necessary to the operations, or the cost to obtain or renew permits may exceed our expected recovery from a given property once in production.

Failure to obtain or maintain the necessary permits, or to maintain compliance with any permits, can result in fines, penalties, or suspension or revocation of the permits. The Group's ability to obtain and renew permits is contingent upon certain variables, some of which are not within our control, including, introduction of new permitting legislation, the interpretation of applicable requirements implemented by the permitting authority, the need for public consultation hearings or approvals, and political or social pressure.

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

Any unexpected delays, failure to obtain or renew permits, failure to comply with the terms of the permit, or costs associated with the permitting process could impede or prevent the development or operation of a mine, which could have material adverse impacts on our operations, business, and financial position.

Economic and Political Instability in Emerging Market Jurisdictions

During Q1-2023, the Group operated in the Republic of North Macedonia. Given that substantially all of our operations are in a foreign jurisdiction, we are exposed to a number of risks and uncertainties, including: (i) expropriation, nationalization, and the cancellation, revocation, renegotiation, or forced modification of existing contracts, permits, licenses, approvals, or title, particularly without adequate compensation; (ii) changing political and fiscal regimes, sometimes unexpectedly or as a result of precipitous events, and economic and regulatory instability; (iii) instability due to economic under-development; (iv) unanticipated adverse changes to constitutional rights and protections, and other laws and policies, including those relating to mineral title, royalties and taxation; (v) delays or inability to obtain or maintain necessary permits, licenses or approvals; (vi) opposition to mine development projects from governments, communities, and other groups, which may include frivolous or vexatious claims, misinformation, and the potential for violence and property damage; (vii) restrictions on foreign investment and limitations on foreign ownership; (viii) limitations on repatriation of operating cash flows, including legal and practical restrictions to transfer funds from foreign jurisdictions; (ix) unreliable or undeveloped infrastructure; (x) labour unrest and scarcity; (xi) inability of governments or governmental bodies to complete, or properly complete, consultation processes and to comply with national and international laws, protocols, standards and/or norms; (xii) difficulty obtaining key equipment and components for equipment; (xiii) regulations and restrictions with respect to imports and exports; (xiv) high rates of inflation; (xv) extreme fluctuations in currency exchange rates and restrictions on foreign exchange, currencies and repatriation; (xvi) inability to obtain fair dispute resolution or judicial determinations because of bias, corruption or abuse of power; (xvii) abuse of power of foreign governments who impose, or threaten to impose, fines, penalties or other similar mechanisms, without regard to the rule of law; (xviii) difficulties enforcing judgments, particularly judgments obtained in Canada or the United States, with respect to assets located outside of those jurisdictions; (xix) difficulty understanding and complying with the regulatory and legal framework with respect to mineral properties, mines and mining operations, and permitting; (xx) invalidation of governmental orders and permits; (xxi) war, civil unrest, and civil disturbances; (xxii) arbitrary changes in laws or policies; (xxiii) the failure of foreign parties to honour contractual relations; (xxiv) inadequate infrastructure; and (xxv) increased financing costs.

OPERATIONAL AND OTHER BUSINESS RISKS AND UNCERTAINTIES – CONTINUED

Economic and Political Instability in Emerging Market Jurisdictions – continued

The enforcement by the Group of its legal rights to exploit its properties may not be recognised by any foreign government or by the court system of a foreign country. These risks may limit or disrupt the Group's operations, restrict the movement of funds, or result in the deprivation of mining related rights or the taking of property by nationalisation or expropriation without fair compensation.

During 2020 the Republic of North Macedonia became a member of the North Atlantic Treaty Organisation ("NATO") and following positive decision from the Council of Europe in 2020 for opening of negotiation talks with EU, the first inter-governmental session was held on July 19, 2022, as official start of negotiation talks with EU.

Dependence on Third Party Financing

The Group currently has no source of operational cash flow, further funds would be required to: (i) cover the committed costs for maintaining the Ilovica-Shtuka Project; (ii) cover any costs associated with potential international arbitration; (iii) repay both convertible loans and gold advance purchase payments, if required; and (iv) construct and bring the Ilovica-Shtuka Project into commercial production. As a result, the Group will continue to depend on third party financing to fund future working capital, capital expenditures, operating and exploration costs and other general corporate requirements. The success and the pricing of any such capital raising and/or debt financing will be dependent upon the prevailing market conditions at that time for junior exploration and development companies to attract significant amounts of debt and/or equity. There can be no assurance that such financing will be available to the Group or, if it is, that it will be offered on acceptable terms. Failure to obtain sufficient financing, as and when required, may result in a delay or indefinite postponement of exploration or development on any or all of the Group's properties. For more details, please see note 3 of the consolidated interim financial statements.

Fluctuation of Commodity Prices

The Group's exploration and other mining activities have previously been, and may in the future be, significantly adversely affected by declines in gold and copper prices. Commodity prices are volatile and are affected by numerous factors beyond the Group's control, including: (i) global and regional levels of supply and demand; (ii) sales by government holders and other third parties such as central banks and financial institutions; (iii) metal stock levels maintained by producers and others; (iv) increased production due to new mine developments and improved mining and production methods; (v) speculative activities; (vi) inventory carrying costs; (vii) availability, demand and costs of metal substitutes; (viii) international economic and political conditions; (ix) interest rates, exchange rates, inflation or deflation; and (x) political and economic conditions of major mining countries throughout the world.

