



UNAUDITED CONDENSED CONSOLIDATED  
INTERIM FINANCIAL STATEMENTS

For the three and six months ended June 30, 2023 and 2022

Expressed in Canadian dollars

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**NOTICE OF NO AUDIT OR REVIEW OF INTERIM FINANCIAL STATEMENTS**

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

## Euromax Resources Ltd.

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

(Expressed in Canadian dollars)

	Note	Three months ended June		Six months ended June 30,	
		2023	2022	2023	2022
		\$000s	\$000s	\$000s	\$000s
<b>Operating expenses</b>					
Accounting, legal and professional		(149)	(158)	(380)	(386)
Depreciation	6	(12)	(11)	(23)	(23)
Office and general		(42)	(48)	(112)	(113)
Salaries, director and consultant fees		(219)	(224)	(444)	(479)
Share-based payments recovery		834	574	429	89
Social responsibility and other project related costs		(41)	(23)	(69)	(46)
Gain/(loss) on foreign exchange		254	(1,033)	703	(1,195)
<b>Operating profit/(loss)</b>		<b>625</b>	<b>(923)</b>	<b>104</b>	<b>(2,153)</b>
Finance expense	6	(816)	(750)	(1,602)	(1,514)
Fair value gain on financial liabilities	9 (b)	2	18	8	7
<b>Net finance loss</b>		<b>(814)</b>	<b>(732)</b>	<b>(1,594)</b>	<b>(1,507)</b>
<b>Loss for the period</b>		<b>(189)</b>	<b>(1,655)</b>	<b>(1,490)</b>	<b>(3,660)</b>
<b>Other comprehensive loss, net of tax:</b>					
<i>Items that are or may be reclassified subsequently to profit or loss</i>					
Translation adjustment on foreign subsidiaries		(365)	(593)	(18)	(1,393)
<b>Total other comprehensive loss, net of tax</b>		<b>(365)</b>	<b>(593)</b>	<b>(18)</b>	<b>(1,393)</b>
<b>Total comprehensive loss for the period</b>		<b>(554)</b>	<b>(2,248)</b>	<b>(1,508)</b>	<b>(5,053)</b>
<b>Loss per common share</b>					
Basic and diluted	5	(0.00)	(0.00)	(0.00)	(0.01)
<b>Weighted average number of common shares outstanding</b>					
Basic and diluted	5	490,013,320	353,421,200	471,511,137	353,350,067

See accompanying notes to the condensed consolidated interim financial statements.

# Euromax Resources Ltd.

## Condensed consolidated interim statements of financial position - unaudited

(Expressed in Canadian dollars)

	Note	As at	
		June 30, 2023 \$000s	December 31, 2022 \$000s
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents		2,103	24
Other receivables		105	67
Other current assets		155	92
<b>Total current assets</b>		<b>2,363</b>	<b>183</b>
<b>Non-current assets</b>			
Land and property, plant and equipment		176	198
Mineral right interests	7	37,544	37,483
<b>Total assets</b>		<b>40,083</b>	<b>37,864</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Trade and other payables		294	860
Gold purchase advance payments	10	14,916	15,236
Share-based payment liabilities	11 (c)	2,106	2,749
Loans and borrowings	9	26,036	27,810
Lease liability		52	52
<b>Total current liabilities</b>		<b>43,404</b>	<b>46,707</b>
<b>Non-current liabilities</b>			
Lease liability		68	89
<b>Total liabilities</b>		<b>43,472</b>	<b>46,796</b>
<b>EQUITY</b>			
Share capital	8	82,132	78,899
Equity reserve		18,312	15,828
Convertible loan reserve	9 (b)	1,334	1,245
Currency translation reserve		3,150	3,168
Accumulated losses		(108,317)	(108,072)
<b>Total deficit</b>		<b>(3,389)</b>	<b>(8,932)</b>
<b>Total liabilities and equity</b>		<b>40,083</b>	<b>37,864</b>
Nature of operations	1		
Subsequent events	13		

Approved on behalf of the Board of Directors

Signed "Tim Morgan-Wynne"

Tim Morgan-Wynne, Director

See accompanying notes to the condensed consolidated interim financial statements.

