CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2023 and 2022

Expressed in Canadian dollars

Euromax Resources Ltd.

December 31, 2023 and 2022

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Independent Auditor's Report

Opinion

We have audited the consolidated financial statements of Euromax Resources Ltd and its subsidiaries ("the Group"), which comprise the consolidated statements of financial position as at December 31, 2023, and 2022, and the consolidated statements of profit or loss and other comprehensive income or loss, the consolidated statements of changes in equity and the consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023, and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Relating to Going Concern

We draw attention to Note 3(a) in the consolidated financial statements which indicates that the Group may need to raise additional funds from August 2024 either through equity (supported by existing shareholders or new shareholders) or by further debt which is not guaranteed. As stated in Note 3(a) these events or conditions, along with other matters as set forth in Note 3(a), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

We have highlighted going concern to be a key audit matter having considered:

- the ability of the Group to raise additional funds from August 2024 when current levels of cash are forecast to run out; the uncertainty over the level of cash required to fund the ongoing legal case disclosed in Note 7 in the consolidated financial statements; and the funds required to ultimately construct and bring the Ilovica-Shtuka Project into commercial production;
- the potential advance payments repayable to Royal Gold Inc. which could be recalled by the lender and required to be repaid within 60 days; and
- the European Bank for Reconstruction and Development (EBRD) and CC Ilovitza (CCI) convertible loans which after being extended, mature on February 28, 2025.

We performed the following audit procedures in response to this key audit matter.

- We obtained management's cash flow forecast for the period to December 31, 2025, and through recalculation, we tested the integrity of the model.
- We validated the cash position after the closure of the private placement by agreeing it to bank statement.
- We challenged the key operating assumptions in the cash flow forecast based on 2023 and 2022 year to date actual results.
- We considered management's ability to raise additional funds from their shareholders before August 2024, when cash is forecast to run out. This included consideration of the Group's recent track record of raising funds through private placements, including during the year ended December 31, 2023.
- We reviewed the agreement allowing the Group to extend the maturity of its convertible loans to February 28, 2025, and made inquiries of the Management over whether a termination or repayment notice had been received from Royal Gold Inc.
- We reviewed the adequacy and completeness of disclosures in the consolidated financial statements in respect of going concern based on the managements going concern assessment.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Relating to Going Concern section, we have determined the matter described below to be the key audit matter to be communicated in our report.

<table>
<tr><th colspan="2">Key audit matter</th><th>How the scope of our audit addressed the key audit matter</th></tr>
<tr><td>Carrying value of the mineral right interests

Refer to the accounting policy note 3(i), note 3(o)(iii), note 4(b)(i) and note 7.</td><td>The mineral right interests is the most significant asset on the consolidated statement of financial position and relates to the exploration license acquisition costs and subsequently capitalized exploration expenditure incurred on the Group's Project, Ilovica-Shtuka. As at 31 December 2023, the Group's capitalized mineral right interests amounted to CAD 38.1 million.

Under the requirements of the applicable accounting standards, there is an impairment trigger if the right to explore in the specific area has expired during the financial year or will expire in the near future and is not expected to be renewed.

The Group continues to face a legal matter in the Macedonian court for the merger of both Ilovica 6 and and Ilovica 11 licenses, which remains outstanding. While the Group holds legal title to the exploration permits, there still remains an uncertainty towards the outcome of the legal case regarding the merger of the licences.

The significant uncertainty over the future outcome of the legal case is an indicator for impairment of the carrying value of the mineral right interests.

We therefore considered the carrying value of the mineral right interests to be a key audit matter.</td><td>Due to the legal uncertainty and ambiguity as a result of the ongoing court case, we have undertaken the following procedures:

• We assessed the competency, independence and objectivity of the third-party legal advisor engaged by management to assist them with their legal proceedings;

• We obtained and reviewed a formal legal opinion from management's third-party legal advisor in Macedonia over whether the Group currently has the right to explore the Illovica 6 licence, and whether the Group has the right to merge both the Ilovica 6 and and Ilovica 11 licenses; and

• We have reviewed recent correspondence with the Macedonia Higher Administrative Court dated 24 November 2023 with respect to the Group's appeal.