A sudden fall in commodity prices or sustained low commodity prices could adversely impact the Group's future revenues, profits, and cash flows. In particular, sustained low, or further reductions in, commodity prices could: (i) reduce or eliminate the Group's ability to finance the exploration of existing and future mineral projects; (ii) force the Group to lose its interest in, or to sell, all or some of its properties; (iii) halt or delay the development of existing or new projects; and (iv) reduce the value of the Group's securities.

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

Carrying Value of Mineral Right Interests

Based on annual impairment reviews made by management, if the long-term expectation is that the net carrying amount of certain capitalised development and exploration costs will not be recovered, then the carrying amount is written down to the appropriate recoverable amount, with the write-down amount charged to the statement of profit or loss. These write-downs could occur if: the legal title is lost, the carrying amounts of the capitalised costs exceed the related undiscounted net cash flows of reserves and/or its fair value less costs to sell; exploration activities have ceased; exploration results are not promising such that exploration will not be planned for the foreseeable future; or insufficient funding is available to complete the development and exploration programme.

Expected future cash flows are inherently uncertain and could materially change over time. They are significantly affected by reserve and production estimates, together with economic factors such as spot and forward gold and copper prices, discount rates, foreign currency exchange rates, estimates of costs to produce reserves and future capital expenditures. If any of these uncertainties occur either alone or in combination, it could require management to recognise an impairment, which could adversely affect the Group's business, results of operations and financial position.

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OPERATIONAL AND OTHER BUSINESS RISKS AND UNCERTAINTIES – CONTINUED

Dilution

The Group may require additional funds to fund development and exploration programmes and potential acquisitions. The Group cannot predict the size of future issuances of common shares or the issuance of debt instruments or other securities convertible into shares or the effect, if any, that future issuances and sales of the Group's securities will have on the market price of the common shares. If it raises additional funding by issuing additional equity securities, such financing may substantially dilute the interests of existing shareholders. Sales of substantial amounts of common shares, or the availability of such common shares for sale, could adversely affect the prevailing market prices for the Group's securities.

Share Price Volatility

Securities of mining companies have experienced price and volume volatility and wide fluctuations in the past, at times unrelated to the financial performance, operating performance, underlying asset values or prospects of such companies. These fluctuations are connected to macroeconomic developments in North America and internationally, currency fluctuations and market perceptions of the attractiveness of industries. The price of the Company's common shares is also likely to be affected by short-term changes in gold and copper prices. As a result of these changes, the market price of the Company's common shares at any given point in time may not accurately reflect the Company's long-term value. There can be no assurance that continual fluctuations in share price will not occur.

Corruption and Bribery

The Group's business is subject to the Canadian Corruption of Foreign Public Officials Act and similar anti-bribery laws in other jurisdictions, a breach or violation of which could lead to civil and criminal fines and penalties, loss of licences or permits, and reputational harm. For example, the Canadian Corruption of Foreign Public Officials Act and anti-corruption and anti-bribery laws in other jurisdictions generally prohibit companies and their intermediaries from making improper payments for the purpose of obtaining or retaining business or other commercial advantage. In recent years, there has been a general increase in both the frequency of enforcement and the severity of penalties under such laws, resulting in greater scrutiny of and punishment of companies convicted of violating anti-corruption and anti-bribery laws. Furthermore, a company may be found liable for violations not only by its employees, but also by its contractors and third-party agents. Additionally, the Group has contractual commitments to comply with the standards and requirements of the EBRD.

As part of progressing the development of the Ilovica-Shtuka Project, the Group has interactions with many levels of government in Macedonia. The Government of the Republic of North Macedonia has introduced a law on prevention of corruption and established a State Commission for Prevention of Corruption aimed at reducing bribery or corruption in Macedonia.

Transparency International's annual Corruption Perceptions Index scores and ranks countries according to their perceived levels of public sector corruption on a scale where 0 is a country perceived to be highly corrupt to 100 depicting a country perceived as very clean. For 2022, Macedonia scored 40 and ranking it in 85th position out of 180 countries.

The Group has developed and adopted a Code of Business Conduct and Ethics and an Anti-Corruption and Bribery Policy which are intended to mitigate these risks, and are enforced with the Group's employees, consultants, and contractors. The Group makes every effort to ensure the Group's employees, consultants and contractors comply with all applicable laws. However, there can be no assurance that our internal control policies and procedures will always protect us from recklessness, fraudulent behaviour, dishonesty, or other inappropriate acts committed by our affiliates, employees, contractors, or agents. Violations of these laws, or allegations of such violations, could lead to civil and criminal convictions, fines and penalties, litigation, loss of operating licences or permits, or withdrawal of mining tenements, termination of contracts and prohibitions from entering into certain contracts and may damage our reputation, which could have a material adverse effect on our business, financial position and results of operations, or cause the market value of our shares to decline. We may face disruption in our permitting, exploration or other activities resulting from our refusal to make "facilitation payments" in certain jurisdictions where such payments are otherwise prevalent.