## Euromax Resources Ltd.

### Condensed consolidated interim statements of changes in equity - unaudited

(Expressed in Canadian dollars)

For the six months ended June 30, 2023 and 2022

	Note	Share capital Number of shares	Amount \$000s	Equity reserve \$000s	Convertible loan reserve \$000s	Currency translation reserve \$000s	Accumulated losses \$000s	Total equity \$000s
<b>Balance on January 1, 2022</b>		352,906,200	78,796	15,962	1,162	3,402	(101,365)	(2,043)
<b>Total comprehensive loss for the period</b>								
Loss for the period			-	-	-	-	(3,660)	(3,660)
Other comprehensive loss for the period			-	-	-	(1,393)	-	(1,393)
<b>Total comprehensive loss for the period</b>			-	-	-	(1,393)	(3,660)	(5,053)
<b>Transactions with owners of the Company</b>								
Exercised equity-settled share-based payments	8	515,000	103	(103)	-	-	-	-
Equity-settled share-based payments			-	24	-	-	-	24
Derecognition of the equity component of convertible loan	9 (b)		-	-	(1,162)	-	1,162	-
Equity component of convertible loan	9 (b)		-	-	1,245	-	-	1,245
<b>Total transactions with owners of the Company</b>			103	(79)	83	-	1,162	1,269
<b>Balance on June 30, 2022</b>		353,421,200	78,899	15,883	1,245	2,009	(103,863)	(5,827)
<b>Balance on January 1, 2023</b>		353,421,200	78,899	15,828	1,245	3,168	(108,072)	(8,932)
<b>Total comprehensive loss for the period</b>								
Loss for the period			-	-	-	-	(1,490)	(1,490)
Other comprehensive loss for the period			-	-	-	(18)	-	(18)
<b>Total comprehensive loss for the period</b>			-	-	-	(18)	(1,490)	(1,508)
<b>Transactions with owners of the Company</b>								
Common shares issued, net of issue costs	8	101,250,000	1,595	2,270	-	-	-	3,865
Conversion of the convertible notes	8	35,342,120	1,638	-	-	-	-	1,638
Equity-settled share-based payments			-	214	-	-	-	214
Derecognition of the equity component of convertible loan	9 (b)		-	-	(1,245)	-	1,245	-
Equity component of convertible loan	9 (b)		-	-	1,334	-	-	1,334
<b>Total transactions with owners of the Company</b>			3,233	2,484	89	-	1,245	7,051
<b>Balance on June 30, 2023</b>		490,013,320	82,132	18,312	1,334	3,150	(108,317)	(3,389)

See accompanying notes to the condensed consolidated interim financial statements.

## Euromax Resources Ltd.

### Condensed consolidated interim statements of cash flows - unaudited

(Expressed in Canadian dollars)

	Note	Six months ended June 30,	
		2023	2022
		\$000s	\$000s
<b>OPERATING ACTIVITIES</b>			
Loss before tax		(1,490)	(3,660)
Add back:			
Depreciation	6	23	23
Finance expense	6	1,602	1,514
Share-based payments recovery		(429)	(89)
Unrealised foreign exchange (gain)/loss		(773)	1,181
Expensed transaction costs associated with convertible loans	9 (b)	67	64
Expensed transaction costs associated with promissory note	9 (b)	-	36
Fair value gain on financial liabilities	9 (b)	(8)	(7)
Changes in non-cash working capital items:			
(Increase)/decrease in other receivables and other current assets		(158)	24
(Decrease)/increase in trade and other payables		(521)	121
<b>Cash used in operating activities</b>		<b>(1,687)</b>	<b>(793)</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds from shares issued	8	4,015	-
Proceeds from convertible notes	9 (a)	-	637
Share issue costs	8	(113)	-
Transaction costs associated with convertible loans	9 (b)	(134)	(128)
Transaction costs associated with convertible notes	9 (b)	(19)	-
Payment of lease liabilities		(26)	(25)
Interest paid		(3)	(3)
<b>Cash provided in financing activities</b>		<b>3,720</b>	<b>481</b>
Effect of exchange rate changes on cash		46	18
Net change in cash and cash equivalents		2,033	(312)
Cash and cash equivalents, beginning of the period		24	338
<b>Cash and cash equivalents, end of the period</b>		<b>2,103</b>	<b>44</b>

See accompanying notes to the condensed consolidated interim financial statements.