Should the Group be successful in their legal case, we challenged management over other potential indictors of impairment under the relevant accounting standards.</td></tr>
</table>

Other Information
Management is responsible for the other information. The other information comprises the information included in the Management's Discussion & Analyis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Management's Discussion & Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

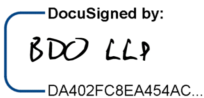
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Peter Acloque.



Signed BDO LLP

Chartered Professional Accountants
London, United Kingdom
3 May 2024

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Euromax Resources Ltd.

Consolidated statements of profit or loss and other comprehensive income or loss

(Expressed in Canadian dollars)

	Note	Years ended December 31, 2023	2022
		$000s	$000s
Operating expenses			
Accounting, legal and professional		**(951)**	(886)
Depreciation	**8**	**(45)**	(45)
Office and general		**(218)**	(202)
Salaries, director and consultant fees		**(905)**	(931)
Share-based payments recovery/(expense)	**10 (d)**	**1,247**	(1,140)
Social responsibility and other project related costs		**(549)**	(92)
Gain/(Loss) on foreign exchange		**988**	(1,577)
Operating loss		**(433)**	(4,873)
Finance expense	**6**	**(3,255)**	(3,051)
Fair value gain on financial liabilities	**11 (b)**	**8**	-
Net finance loss		**(3,247)**	(3,051)
Other items			
Other income		**116**	-
Loss before tax		**(3,564)**	(7,924)
Income tax expense	**15 (a)**	**-**	-
Loss for the year		**(3,564)**	(7,924)
Other comprehensive gain/(loss), net of tax:			
Items that are or may be reclassified subsequently to profit or loss			
Translation adjustment on foreign subsidiaries		**217**	(234)
Total other comprehensive gain/(loss), net of tax		**217**	(234)
Total comprehensive loss for the year		**(3,347)**	(8,158)
Loss per common share			
Basic and diluted (in $)	**5**	**(0.01)**	(0.02)
Weighted average number of common shares outstanding			
Basic and diluted	**5**	**480,838,265**	353,385,926

See accompanying notes to the consolidated financial statements.

Euromax Resources Ltd.

Consolidated statements of financial position

(Expressed in Canadian dollars)

	Note	As at December 31, 2023 $000s	December 31, 2022 $000s
ASSETS			
Current assets			
Cash and cash equivalents		**617**	24
Other receivables		**59**	67
Other current assets		**35**	92
Total current assets		**711**	183
Non-current assets			
Land and property, plant and equipment	**8**	**203**	198
Mineral right interests	**7**	**38,102**	37,483
Total assets		**39,016**	37,864
LIABILITIES			
Current liabilities			
Trade and other payables		**272**	860
Gold purchase advance payments	**12**	**14,903**	15,236
Share-based payment liabilities	**10 (d)**	**1,290**	2,749
Loans and borrowings	**11**	**27,667**	27,810
Lease liability		**53**	52
Total current liabilities		**44,185**	46,707
Non-current liabilities			
Lease liability		**90**	89
Total liabilities		**44,275**	46,796
EQUITY			
Share capital	**9 (a)**	**82,119**	78,899
Equity reserve		**18,294**	15,828
Convertible loan reserve	**11 (b)**	**1,334**	1,245
Currency translation reserve		**3,385**	3,168
Accumulated losses		**(110,391)**	(108,072)
Total deficit		**(5,259)**	(8,932)
Total liabilities and equity		**39,016**	37,864
Nature of operations	**1**		
Subsequent events	**18**		

Approved on behalf of the Board of Directors

Signed "Tim Morgan-Wynne"

Tim Morgan-Wynne, Director

See accompanying notes to the consolidated financial statements.

Euromax Resources Ltd.