Currency Risk

The Group maintains most of its working capital in US dollars. The Group currently operates in Macedonia and its operating costs are incurred in a combination of Macedonian denars, Canadian dollars, British pounds, or Euros. Accordingly, the Group is subject to fluctuations in the rates of currency exchange between these currencies. Since a portion of our operating costs and capital spending are in other currencies, we are negatively impacted by strengthening local currencies relative to the US dollar and positively impacted by the inverse. The Group has not hedged its exposure to currency fluctuations.

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OPERATIONAL AND OTHER BUSINESS RISKS AND UNCERTAINTIES – CONTINUED

Resource Estimates

The Group's mineral resources are estimates, and no assurance can be given that the estimated resources are accurate or that the indicated level of mineral will be produced. Such estimates are, in large part, based and depend upon geological interpretation and statistical inferences drawn from drilling and sampling analysis, which may prove to be unreliable. The inclusion of mineral resource estimates should not be regarded as a representation that these amounts can be economically exploited, and no assurances can be given that such resource estimates will be converted into reserves. Different experts may provide different interpretations of resource estimates.

Actual mineralization or formations may be different from those predicted. Further, it may take many years from the initial phase of drilling before production is possible, and during that time the economic feasibility of exploiting a discovery may change.

Dependence on Key Personnel

The Group competes with other mining companies to attract and retain key executives and skilled and experienced employees. The mining industry is labour-intensive, and our success depends to a significant extent on our ability to attract, hire, train and retain qualified employees, including our ability to attract employees with needed skills in the geographic areas in which the Group operates. The Group faces competition for limited candidates in many trades and professions and may see current employees leave to pursue other opportunities. The Group could experience increases in our recruiting and training costs and decreases in our operating efficiency and productivity if we are not able to attract, hire and retain enough skilled employees to support our operations. The impact of COVID-19 could also result in labour or employee shortages if employees fall ill or are required to be self-isolated. The loss of their services to the Group may have a material adverse effect on the Group.

The Group may experience a shortage of qualified skilled labour workers in the Republic of North Macedonia. An increase in worldwide demand for skilled labour may cause unanticipated cost increases and delays in delivery times, thereby impacting operating costs, capital expenditures and production schedules.

Capital and Operating Cost Risks

The Group's production and cost estimates are based on many factors and assumptions, including: the accuracy of mineral reserve estimates; ground conditions and physical characteristics of ores; equipment and mechanical availability; labour availability and productivity; access to the mine; facilities and infrastructure; sufficient materials and supplies on hand; and the accuracy of estimated rates and costs of mining and processing, including the cost of human and physical resources required to carry out our activities. Failure to achieve production or cost estimates, or increases in costs, could have an adverse impact on the Group's future cash flows, earnings, results of operations, and financial condition.

The Group's forecasts and technical reports are also based on a set of assumptions current as at the date of completion of these forecasts and studies. The realised operating and capital costs achieved by the Group may differ substantially owing to factors outside the control of the Group, including currency fluctuations, supply and demand factors for the equipment and supplies, global commodity prices, transport and logistics costs and competition for human resources. Though the Group incorporates a level of contingency in its assumptions, these may not be adequate depending on market conditions.

The mining business is capital intensive, and the development, exploration and exploitation of mineral reserves and resources and the acquisition of machinery and equipment require substantial capital expenditure. The Group's Ilovica-Shtuka Project will involve significant capital expenditure to progress.

Further, the Group relies on certain key third-party suppliers and contractors for equipment, raw materials and services used in, and the provision of services necessary for the continuing exploration and development of the Ilovica-Shtuka Project. As a result, the Group's operations at its sites are subject to a number of risks, some of which are outside of the Group's control, including negotiating agreements with suppliers and contractors on acceptable terms, the inability to replace a supplier or contractor and its equipment, raw materials or services in the event that either party terminates the agreement, interruption of operations or increased costs in the event that a supplier or contractor ceases its business due to insolvency or other unforeseen events and failure of a supplier or contractor to perform under its agreement with the Group. The occurrence of one or more of these risks could have a material adverse effect on the Group's business, results of operations and financial position.

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OPERATIONAL AND OTHER BUSINESS RISKS AND UNCERTAINTIES – CONTINUED

External & Geopolitical risks

The impacts of the COVID-19 pandemic, and governmental response thereto, on global commerce have been and continue to be extensive and far-reaching. There has been significant stock market volatility, volatility in commodity and foreign exchange markets, restrictions on the conduct of business in many jurisdictions and the global movement of people has been restricted from time to time. Although many of these impacts appear to be lessening in most jurisdictions, there continues to be significant ongoing uncertainty surrounding COVID-19 and the extent and duration of the impacts that it, or governmental responses to it, may have on demand and prices for the commodities we produce, on our suppliers, on our employees and on global financial markets which may have a material adverse effect on our operations, business and financial condition.