# Euromax Resources Ltd.

## Notes to the condensed consolidated interim financial statements - unaudited

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

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### 1. Nature of operations

Euromax Resources Ltd. (“Euromax” or the “Company”) was incorporated under the Business Corporation Act (“British Columbia”) and established as a legal entity on May 1, 1990. The registered address of the Company is located at 700 West Georgia St, Suite 2200, Vancouver, British Columbia, Canada V7Y 1K8.

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

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

These condensed consolidated interim financial statements were authorised for issue by the Company’s board of directors on August 8, 2023.

### 2. Basis of preparation and statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”) 34 *Interim Financial Reporting*. These condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2022, which were prepared in accordance with IFRS as issued by the IASB.

The Group has applied the same accounting policies and methods of computation in these condensed consolidated interim financial statements as it did in the audited consolidated financial statements for the year ended December 31, 2022.

### 3. Going concern

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

At June 30, 2023, the Group had net liabilities of \$3.4 million (December 31, 2022: \$8.9 million) and a net working capital deficiency of \$41 million (December 31, 2022: \$46.5 million), including cash of \$2.1 million (December 31, 2022: \$0.024 million). The Group’s \$41 million working capital deficiency at June 30, 2023 largely results from:

- Convertible loans of \$26 million (at December 31, 2022: \$26.2 million) with European Bank for Reconstruction and Development (“EBRD”) (the “EBRD convertible loan”) and with CC Ilovitza (“CCI” a member of the CCC Group) (the “CCI convertible loan”), both mature on February 28, 2024 and therefore classified as current liabilities (see Note 9); and
- Gold purchase advance payments of \$14.9 million (December 31, 2022: \$15.2 million) received from Royal Gold, AG (“Royal Gold”) (see Note 10) which are repayable within 60 days of receiving a termination notice to the Gold Purchase and Sale Agreement.

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

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

# Euromax Resources Ltd.

## Notes to the condensed consolidated interim financial statements - unaudited

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

### 3. Going concern (continued)

The Company's board of directors has reviewed the Group's forecasts for the period ended December 31, 2024, in which are included all committed costs for maintaining the Ilovica-Shtuka copper project (the "Ilovica-Shtuka Project") in the Republic of North Macedonia ("Macedonia" or the "Country"), and are prepared based on the following major assumptions:

- the convertible loans which have potential contractual cash outflows at February 28, 2024 of \$28.2 million will either be converted into the Company's common shares or further extended to mature beyond the forecast period; and
- neither termination nor repayment notices will be received from Royal Gold for the period ended December 31, 2024.

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

- cover the committed costs for maintaining the Ilovica-Shtuka Project from April 2024 and going forward, including covering the local legal costs for the ongoing and potential administrative processes until the final approval of the request for the merger of the Group's two exploitation concessions (the "Merger");
- repay the gold purchase advance payments, if termination or repayment notice is received from Royal Gold;
- repay both convertible loans, if neither are further extended in 2024 or converted into the Company's common shares; and
- ultimately construct and bring the Ilovica-Shtuka Project into commercial production.

The directors note that the level of funding required is dependent on both the outcome and duration of the administrative process for getting approval of the Merger.

Given the above factors, the Group will need to raise additional funds from April 2024 either through equity (supported by existing shareholders or new shareholders) or by further debt.

These events are outside of the Group's control, and as such, a material uncertainty exists which may cast significant doubt about the Group's continued ability to operate as a going concern and its ability to realise its assets and discharge its liabilities in the normal course of business.

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

### 4. Critical accounting judgements and key sources of estimation uncertainty

The preparation of these condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these judgements and estimates. In preparing these condensed consolidated interim financial statements, the significant judgements and estimates made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements for the year ended December 31, 2022.