Consolidated statements of changes in equity

(Expressed in Canadian dollars)

For the years ended December 31, 2023 and 2022

	Note	Share capital Number of shares	Amount $000s	Equity reserve $000s	Convertible loan reserve $000s	Currency translation reserve $000s	Accumulated losses $000s	Total equity $000s
Balance on January 1, 2022		*352,906,200*	*78,796*	*15,962*	*1,162*	*3,402*	*(101,365)*	*(2,043)*
Total comprehensive loss for the year								
Loss for the year			-	-	-	-	(7,924)	(7,924)
Other comprehensive loss for the year			-	-	-	(234)	-	(234)
Total comprehensive loss for the year			-	-	-	*(234)*	*(7,924)*	*(8,158)*
Transactions with owners of the Company								
Exercised equity-settled share-based payments	**9 (a)**	515,000	103	(103)	-	-	-	-
Equity-settled share-based payments	**10 (d)**		-	24	-	-	-	24
Transfer of expired share options	**9 (c)**		-	(55)	-	-	55	-
Derecognition of the equity component of convertible loan	**11 (b)**		-	-	(1,162)	-	1,162	-
Equity component of convertible loan	**11 (b)**		-	-	1,245	-	-	1,245
Total transactions with owners of the Company		*515,000*	*103*	*(134)*	*83*	-	*1,217*	*1,269*
Balance on December 31, 2022		353,421,200	78,899	15,828	1,245	3,168	(108,072)	(8,932)
Balance on January 1, 2023		***353,421,200***	***78,899***	***15,828***	***1,245***	***3,168***	***(108,072)***	***(8,932)***
Total comprehensive loss for the year								
Loss for the year			**-**	**-**	**-**	**-**	**(3,564)**	**(3,564)**
Other comprehensive gain for the year			**-**	**-**	**-**	**217**	**-**	**217**
Total comprehensive loss for the year			**-**	**-**	**-**	***217***	***(3,564)***	***(3,347)***
Transactions with owners of the Company								
Common shares issued, net of issue costs	**9**	**101,250,000**	**1,582**	**2,253**	**-**	**-**	**-**	**3,835**
Conversion of the convertible notes	**9 (a)**	**35,342,120**	**1,638**	**-**	**-**	**-**	**-**	**1,638**
Equity-settled share-based payments	**10 (d)**		**-**	**213**	**-**	**-**	**-**	**213**
Derecognition of the equity component of convertible loan	**11 (b)**		**-**	**-**	**(1,245)**	**-**	**1,245**	**-**
Equity component of convertible loan	**11 (b)**		**-**	**-**	**1,334**	**-**	**-**	**1,334**
Total transactions with owners of the Company		***136,592,120***	***3,220***	***2,466***	***89***	**-**	***1,245***	***7,020***
Balance on December 31, 2023		**490,013,320**	**82,119**	**18,294**	**1,334**	**3,385**	**(110,391)**	**(5,259)**

See accompanying notes to the consolidated financial statements.

Euromax Resources Ltd.

Consolidated statements of cash flows

(Expressed in Canadian dollars)

	Note	Years ended December 31, 2023 $000s	2022 $000s
OPERATING ACTIVITIES			
Loss before tax		**(3,564)**	(7,924)
Add back:			
Depreciation	**8**	**45**	45
Finance expense	**6**	**3,255**	3,051
Other income - write off of trade payables		**(116)**	-
Share-based payments (recovery)/expenses	**10 (d)**	**(1,247)**	1,140
Unrealised foreign exchange (gain)/loss		**(981)**	1,579
Expensed transaction costs associated with convertible loans	**11 (b)**	**76**	77
Expensed transaction costs associated with convertible notes	**11 (b)**	**-**	81
Fair value gain on financial liabilities	**11 (b)**	**(8)**	-
Changes in working capital items:			
Decrease/(Increase) in other receivables and prepayments and deposits		**8**	(27)
(Decrease)/Increase in trade and other payables		**(425)**	398
Cash used in operating activities		**(2,957)**	(1,580)
INVESTING ACTIVITIES			
Expenditures on mineral right interests		**(85)**	(79)
Purchases of property, plant and equipment		**(1)**	-
Cash provided by investing activities		**(86)**	(79)
FINANCING ACTIVITIES			
Proceeds from shares issued	**9 (a)**	**4,015**	-
Proceeds from convertible notes	**11 (a)**	**-**	1,627
Share issue costs	**9 (a)**	**(143)**	(7)
Transaction costs associated with convertible loans	**11 (b)**	**(143)**	(141)
Transaction costs associated with convertible notes	**11 (b)**	**(19)**	(62)
Payment of lease liabilities		**(53)**	(50)
Interest paid		**(6)**	(5)
Cash provided by financing activities		**3,651**	1,362
Effect of exchange rate changes on cash		**(15)**	(17)
Net change in cash and cash equivalents		**608**	(297)
Cash and cash equivalents, beginning of the year		**24**	338
Cash and cash equivalents, end of the year		**617**	24