These concerns, together with concerns over general global economic conditions, fluctuations in interest and foreign exchange rates, stock market volatility, geopolitical issues, Russia's war in Ukraine and inflation have contributed to increased economic uncertainty and diminished expectations for the global economy. To the extent that the economy deteriorates for an extended period of time, the prospects for the Group's business could be materially harmed. The global economic uncertainty may have a material adverse effect on our operations, business, and financial condition.

Government Regulation

The Group's operations, exploration, and development activities are subject to extensive laws and regulations in the jurisdictions in which the Groups conducts its business, including with respect to: (i) environmental protection, including greenhouse gas emissions, biodiversity, and water, soil and air quality; (ii) control over the development and abandonment of resource (including restrictions on production); (iii) permitting; (iv) management and use of toxic substances and explosives; (v) specific exploration, drilling and development obligations; (vi) management and use of natural resources, including water and energy supplies; (vii) management of waste and wastewater; (viii) exploration, development, production, and post-closure reclamation of mines; (ix) imports and exports; (x) transportation; (xi) price controls; (xii) taxation; (xiii) mining royalties; (xiv) labour standards, employee profit-sharing, and occupational health and safety, including mine safety and COVID-19 related regulations; (xv) community and Indigenous rights; (xvi) human rights; (xvii) social matters, including historic and cultural preservation, engagement and consultation, local hiring and procurement, development funds; (xvii) anti-corruption and anti-money laundering; and (xviii) data protection and privacy.

Such regulation may be changed from time to time in response to economic or political conditions. The implementation of new regulations or the modification of existing regulations affecting the minerals industries could reduce demand for commodities produced, increase the Group's operating costs, and have a material adverse impact on the Group's results of operations and financial position.

The costs associated with compliance with these, and future laws and regulations can be substantial, and changes to existing laws and regulations (including the imposition of higher taxes and mining royalties) could cause additional expense, capital expenditures, restrictions on or suspensions of our operations and delays in the development of the Group's properties. In addition, the regulatory and legal framework in some jurisdictions is out-dated, unclear and at times, inconsistent. A failure to comply with these laws and regulations, including with respect to our past and current operations, and possibly even actions of parties from whom the Group acquired its mines or properties, could lead to, among other things, the imposition of substantial fines, penalties, sanctions, the revocation of licenses or approvals, expropriation, forced reduction or suspension of operations, and other civil, regulatory, or criminal proceedings.

Operating Hazards and Other Uncertainties

The Group's business operations are subject to risks and hazards inherent in the mining industry. The ownership, operation, and development of a mine or mineral property involves significant risks and hazards which even the combination of experience, knowledge, and careful evaluation may not be able to overcome: (i) environmental and health hazards; (ii) discharge of pollutants or hazardous chemicals; (iii) industrial and equipment accidents, explosions and third party accidents; (iv) labour disputes, disruptions and shortages; (v) supply and shipping problems and delays; (vi) shortage of equipment and contractor availability; (vii) mechanical equipment, machinery, and facility performance problems; (viii) extreme temperature variations and air quality issues underground; (ix) unusual or unexpected geological or operating conditions; (x) ground falls and cave-ins; (xi) fire; (xii) changes in the regulatory environment; and (xiii) periodic interruptions due to natural phenomena such as inclement weather conditions, floods and earthquakes.

These risks could result in: (i) damage to, or destruction of, mineral properties or production facilities; (ii) personal injury or death; (iii) environmental damage and liabilities; (iv) delayed production; (v) labour disruptions; (vi) increased production costs; (vii) asset write downs; (viii) abandonment of assets; (ix) monetary losses; (x) civil, regulatory or criminal proceedings, including fines and penalties, relating to health, safety and the environment; (xi) community unrest, protests, and legal proceedings at local or international levels; (xii) loss of social acceptance for our activities; and (xiii) other liabilities, including as a result of pollution and other casualties, all of which could be very costly and could have a material adverse effect on the Group's consolidated financial position and results of operations.

OPERATIONAL AND OTHER BUSINESS RISKS AND UNCERTAINTIES – CONTINUED**Health, Safety and Community Relations**

Health and safety legislation affects nearly all aspects of our operations, including mine development, worker health and safety, waste disposal, emissions controls. Compliance with health and safety legislation can require significant expenditures and can restrict the manner in which mining and other operations can be conducted. These laws and regulations also grant the authorities broad powers to, among other things, close unsafe operations and order corrective action relating to health and safety matters. The costs associated with compliance with such health and safety laws and regulations may be substantial and any amendments to such laws and regulations, or more stringent implementation thereof, could cause additional expenditure or impose restrictions on, or suspensions of, the Group's operations. The Group has made, and expects to make in the future, significant expenditures to comply with the extensive laws and regulations governing the protection of the environment, waste disposal, worker safety, mine development and protection of endangered and other special status species, and, to the extent reasonably practicable, create social and economic benefit in the surrounding communities.

The success of the Group's business is, in many ways, dependent on maintaining positive and respectful relationships with communities in the areas where the Groups works. There is an increasing level of public concern relating to the perceived effects of mining activities, particularly on communities and peoples impacted by such activities. Further, certain NGOs, some of which oppose globalisation and resource development, are often vocal critics of the mining industry and its practices, including the use of hazardous substances in processing activities. Adverse publicity generated by such NGOs or others related to extractive industries generally, or the Group's operations specifically, could have an adverse effect on the Group's reputation and financial position and may impact its relationship with the communities in which it operates. The Group seeks to mitigate this risk by its commitment to operate in a socially responsible manner. However, there can be no guarantee that the Group's efforts in this respect will mitigate this potential risk.