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

### 5. Loss per share

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Net loss for the period after tax	(189)	(1,655)	\$000s (1,490)	\$000s (3,660)
Basic weighted average number of common shares	490,013,320	353,421,200	471,511,137	353,350,067
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.01)



# Euromax Resources Ltd.

## Notes to the condensed consolidated interim financial statements - unaudited (Expressed in Canadian dollars, except number of common shares and per share amounts)

### 5. Loss per share (continued)

For the three and six months ended June 30, 2023 and 2022, because there would be further reduction in loss per share resulting from the assumption that share options, share purchase warrants and convertible loans are exercised or converted, all these instruments are considered as anti-dilutive and are ignored in the computation of loss per share. As there were no other instruments that may have a potential dilutive impact, the basic and diluted loss per share were the same for the three and six months ended June 30, 2023 and 2022.

### 6. Operating segments

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

The Group's reportable segments are as follows:

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

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

Six months ended In thousands \$	Macedonia		Corporate		Total	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Finance expense	(1)	(1)	(1,601)	(1,513)	(1,602)	(1,514)
Depreciation	(23)	(23)	-	-	(23)	(23)
Profit/(loss) for the period	53	(1,594)	(1,543)	(2,066)	(1,490)	(3,660)

As at In thousands \$	Macedonia		Corporate		Total	
	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022
Assets	38,012	37,764	2,071	100	40,083	37,864
Liabilities	275	328	43,197	46,468	43,472	46,796

### 7. Mineral right interests

#### Macedonia

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

The Ilovica-Shtuka Project consists of two adjacent properties, exploitation concessions Ilovica 6 and Ilovica 11. Under the rules and regulations of the Minerals Law in Macedonia, the exploitation concession for Ilovica 6 was granted on July 24, 2012, while the exploitation concession for Ilovica 11 granted on January 13, 2016. Both exploitation concessions have an initial term of 30 years and subject to a state royalty of 2% of the market value of metals contained in concentrate.

On January 6, 2016 the Group announced the Feasibility Study (the "FS") for the Ilovica-Shtuka Project, prepared in compliance with National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101"), while during 2017 the Environmental and Social Impact Assessment Study (the "ESIA") was completed under international standards, which could facilitate the financing of the Ilovica-Shtuka Project's construction as well as meets the requirements of various project stakeholders.

# Euromax Resources Ltd.

## Notes to the condensed consolidated interim financial statements - unaudited (Expressed in Canadian dollars, except number of common shares and per share amounts)

### 7. Mineral right interests (continued)

#### *Macedonia (continued)*

During 2017 and 2018, the Ministry of Economy (the “MoE”) positively responded on the request for the merger of both exploitation concessions Ilovica 6 and Ilovica 11 (the “Merger”), submitted in January 2016. Following the positive decisions of the administrative courts that annulled the termination of the exploitation concession on Ilovica 6 on the basis that the Merger represents an administrative preliminary matter, the final approval for the Merger was granted on June 27, 2023, by the Government of the Republic of North Macedonia, as announced on July 4, 2023 in the Official Gazette. However, on July 25, 2023, subsequent to the period end, the Government reversed this decision and annulled the Merger approval, as announced on July 26, 2023 in the Official Gazette. The Group will resubmit its application for the Merger at the appropriate time and will also submit an appeal against this subsequent Government decision which was made without any legal basis. Until this is resolved, the Group remains in the process of waiting for the Merger approval by the Government.

During 2017, a Strategic Environmental Impact Assessment was approved by the MoEPP (required for urbanisation process of the mine footprint), and a commission within the MoEPP issued a Compliance Report for the Environmental Impact Assessment Study (the “EIA”) and recommended a formal approval to be granted by the MoEPP. However, the final approval of the EIA has not been granted at the date of these consolidated financial statements.

The option for recovering the investment and potential damages from the Ilovica-Shtuka Project by initiating an international arbitration under the arbitration rules of the International Centre of the Settlement of Investment Disputes (“ICSID”) in Washington D.C., USA will remain as available alternative for the Group in case of valuation of the bilateral agreement between Republic of North Macedonia and the Swiss Federal Council for protection of investments.

Based on independent legal advice and the latest positive developments for the Ilovica-Shtuka Project, at June 30, 2023 the Group is of the view that there is no need for impairment of the carrying amount of the mineral right interest for the Ilovica-Shtuka Project as presented below.