See accompanying notes to the consolidated financial statements.

1. Nature of operations

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

These consolidated financial statements include the accounts of Euromax and its subsidiaries (collectively, the "Group"). The Group operates with the objective of becoming a 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.

During the years ended December 31, 2023 and 2022, Euromax's common shares were listed on the Toronto Stock Exchange (the "TSX") under the trading symbol "EOX". However, following a voluntary application to delist from the TSX, from January 9, 2024 Euromax's common shares have been re-listed on TSX Venture Exchange (the "TSXV"). Euromax's common shares are also listed on the OTC Pink Market under the trading symbol "EOXFF". Euromax's share options and warrants are not listed.

These consolidated financial statements were authorised for issue by the Company's board of directors on May 3, 2024. Although companies listed on TSXV are required to file their year-end disclosures within 120 days following the year-end, the Company was still listed on the TSX as at December 31, 2023 and was therefore still subject to the required deadline for filing of the year-end disclosures applicable to TSX listed issuers, being 90 days following the year-end. Since the filing of the year-end disclosures was post March 31, 2024, on April 8, 2024, the Ontario Securities Commission issued a ceased trade order that prohibits trading of Euromax's common shares which will be revoked once the required year-end disclosures are published, providing 90 days to the Company to meet that requirement. Within 30 days of the issued ceased trade order, or on May 3, 2024 the Company published the required year-end disclosures.

2. Basis of preparation

(a) Basis of accounting

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (the "IFRS") issued by the International Accounting Standards Board (the "IASB").

These consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

Details of the Group's accounting policies are set out in Note 3.

(b) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency, except where otherwise indicated.

(c) Adoption of new and revised standards and interpretations

The accounting policies applied are consistent with those adopted and disclosed in the Group's consolidated financial statements for the year ended December 31, 2022 except for changes arising from the adoption of new accounting pronouncements as listed below.

In addition, the Group adopted Disclosure of Accounting Policies (Amendments to IAS 1 *'Presentation of Financial Statements'* and *'IFRS Practice Statement 2'*) from January 1, 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the consolidated financial statements. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the consolidated financial statements. Management reviewed the accounting policies and made updates to the information disclosed in Note 3 'Material accounting policies' (2022: 'Significant accounting policies') in certain instances in line with the amendments.

2. Basis of preparation (continued)

(c) Adoption of new and revised standards and interpretations (continued)

Other new accounting pronouncements, effective from January 1, 2023, that do not have a material impact on the Group's consolidated financial statements are as follows:

- Definition of Accounting Estimates (Amendments to IAS 8 *'Accounting policies, Changes in accounting estimates and Errors'*) – *effective from January 1, 2023*
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 *'Income Taxes'*) – *effective from January 1, 2023*
- International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12 *'Income Taxes'*) – *effective from May 23, 2023*

The following other standards and interpretations, that are effective for periods beginning after January 1, 2024, are not early adopted, and not expected to have a material impact on the Group's consolidated financial statements:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1 *'Presentation of Financial Statements'*) – *effective from January 1, 2024*
- Supplier Finance Arrangements (Amendments to IAS 7 *'Statement of Cash Flows'* and IFRS 7 *'Financial Instruments: Disclosures'*) – *effective from January 1, 2024*
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16 *'Leases'*) – *effective from January 1, 2024*
- Lack of Exchangeability (Amendments to IAS 21 *'The Effects of Changes in Foreign Exchange Rates'*) – *effective from January 1, 2025*

The Group will evaluate their impact on future consolidated financial statements.