NGOs may also lobby governments for changes to laws, regulations and policies pertaining to mining, which, if made, could have a material adverse effect on our business, financial condition, and results of operations. The manner with which the Groups responds to civil disturbances and other activities can give rise to additional risks where those responses are perceived to be inconsistent with international standards, including those with respect to human rights.

As a mining business, the Group may come under pressure in the jurisdictions in which it operates, or will operate in the future, to demonstrate that other stakeholders (including employees, communities surrounding operations and the countries in which they operate) benefit and the Group continue to benefit from the Group's commercial activities, and/or that the Group operates in a manner that will minimise any potential damage or disruption to the interests of those stakeholders. The Group currently maintains good relations with local communities in the areas in which it operates and has a demonstrable track record of promoting community and social relations activities for the benefit of local communities. However, the Group may face opposition with respect to its current and future development and exploration projects which could materially adversely affect the Group's business, results of operations and financial position.

Environmental Risks

All phases of the Group's operations are subject to environmental laws and regulation in the various jurisdictions in which we operate that impose requirements or restrictions on our activities, such as mine development, water management, use of hazardous substances, reclamation, and waste transportation, storage, and disposal. Compliance with environmental laws and regulations may require significant costs and may cause material changes or delays in our operations. There is no assurance that we will be always in full compliance with environmental legislation. Failure to comply with applicable environmental legislation could lead to adverse consequences, including expropriation, suspension or forced cessation of operations, revocation of or restrictions on permits, fines, and other penalties, civil or regulatory proceedings, and, in certain circumstances, criminal proceedings. Furthermore, any such failures could increase costs and extend timelines, requiring additional capital expenditures and remedial actions. These negative consequences could significantly impact our financial condition and operations.

Future environmental legislation could also require stricter standards and mandate increased enforcement, fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors, and employees.

Environmental hazards may exist on our properties which are currently unknown to the Group. The Group may be liable for losses associated with such hazards or may be forced to undertake extensive remedial cleanup action or to pay for governmental remedial cleanup actions, even in cases where such hazards have been caused by previous or existing owners or operators of the property, or by the past or present owners of adjacent properties, or by natural conditions. The costs of such cleanup actions may have a material adverse effect on our operations and profitability. The Group may be held responsible for the costs of addressing contamination at the site of current or former activities and could be held liable for exposure to hazardous substances. The costs associated with such responsibilities and liabilities may be significant.

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OPERATIONAL AND OTHER BUSINESS RISKS AND UNCERTAINTIES – CONTINUED

Environmental Risks – continued

There is no assurance that the Group will have or be able to obtain all necessary environmental approvals, licenses, permits or consents or be complying therewith or that notwithstanding its precautions, breaches of environmental laws (whether inadvertent or not) will not occur. The lack of or inability to obtain any such approvals, licences, permits, or consents or any breaches of environmental laws, may result in penalties including fines or other sanctions, breach of the conditions of a mining concession or other consent or permit with possible revocation of the concession, consent, or permit.

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

Non-Canadian Assets and Management

While the Company is incorporated under the laws of British Columbia and its registered office is in Vancouver, the Group has office in Skopje, Republic of North Macedonia. Furthermore, its officers and directors and substantially all the assets of the Company are located outside Canada. The Group's success depends significantly on the continued individual and collective contributions of its senior, regional, and local management teams. The loss of the services of members of these management teams or the inability to hire and retain experienced replacement management personnel could have a material adverse effect on the Group's business, results of operations and financial condition. The Group does not presently have "key person" life insurance for any of its officers.

It may not be possible for holders of securities to effect service of process within Canada upon such officers and directors who reside outside Canada. There may be difficulty in enforcing against the Company's assets and judgments obtained in Canadian courts predicated upon the provisions of applicable Canadian provincial securities legislation may not be recognised or enforceable in jurisdictions where the Company's officers or directors reside or where the Company's assets are located.

Competition

The Group faces strong competition from other mining companies in connection with the acquisition of properties producing, or capable of producing, precious or base metals. Most of these companies have greater financial resources, operational experience, and technical capabilities. In addition, there is a limited supply of desirable mineral lands available in areas where the Group would consider conducting exploration and/or production activities. Because the Group faces strong competition for new properties from other mining companies, some of which have greater financial resources than the Group does, the Group may be unable to acquire attractive new mining properties on terms that we consider acceptable. As a result, there can be no assurance that the Group will be able to compete successfully against other companies in acquiring new prospecting, development, or mining rights.

Insurance Coverage Could Be Insufficient

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

The Group may elect not to maintain insurance for certain risks due to the high premiums associated with insuring those risks and for various other reasons. In other cases, insurance against certain risks, including certain liabilities for environmental pollution, may not be available to us or to other companies within the industry. Insurance availability at any time is driven by several factors, and availability will be further pressured by the announced intentions of certain providers to restrict underwriting of certain industries, assets, or projects. In addition, our insurance coverage may not continue to be available at economically feasible premiums, or at all. Any such event could have a material adverse effect on the Group's business, operations, or financial position.