A summary of changes to the Group’s mineral right interests in the six months ended June 30, 2023 and 2022 is set out below.

<b>Macedonia</b>	
<i>Ilovica-Shtuka Project</i>	
	\$000s
<b>Balance, January 1, 2022</b>	37,499
<b>Other items:</b>	
Exchange differences	(2,369)
<b>Balance, June 30, 2022</b>	35,130
<b>Balance, January 1, 2023</b>	37,483
<b>Other items:</b>	
Exchange differences	61
<b>Balance, June 30, 2023</b>	37,544

### 8. Share capital and reserves

At June 30, 2023 Euromax’s authorised share capital consisted of an unlimited number of common shares without par value. All issued common shares are fully paid.

	2023		2022	
	Number of shares	Amount	Number of shares	Amount
		\$000s		\$000s
<b>Balance on January 1</b>	353,421,200	78,899	352,906,200	78,796
Common shares issued, net of issue costs	101,250,000	1,595	-	-
Conversion of the convertible notes	35,342,120	1,638	-	-
Exercised equity-settled share-based payments	-	-	515,000	103
<b>Balance on June 30</b>	490,013,320	82,132	353,421,200	78,899

# Euromax Resources Ltd.

## Notes to the condensed consolidated interim financial statements - unaudited (Expressed in Canadian dollars, except number of common shares and per share amounts)

### 8. Share capital and reserves (continued)

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

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

The Company incurred share issue costs of \$0.150 million for filing and legal fees, of which \$0.037 million were paid at December 31, 2022, while \$0.113 million were paid during the six months ended June 30, 2023. These share issue costs of \$0.150 million were allocated on a proportional basis, whereby \$0.062 million were allocated to share capital while \$0.088 million to share purchase warrants via the equity reserve.

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

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

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

At June 30, 2023, the Company had 8,378,603 share options outstanding (June 30, 2022: 8,728,603) with exercise prices ranging from \$0.03 to \$0.08 per share and a weighted average exercise price of \$0.05.

During the six months ended June 30, 2023, the Group granted 6,250,000 RSUs for its consultant, whereby 3,125,000 RSUs vest on approval of the Merger and EIA and 3,125,000 RSUs on approval of the Exploitation Permit on the new merged concession. While in the six months ended June 30, 2022, 320,000 RSUs were granted to a senior officer of the Group.

The Company had 122,226,678 share purchase warrants (June 30, 2022: 20,976,678) with weighted average exercise price of \$0.10 per common share and 8,546,155 RSUs (June 30, 2022: 2,296,155) outstanding at June 30, 2023.

### 9. Loans and borrowings

	June 30, 2023	December 31, 2022
	\$000s	\$000s
EBRD convertible loan	15,025	14,841
CCI convertible loan	11,011	11,331
Convertible notes	-	1,638
	26,036	27,810

#### (a) Terms and conditions

The terms and conditions of outstanding loans are as follows:

	Currency	Nominal interest rate	Year of maturity	June 30, 2023		December 31, 2022	
				Face value	Carrying amount	Face value	Carrying amount
EBRD convertible loan	US\$	7.00%	2024	\$000s 6,629	\$000s 15,025	\$000s 6,772	\$000s 14,841
CCI convertible loan	\$	7.00%	2024	5,200	11,011	5,200	11,331
Convertible notes	US\$	interest fee	2023	-	-	1,693	1,638
				11,829	26,036	13,665	27,810

# Euromax Resources Ltd.

## Notes to the condensed consolidated interim financial statements - unaudited (Expressed in Canadian dollars, except number of common shares and per share amounts)

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### 9. Loans and borrowings (continued)

#### (a) Terms and conditions (continued)

##### **EBRD convertible loan**

On May 24, 2016 the Company closed the EBRD convertible loan with EBRD and received proceeds of US\$5 million (\$6.629 million) (the "Principal Amount"), amended in April 2018, March 2019, February 2021, February 2022 (the "2022 Amendments of the EBRD convertible loan") and February 2023 (the "2023 Amendments of the EBRD convertible loan").