3. Summary of material accounting policies

(a) Going concern

These consolidated 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 December 31, 2023, the Group had net liabilities of $5.3 million (December 31, 2022: $8.9 million) and a net working capital deficiency of $43.5 million (December 31, 2022: $46.5 million), including cash of $0.617 million (December 31, 2022: $0.024 million). The Group's $43.5 million working capital deficiency at December 31, 2023 largely results from:

- Convertible loans of $27.7 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"), which are classified as current (see Note 11);
- Gold purchase advance payments of $14.9 million (December 31, 2022: $15.2 million) received from Royal Gold, AG ("Royal Gold") (see Note 12) which are repayable within 60 days of receiving a termination notice to the Gold Purchase and Sale Agreement.

These two items were classified at December 31, 2023 as current liabilities as at this time contractual repayment may be required within the next twelve months. However, subsequent to the year end, the convertible loans' maturity date was extended by one year to February 28, 2025. Both of the convertible loans are convertible into the Company's common shares at the election of EBRD and CCI on or before their maturity (see Note 11 for more details). As at the date of these consolidated 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 9(a)).

3. Summary of material accounting policies (continued)

(a) Going concern (continued)

Subsequent to December 31, 2023, on May 2, 2024 the Group closed a non-brokered private placement (the "2024 Private Placement") for gross proceeds of US$0.791 million (see Note 18).

The Company's board of directors has reviewed the Group's forecasts for the period ended December 31, 2025, 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, 2025 of $30.2 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, 2025.

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 August 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 2025 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 August 2024 either through equity (supported by existing shareholders or new shareholders) or by further debt which is not guaranteed.

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 therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. The directors have a reasonable expectation that the Group will be able to raise the required funds and therefore prepared these consolidated financial statements on a going concern basis.

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

(b) *Basis of consolidation*

(i) *Business combinations*

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in the profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

3. Summary of material accounting policies (continued)

(b) Basis of consolidation (continued)

(i) Business combinations (continued)

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration, that meets the definition of a financial instrument, is qualified as equity, then it is not remeasured and settlement is required for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(iii) Loss of control

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, any related Non-Controlling Interest ("NCI") and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

(c) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group's subsidiaries at exchange rates at the dates of the transactions. Functional currencies of the Group's subsidiaries are disclosed in Note 17.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the prevailing exchange rate on the reporting date. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Non-monetary items that are measured based on historical cost in foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated into Canadian dollars at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Canadian dollars using average exchange rates that reasonably approximate the exchange rate at the transaction date.

Foreign currency differences are recognised in other comprehensive income or loss ("OCI/L") and accumulated in the currency translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of, in its entirety or partially, such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, than the relevant proportion of the cumulative translation differences is allocated to NCI.

3. Summary of material accounting policies (continued)

(d) Employees benefits

(i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

(e) Financial income and financial costs

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- fair value loss on modification on financial liabilities; and
- net gain or loss on financial liabilities designated at fair value through profit or loss ("FVTPL").

Interest income or expense is recognised using the effective interest method.

(f) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease.

The Group recognised a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs for dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers the ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

3. Summary of material accounting policies (continued)

(f) Leases (continued)

Lease payments included the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised costs using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment', within the same line item as it presents underlying assets of the same nature that it owns, while lease liabilities are presented as a separate line item in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognised the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(g) Income taxes

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI/L.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on initial recognition of assets and liabilities in a transaction that:
  - is not business combination; and
  - at the time of the transaction (i) affects neither accounting nor taxable profit or loss and (ii) does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of reversal of the temporary differences and it is probable that they will not reverse in the foreseen future; and
- taxable temporary differences arising on the initial recognition of goodwill.

3. Summary of material accounting policies (continued)

(g) Income taxes (continued)

(ii) Deferred tax (continued)

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted reversals of existing temporary differences, are considered, based on the business plan for individual subsidiary in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reduction are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(h) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of certain items of property, plant and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use, including capitalised borrowing costs, and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is recognised in profit or loss. Land is not depreciated.