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OPERATIONAL AND OTHER BUSINESS RISKS AND UNCERTAINTIES – CONTINUED

Litigation Risks

All industries, including the mining industry, are subject to legal claims. The Group is not currently engaged in litigation but may be involved in disputes with other parties in the future which may result in litigation. The results of litigation cannot be predicted with certainty. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process and outcomes, the unfavourable resolution of any legal proceeding could have a material adverse effect on the Group's consolidated financial position and results of operations.

Securities class action litigation is also becoming more prevalent and is often brought against companies following periods of volatility in the market price of their securities. The Group may in the future be the target of securities litigation which could result in substantial defense costs and divert management's attention and resources.

Tax Matters

The Company's tax residency is affected by several factors, some of which are outside of its control, including the application and interpretation of the relevant tax laws and treaties. If ever the Company was assessed to be not tax resident in Canada, it may be liable to pay additional Canadian taxes, including, but not limited to, capital gains tax based on the difference between the fair market value and tax cost of its assets at the relevant time. If such taxes were to become payable, this could have a material adverse effect on the Group's business, results of operations and financial condition. Further, the income tax consequences to holders of common shares would be different from those applicable if the Company was a tax resident in Canada.

No Dividends

The Group has never paid dividends. It currently intends to retain future earnings, if any, to fund the development and growth of its business, and may not pay any cash dividends for the foreseeable future. Furthermore, the Group may in the future become subject to contractual restrictions on, or prohibitions against, the payment of dividends. As a result, investors will have to rely on capital appreciation, if any, to earn a return on their investment in common shares in the foreseeable future. The payment of future dividends, if any, will be reviewed periodically by the Board and will depend upon, among other things, conditions then existing including earnings, financial condition and capital requirements, restrictions in financing agreements, business opportunities and conditions and such other factors deemed by the Board to be relevant at the time.

Mineral Exploration

Mineral resource exploration is highly speculative, involves substantial expenditures, and is frequently unsuccessful. Few prospects that are explored are ultimately developed into producing mines. Development projects typically require several years and significant expenditures before production is possible. Especially in the current environment of high inflation, estimates of such expenditures or of future operating costs may differ materially from actual capital or operating costs. Such projects could experience unexpected problems or delays during development, production or mine-start-up. To the extent that the Group continues to be involved in exploration, the long-term success of its operations will be related to the cost and success of its exploration programmes. There can be no assurance that the Group's exploration efforts will be successful. The success of exploration is determined in part on the following factors: (i) the identification of potential mineralisation based on superficial analysis; (ii) availability of prospective land; (iii) availability of government-granted exploration and exploitation permits; (iv) the quality of management, geological and technical expertise; and (v) the capital available for exploration and development.

OPERATIONAL AND OTHER BUSINESS RISKS AND UNCERTAINTIES – CONTINUED**Mineral Exploration – continued**

Substantial expenditures are required to determine if a project is economically feasible. It could take several years to establish proven and probable mineral reserves and to develop and construct mining and processing facilities. Construction and development of these projects are subject to numerous risks, including, without limitation, risks relating to: (i) the Group's ability to obtain regulatory approvals or permits, on a timely basis or at all; (ii) the Group's ability to comply with any conditions imposed by regulatory approvals or permits, maintain such approvals and permits, or obtain any required amendments to existing regulatory approvals or permits; (iii) difficulties in procuring or a failure to procure required supplies and resources to construct and operate a mine; (iv) significant cost overruns due to, among other things, inflation, delays, changes to inputs or changes to engineering; (v) delays in construction, and technical and other problems, including adverse geotechnical conditions and other obstacles to construction; (vi) accuracy of reserve and resource estimates; (vii) accuracy of engineering and changes in scope; (viii) adverse regulatory developments, including the imposition of new regulations; (ix) community action or other disruptive activities by stakeholders; (x) adequacy and availability of a skilled workforce; (xi) difficulties in acquiring and maintaining land and mineral titles; (xii) availability, supply and cost of water and power; (xiii) weather or severe climate impacts; (xiv) litigation; (xv) the Group's dependence on third parties for services and utilities; (xvi) development of required infrastructure; (xvii) a failure to develop or manage a project in accordance with the Group's planning expectations or to properly manage the transition to an operating mine; (xviii) the ability of the Group's partners to finance their respective shares of project expenditures; (xix) the reliance on contractors and other third parties for management, engineering, construction and other services, and the risk that they may not perform as anticipated and that unanticipated disputes may arise between them and the Group; (xx) the Group's ability to finance its share of project costs or obtain financing for these projects on commercially reasonable terms, or at all; (xxi) changes in regulatory regimes in the jurisdictions in which the Group's projects are located; and (xxii) the effects of the COVID-19 pandemic or other potential pandemics, including regulatory measures intended to address the pandemic or operating restrictions imposed to protect workers, supply chain impacts and other factors.