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

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

- the Principal Amount,
- an amount of US\$1.420 million (\$1.883 million) (the "Redemption Amount"),
- a finance delay fee of US\$0.150 million (\$0.199 million) (the "Fee"),
- finance delay interest (the "Interest") accrued from January 1, 2017 until April 30, 2018 on the Principal Amount at the rate of 3 months LIBOR plus 7% per annum, compounded quarterly, and
- finance interest (the "Interest on Extension") accrued from May 1, 2018 to its maturity on collectively the Principle Amount, the Redemption Amount, the Fee and the Interest at April 30, 2018 at a rate of 20% per annum applied from May 1, 2018 to March 31, 2019 and 7% per annum from April 1, 2019 to its maturity, compounded annually.

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

##### **CCI convertible loan**

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

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

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

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

##### **Convertible notes**

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

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

# Euromax Resources Ltd.

## Notes to the condensed consolidated interim financial statements - unaudited (Expressed in Canadian dollars, except number of common shares and per share amounts)

### 9. Loans and borrowings (continued)

#### (a) Terms and conditions (continued)

##### Convertible notes (continued)

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

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

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

##### EBRD convertible loan

EBRD convertible loan	2023	2022
	\$000s	\$000s
Carrying amount at January 1	14,841	13,087
Adjustments recorded during the period:		
Accrued interest	512	452
Fair value adjustment	(8)	(7)
Foreign exchange movements	(320)	104
Carrying amount at June 30	15,025	13,636

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

During the six months ended June 30, 2023 transaction costs of \$0.067 million were incurred for the 2023 Amendments of the EBRD convertible loan (2022: \$0.064 million incurred for the 2022 Amendments of the EBRD convertible loan).

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

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

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

The fair value of the EBRD convertible loan at June 30, 2023 was assessed at \$15.025 million (US\$11.332 million) (June 30, 2022: \$13.626 million or US\$10.591 million), representing a decrease of the liability as disclosed at March 31, 2023 that resulted in fair value gain of \$0.002 million recognised for the three months ended June 30, 2023 (2022: \$0.018 million) and a decrease of the liability as disclosed at December 31, 2022 that resulted in fair value gain of \$0.008 million recognised for the six months ended June 30, 2023 (2022: \$0.007 million).

# Euromax Resources Ltd.

Notes to the condensed consolidated interim financial statements - unaudited  
(Expressed in Canadian dollars, except number of common shares and per share amounts)

## 9. Loans and borrowings (continued)

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

#### CCI convertible loan

CCI convertible loan	2023	2022
	\$000s	\$000s
Carrying amount at January 1	11,331	10,535
Adjustments recorded during the period:		
Adjustments due to the significant modification *		
Derecognition of the financial liability	(11,668)	(10,894)
Recognition of the financial liability	10,326	9,642
Transaction costs	(59)	(57)
Accrued interest	1,081	1,055
Carrying amount at June 30	11,011	10,281

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

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

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

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

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

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

#### Convertible notes

The Convertible notes are designated as FVTPL, whereby all attributable transaction costs, together with any accrued interest, foreign exchange movements and fair value adjustments are recognised in profit or loss.

During the year ended December 31, 2022 transaction costs of \$0.081 million were incurred for issuing of both convertible notes, out of which \$0.062 million were paid in 2022, \$0.036 million paid in the six months ended June 30, 2022, while remaining \$0.019 million paid in the six months ended June 30, 2023.

Following closing of the 2023 Private Placement (see Note 8), on January 26, 2023 both convertible notes of \$1.638 million or US\$1.25 million were converted into 35,342,120 common shares, and accordingly due to the close proximity of December 31, 2022 to their conversion, the fair value of both convertible notes at December 31, 2022 was their value of conversion, i.e. \$1.638 million, and no additional fair value adjustment on these convertible notes was recognised for the six months ended June 30, 2023.

# Euromax Resources Ltd.

## Notes to the condensed consolidated interim financial statements - unaudited (Expressed in Canadian dollars, except number of common shares and per share amounts)

### 10. Gold purchase advance payments

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

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

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

Under the provisions of GPSA, in case of its termination, advance payments need to be repaid in full within 60 days of received termination notice. As at the date of these condensed consolidated interim financial statements, no termination or repayment notice has been received from Royal Gold, nor does the Group expect to receive such notice until funds for repayment of that advance payment are secured by the Group.