The estimated useful lives of all items of property, plant and equipment are from two to ten years.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if applicable.

(iv) Derecognition

An item of property, plant and equipment is derecognised upon disposal, when held for sale or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in profit or loss.

(i) Mineral right interests

The Group capitalises into mineral right interests all costs, net of any recoveries, of acquiring, exploring and evaluating a mineral right interest, until the determination of the technical and commercial viability of extracting the mineral resource.

Such costs capitalised may include the cash consideration and/or fair value of shares issued on the acquisition of mineral right interests, exploration drilling and assaying, technical reports, and directly attributable employee costs of performing exploration and evaluation activities on mineral right interests.

3. Summary of material accounting policies (continued)

(i) Mineral right interests (continued)

These capitalised costs are considered to be an intangible asset in nature and once the technical feasibility and commercial viability of extracting the mineral resource being demonstrable, related capitalised costs is reclassified into tangible asset and depreciated on a units of production basis upon commissioning a mining operation, or written-off if the rights are disposed of, impaired or abandoned.

No amortisation is charged during the exploration and evaluation phase.

(j) Financial instruments

(i) Recognition and initial measurement

Other receivables are initially recognised when they are originated, while all other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a receivable without significant financial component) or financial liability is initially measured at fair value, for an item not at FVTPL, plus transaction costs that are directly attributable to its acquisition or issue. A receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

On initial recognition, a financial asset is classified and measured at: amortised cost, fair value through other comprehensive income or loss ("FVOCI/L") or FVTPL.

Financial assets are not reclassified subsequently to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principle and interest on the principle amount outstanding.

Financial assets – Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because the best reflects the way the business is managed and information is provided to management.

Financial assets – Assessment whether contractual cash flows are solely payments of principle and interest

For the purpose of this assessment, 'principle' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principle amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principle and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual terms that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets.

3. Summary of material accounting policies (continued)

(j) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets – Assessment whether contractual cash flows are solely payments of principle and interest (continued)

A prepayment feature is consistent with the solely payments of principle and interest criterion if the prepayment amount subsequently represents unpaid amounts of principle and interest on the principle amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for financial assets acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consideration with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Subsequent measurement, gains and losses

All Group's financial assets are classified as measured at amortised cost.

Financial assets measured at amortised costs – these assets are subsequently measured at amortised costs using the effective interest method. The amortisation cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities – Classification, subsequent measurement, gains and losses

Financial liabilities are classified and measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) Derecognition

Financial assets

The Group derecognised a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers or retains substantially all of the risks and rewards of ownership and it does not retain control of the financial assets.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred asset. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged, or cancelled, or expired. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legally enforceable right to set off the amounts and it intends either to settle from them on a net basis or to realise the asset and settle the liability simultaneously.

3. Summary of material accounting policies (continued)

(j) Financial instruments (continued)

(v) Derivative financial instruments

Derivatives are initially measured at fair value, and changes therein are recognised in profit or loss. All directly attributable transaction costs are recognised in profit or loss as incurred.

(k) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand, and highly liquid investments with an original maturity of three months or less, which are readily convertible into a known amount of cash.

(l) Share capital

Incremental costs directly attributable to the issue of common shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12 *Income Taxes*.

(m) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible notes denominated in Canadian dollars that can be converted to common shares at the option of the holder, whereby the number of common shares to be issued is fixed, regardless of changes in their fair value.

The liability component of compound financial instruments is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised in the convertible loan reserve at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component is not remeasured.

Interest related to the financial liability is recognised in profit or loss. On conversion the financial liability is reclassified to equity and no gain or loss is recognised.

(n) Share-based payment arrangements

The Group maintains a restricted share unit ("RSUs") plan and a stock option plan for its employees and consultants, which are both equity-settled share-based payments. The Group also issues deferred phantom units ("DPUs") to its directors and key executives which are cash-settled share-based payments.