As a result of these uncertainties, there can be no assurance that current and future exploration programmes will result in the discovery of mineral reserves and the development of mines.

Conflicts of Interest

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

Supply Chain Disruptions

Prolonged disruptions to the procurement of equipment, or the flow of materials, supplies and services to the Group could have an adverse impact on its operating costs, capital expenditures and construction and production schedules. These disruptions may be the result of macroeconomic matters outside our control or ability to mitigate, such as from natural disasters, transportation disruptions, economic instability, and global pandemics, among others. Supply chain impacts may also manifest as rising costs or shortages of certain commodities and labor. COVID 19 has had a significant impact on global supply chains resulting in increased costs of certain supplies. Russia's invasion of the Ukraine has also had significant impacts on the supply of certain goods and fuels.

Infrastructure

Mining, processing, development, and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power, and water supply are important determinants for capital and operating costs, and sufficient and functional equipment and facilities are critical to our operations. The lack of availability or the delay in the availability of any one or more of these items could prevent or delay the development of the Group's projects, result in the failure to achieve the anticipated production volume and increase the construction costs and ongoing operating costs associated with the Group's projects and operations. Similarly, continued improvements or replacement of existing infrastructure may require high capital investments and involve significant delays. In addition, unusual weather phenomena, sabotage, government, or other interference in the maintenance or provision of such infrastructure could adversely affect our operations and financial condition.

EUROMAX RESOURCES LTD.

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For the three months ended March 31, 2023

OPERATIONAL AND OTHER BUSINESS RISKS AND UNCERTAINTIES – CONTINUED

Infrastructure – continued

Due to the geographical location of many of our mining properties and operations, the Group is highly dependent on third parties for the provision of transportation services, including rail and port services. Contractual disputes; demurrage charges; rail and port capacity issues; availability of vessels and railcars; extreme weather events; or other factors can have a material adverse effect on our ability to transport materials according to schedules and contractual commitments.

Climate Change

Climate change may, among other things, cause or result in increases in extreme weather events, sea level increases, changes in precipitation, changes in freshwater levels, and resource shortages. Extreme weather events have the potential to disrupt operations at the Group's mines and to impact the Group's transportation infrastructure. The frequency and severity of extreme weather events across the Group's operations has been increasing, and these events will likely continue to impact the Group's operations and the Group's logistics and supply chains, which may require additional spending to mitigate weather-related impacts and potential constraints on production in the future. Any increase in the frequency or severity of extreme weather events could have a material impact on the cost of operations, which may result in a material adverse effect on our business and financial position.

As a result of public concern regarding climate change, natural resource companies face increasing public scrutiny of the Group's activities and the Group's impacts. Societal pressures in relation to climate change may adversely affect the Group's social licence to operate and may impair the Group's ability to obtain required permits, increase regulatory action or result in litigation against the Group, and negatively affect the Group's reputation and the Group's relationships with stakeholders. Concerns around climate change may also affect the market price of the Company's common shares, as institutional investors and others may divest interests in the mining industry due to societal pressures and may also affect the Group's ability to borrow money or obtain insurance for the Group's mining assets on reasonable terms.

Information Technology and Cybersecurity Risks

The Group relies on information technology systems and networks in the Group's operations. The Group's information technology systems are subject to disruption, damage, or failure from a variety of sources, including, without limitation, security breaches, cybersecurity attacks, computer viruses, malicious software, natural disasters or defects in software, human error or hardware systems. The Group's system and procedures for protecting against such attacks and mitigating such risks may prove to be insufficient in the future and such disruption, damage or failure could result in, among other things, operational delays, theft of information or funds, destruction or corruption of data, damage to reputation, environmental or physical damage to the Group's operations or surrounding areas, or legal or regulatory consequences, any of which could have a material adverse effect on the Group's financial condition, operations, and business. We could also be adversely affected in a similar manner by system or network disruptions if new or upgraded information technology systems are defective, not installed properly or not properly integrated into the Group's operations.

Additionally, as technologies evolve and cybersecurity attacks become more sophisticated, the Group may incur significant costs to upgrade or enhance our security measures to mitigate potential harm. The Group's security systems and procedures may be inadequate, and the Group may be impacted by a cyber event resulting in, among other things, production downtime, destruction or corruption of data, reputational damage, physical damage to the Group's operations, theft of information or funds, environmental impact, or legal and regulatory consequences.

Changes in Law or Policy in Relation to Taxes, Fees and Royalties

The Group is subject to taxes (including income taxes, mineral taxes and carbon taxes), various fees and royalties imposed by various levels of government across the jurisdictions in which the Group operates. The laws imposing these taxes, fees and royalties and the manner in which they are administered may in the future be changed or interpreted in a manner that materially and adversely affects the Group's business, financial position and results of operations.