The following is a summary of the changes in the GPSA advance payments as at June 30, 2023 and 2022:

	2023	2022
	\$000s	\$000s
Balance on January 1	15,236	14,376
Adjustments recorded during the year:		
Foreign exchange movements:		
Unrealised foreign exchange (gain)/loss	(303)	1,086
Currency translation reserve movements *	(17)	(977)
Balance on June 30	14,916	14,485

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

### 11. Related party transactions

At June 30, 2023, 46% of all issued common shares were owned by Galena Resource Equities Limited (“Galena”), an entity that is controlled by Galena Asset Management S.A., which is an affiliate of Trafigura Group Pte Ltd. (“Trafigura”). Galena has executed its right to appoint four out of eight members of the board of directors, and therefore Trafigura as ultimate controlling entity of Galena represents a controlling entity of the Company.

During the year ended December 31, 2022, the Group received US\$1.25 million (\$1.627 million) under two non-interest bearing, unsecured, convertible notes issued to Galena (see Note 9), that were converted into 35,342,120 common shares on January 26, 2023 (see Note 8).

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

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

#### Transactions with key management personnel

##### (a) Key management personnel transactions

The Group has the following related party:

- ARQX Capital DWC Ltd – private company owned by one of the Group’s directors, as additional support for the Group’s Macedonian affairs, particularly engaged in the permitting process and for the development of the Ilovica-Shtuka Project.

# Euromax Resources Ltd.

## Notes to the condensed consolidated interim financial statements - unaudited (Expressed in Canadian dollars, except number of common shares and per share amounts)

### 11. Related party transactions (continued)

#### Transactions with key management personnel (continued)

##### (a) Key management personnel transactions (continued)

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

	Six months ended June 30,	
	2023	2022
	\$000s	\$000s
Fees for Macedonian affairs and for support of the permitting process of the Illova-Shtuka Project	104	100
	104	100

At June 30, 2023, the Group owed ARQX Capital DWC Ltd \$0.017 million (December 31, 2022: \$0.035 million) for the services provided in June 2023.

##### (b) Key management personnel compensation

The remuneration of directors and other members of key management personnel during the six months ended June 30, 2023 and 2022 was as follows:

	Note	Six months ended June 30,	
		2023	2022
		\$000s	\$000s
Short-term employee benefits		165	165
Share-based payments recovery	(i)	(639)	(113)
		(474)	52

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

##### (c) Deferred Phantom Unit Plan ("DPU Plan")

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

All DPUs granted to directors vest immediately.

However, those DPUs granted to executive officers, that contain a vesting condition relating to the Company's common share price performance compared to the Market Vectors Junior Gold Mines ETF ("GDXJ"), have a market performance vesting condition, so at grant date it is estimated that the Company's common share price performance should be at least consistent with the GDXJ's price performance. No additional DPUs were granted for the six months ended June 30, 2023 and 2022 under this set benchmark.

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

The total DPUs in issue at June 30, 2023 was 32,399,545 (June 30, 2022: 27,642,396). Share-based payment liabilities of \$2.106 million (December 31, 2022: \$2.749 million) are recognised as current at June 30, 2023. The DPU recovery for the three months ended June 30, 2023 was \$1.045 million (2022: \$0.574 million) and DPU recovery of \$0.643 million (2022: \$0.113 million) recognised for the six months ended June 30, 2023.

### 12. Contingencies and commitments

Apart of above presented contractual obligations, in other notes of these condensed consolidated interim financial statements, the Group had no further contingencies or commitments as at June 30, 2023.



# Euromax Resources Ltd.

Notes to the condensed consolidated interim financial statements - unaudited  
(Expressed in Canadian dollars, except number of common shares and per share amounts)

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## 13. Subsequent events

Subsequent to June 30, 2023 following reportable events have occurred:

- On July 25, 2023, as announced on July 26, 2023 in the Official Gazette, the Government reversed the approval of the Merger which was granted on June 27, 2023 and announced on July 4, 2023 in the Official Gazette.