Equity-settled share-based payments are recognised as an expense, together with a corresponding increase in equity, over their relevant vesting period. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied. For those share-based payment arrangements that have non-market performance conditions, the amount recognised as an expense is reflected to the number of equity instruments for which the related services and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of equity instruments that meet the related services and non-market performance conditions at the vesting date.

Equity-settled share-based payments are measured by reference to the fair value at the grant date. Fair value of the stock options is determined by using a Black-Scholes option pricing model, which relies on estimates of the future risk-free interest rate, future dividend payments, future share price volatility and the expected life of the options. The Group believes this model adequately captures the substantive features of the stock options granted and is appropriate to calculate their fair value.

Where the Group grants equity instruments for services received from a third party, these services are measured, together with a corresponding increase in equity, at the fair value of the services received, unless that fair value cannot be estimated reliably, in which case the fair value of the equity instruments granted at the grant date represents the fair value of these services.

3. Summary of material accounting policies (continued)

(n) Share-based payment arrangements (continued)

Where the terms of an equity-settled award are modified, the minimum expense recognised is the expense as if the terms had not been modified. An additional expense is recognised for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of outstanding options is reflected in the computation of diluted earnings per share.

Cash-settled share-based payments are initially measured at fair value and recognised as a liability at the grant date. The liability is re-measured to fair value at each reporting date at the Group's closing share price with any changes in the fair value recognised in profit or loss. To the extent that performance conditions exist management estimates the number of DPUs that will eventually vest at each reporting date and recognises the liability over the vesting period.

(o) Impairment

(i) Non-derivative financial assets

Financial instruments

The Group measures loss allowance at an amount equal to lifetime expected credit losses ("ECLs").

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial assets.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised costs are credit-impaired. A financial asset is credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in statement of financial position

Loss allowance for financial assets measured at amortised cost are deducted from the gross carrying amount of the asset. The effect of loss allowances are recognised in profit or loss.

3. Summary of material accounting policies (continued)

(o) Impairment (continued)

(i) Non-derivative financial assets (continued)

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) Non-financial assets (other than mineral right interests)

At each reporting date, the Group reviews the carrying amounts of its land, property, plant and equipment, to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the assets belong.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of the asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

If the carrying amount of the asset or CGU subsequently increased, the recognised impairment loss might be reversed but only to the extent that the asset's carrying amount does not exceed the carrying amount that would had been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(iii) Mineral right interests

The Group reviews the carrying amounts of mineral rights annually or when there are indicators of impairment and recognises an impairment charge based upon current exploration results, plans for further activity and, where projects are sufficiently progressed, an assessment of the probability of profitable exploitation or sale of the rights. An indication of impairment on a specific licence/permit may include but is not limited to: the expiration of the Group's right to explore, and is not expected to be renewed; substantive expenditure is neither budgeted nor planned; or the Group has decided to discontinue exploration activity.

Upon the technical feasibility and commercial viability of extracting the mineral resource being demonstrable, related capitalised costs of that mineral resource are tested for impairment, before their reclassification.

(p) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation that has arisen as a result of a past event and it is probable that a future outflow of economic benefits will be required to settle that obligation, provided that its amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle that obligation using a pre-tax rate that reflects the current market assessments of the time value of money and the risk specific to that obligation. The unwinding of the discount is recognised as a finance cost.

(i) Provisions for site restoration

Obligations to retire a non-financial asset, including dismantling, restoration and similar activities, are provided for at the time they are incurred or an event occurs that gives rise to such an obligation. The Group is subject to laws and regulations relating to environmental matters, including land reclamation and discharge of hazardous materials, in all jurisdictions in which it operates. The Group may be found to be responsible for damage caused by prior owners and operators of its mineral right interests and in relation to interests previously held by the Group. The Group believes it has conducted its exploration and evaluation activities in compliance with applicable environmental laws and regulations.

3. Summary of material accounting policies (continued)

(p) Provisions (continued)

(i) Provisions for site restoration (continued)

On initial recognition, the estimated fair value of a provision is recorded as a liability and a corresponding amount is added to the capitalised cost of the related non-financial asset. The liability is increased over time through periodic charges to profit and loss. The provision is evaluated at the end of each reporting period for changes in the estimated amount or timing of settlement of the obligation. The Group is not presently aware of any such obligations.