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OPERATIONAL AND OTHER BUSINESS RISKS AND UNCERTAINTIES – CONTINUED

Reputational Risk

Damage to the Group's reputation may result in decreased investor confidence, challenges in maintaining positive community relations, and increased risks in obtaining permits or financing for the Group's development properties and expansions of the Group's existing operations. Damage to the Group's reputation can occur from the Group's actual or perceived actions or inactions and a variety of events and circumstances, many of which are out of the Group's control. The growing use of social media to generate, publish and discuss community news and issues and to connect with others has made it significantly easier for individuals and groups to share their opinions of the Group and the Group's activities, whether accurate or not. The Group does not directly control how the Group is perceived by others. Loss of reputation could result in, among other things, a decrease in the price of the Company's common shares, decreased investor confidence, challenges in maintaining positive relationships with the communities in which the Group operates and other important stakeholders, and increased risks in obtaining permits or financing for the Group's development properties or expansions to the Group's existing operations, any of which could have a material adverse effect on the Group's operations, development projects, business and financial position.

Inflation and Interest Rate Changes

Global economies are currently experiencing high levels of inflation. In response to inflation, governments have and may continue to raise interest rates. The Group's exposure to changes in interest rates results from borrowing activities undertaken to manage the Group's liquidity and capital requirements. There can be no assurance that interest rates will not continue to increase, perhaps materially, and if they do, they may have a material adverse effect on the Group's operations, business and financial position.

OFF-BALANCE SHEET ARRANGEMENTS

The Group has no off-balance sheet arrangements that are not disclosed with the Commitments section above.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining the Group's disclosure controls and procedures ("DC&P"), including adherence to the Group's Disclosure, Confidentiality, and Insider Trading Policy ("Disclosure Policy") previously adopted by the Group. The Disclosure Policy requires that all staff must keep the Group's Disclosure Officers namely, the Executive Chairman of the Board ("Executive Chairman"), the Executive Director and the Chief Financial Officer ("CFO") fully apprised of the Group's developments so that they are able to evaluate and discuss though event that may impact on the disclosure process. The Board must also be kept aware of all material developments and significant information disseminated to the public.

Management is also responsible for the design and effectiveness of internal controls over financial reporting ("ICFR"). The Group's ICFR framework includes the policies and procedures that (i) govern the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Group; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures of the Group are being made only in accordance with authorisation of the directors and officers of the Group; and (iii) provide reasonable assurance regarding the prevention or timely detection of unauthorised acquisition, use or disposition of the Group's assets that could have a material effect on the Group's consolidated interim financial statements.

The Executive Chairman and CFO evaluated the effectiveness of the Group's DC&P and ICFR as required by NI 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* and they concluded that as of March 31, 2023, the Group's design and operation of its DC&P and ICFR were effective in providing reasonable assurance that all material information disclosed in this MD&A and in the consolidated interim financial statements was made known to them on a timely basis and reported as required, as well as presented fairly in all material aspects.

Due to inherent limitations, ICFR and DC&P may not prevent or detect all fraud or misstatements. Further, the effectiveness of ICFR and DC&P may become inadequate due to changes in conditions, or that the degree of compliance with policies and procedures may change. The Group will continually monitor and review the effectiveness of the Group's ICFR and DC&P and may make changes from time to time as considered necessary or desirable.

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FORWARD-LOOKING STATEMENTS

This document contains statements that are forward-looking, such as those relating to the Group's strategic and financing plans; property search, exploration and development plans; potential expansion and upgrading of known mineralisation or resources; estimated levels of mineral resources and expenditures; completion of preliminary economic assessments; prefeasibility and feasibility studies; the timing and receipt of permits and other third-party approvals; and potential production on the Group's properties. Forward-looking statements are frequently characterised by words such as "plan", "expect", "project", "intend", "believe", "anticipate" and other similar words, or statements that certain events or conditions "may", "could", "would", "might" or "will" occur.

Forward-looking statements are based on the opinions and estimates of management at the dates the statements are made, including that the key assumptions and parameters on which resource estimates and drilling and geological interpretations are based are reasonable and that the Group will be able to obtain the necessary financing, supplies, equipment, personnel and permits to carry out its planned activities.

Forward-looking statements are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. Such risks include but are not limited to: risks related to international operations, including economic and political instability in foreign jurisdictions in which the Group operates; risks related to current global financial conditions; risks related to joint venture operations; actual results of current exploration activities; environmental risks; future prices of gold and copper; possible variations or uncertainties relating to the accuracy of mineral reserves, mineral resources, grade or recovery rates; uncertainties related to feasibility studies that provide estimates of expected or anticipated costs, expenditures and economic returns from a mining project; mine development and operating risks; uncertainties related to unexpected judicial or regulatory proceedings; changes in, and the effects of, the laws, regulations and government policies affecting our exploration and development activities and mining operations, particularly laws, regulations and policies; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; exchange rates, particularly with respect to the value of the US dollar, and the continued availability of capital and financing.

The forward-looking statements contained in this document are subject to change after this date. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. Euromax disclaims any intention or obligation to update or revise any forward-looking statements, whether because of new information, future events or otherwise, other than as required by law.

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.

OTHER MD&A REQUIREMENTS

As of May 12, 2023, the Group had outstanding 490,013,320 common shares, 122,226,678 share purchase warrants, 8,378,603 share options, with exercise prices ranging from \$0.03 to \$0.08 per share and 2,296,155 restricted share units. Additional information, that is not part of this MD&A, is available on SEDAR at www.sedar.com and at the Group's website www.euromaxresources.com.