(q) Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access to at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures required measurement of fair values, which are further explained in Note 4.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for that asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in the profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

The fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable).

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible.

If the input used to measure the fair value of an asset or a liability fall into different levels of fair value hierarchy, then the fair value measurement is categorised in its entirely in the same level of fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 4.

4. Use of significant accounting judgements and estimates

The preparation of the Group's consolidated financial statements in conformity with IFRSs requires management to make judgements and estimates that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. In particular, the Group has identified the following areas where significant judgements and estimates are required, and where if actual results were to differ, this could materially affect the financial position or financial results reported in a future period. Further information on each of these and how they impact the various accounting policies are described in the relevant notes to the financial statements.

(a) Estimates

(i) Equity-settled share-based payment 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.

For more details regarding the accounting treatments for share-based payments please see Note 10 while for share purchase warrants please see Note 9(b).

(ii) Recognition and measurement of convertible loans and notes

The EBRD convertible loan is accounted for as a financial liability at 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 11, 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 financial statements, and therefore the whole effect from movement of the fair value of the EBRD convertible loan is presented in profit or loss. Sensitivity analysis regarding the yield applied to the EBRD convertible loan have been included in Note 11(b).

4. Use of significant accounting judgements and estimates (continued)

(a) Estimates (continued)

(ii) Recognition and measurement of convertible loans and notes (continued)

Furthermore, both convertible notes issued to the Company's major shareholder 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 their conversion, management's estimate was that the value on conversion represents their fair value at December 31, 2022, and therefore no additional fair value adjustment was required for the year ended December 31, 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 recognised in convertible loan reserves was calculated as the residual amount of the face value of the convertible loan and the calculated liability component.

(iii) Leases

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 11(a)).

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.

(b) Judgements:

(i) Recoverability 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 December 31, 2023 there is no need for impairment of the carrying amount of the mineral right interest for the Ilovica-Shtuka Project.

(ii) 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.

There were no such changes in the functional currencies for the years ended December 31, 2023 and 2022.

5. Loss per share

	Years ended December 31, 2023	2022
Net loss for the year after tax (in $000)	**(3,564)**	(7,924)
Basic and diluted weighted average number of common shares	**480,838,265**	353,385,926
Basic and Diluted loss per share (in $)	**(0.01)**	(0.02)

The calculation of basic and diluted weighted average number of common shares is set out below:

	Note	2023	2022
Issued common shares at January 1		**353,421,200**	352,906,200
Effect of common shares issued (weighted average number)	**9 (a)**	**127,417,065**	479,726
Basic weighted average number of common shares at December 31		**480,838,265**	353,385,926

For the years ended December 31, 2023 and 2022, because there would be further reduction in loss per share resulting from the assumption that share options (see Note 10), warrants (see Note 9(b)) and convertible loans and notes (see Note 11) 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 years ended December 31, 2023 and 2022.

6. Operating segments

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

The Group's reportable segments are as follows:

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

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

For the years ended *In thousands $*	Macedonia December 31, 2023	 December 31, 2022	Corporate December 31, 2023	 December 31, 2022	Total December 31, 2023	 December 31, 2022
Finance expense	**(10)**	(9)	**(3,245)**	(3,042)	**(3,255)**	(3,051)
Depreciation	**(45)**	(45)	**-**	-	**(45)**	(45)
Loss before tax	**(507)**	(1,761)	**(3,057)**	(6,163)	**(3,564)**	(7,924)

As at *In thousands $*	Macedonia December 31, 2023	 December 31, 2022	Corporate December 31, 2023	 December 31, 2022	Total December 31, 2023	 December 31, 2022
Assets	**38,407**	37,764	**609**	100	**39,016**	37,864
Liabilities	**219**	328	**44,056**	46,468	**44,275**	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 Ilovica 6 was granted on July 24, 2012, while the exploitation concession 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.

7. Mineral right interests (continued)

Macedonia (continued)

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.

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 (or the Merger), submitted in January 2016. However, during 2019, the Government of the Republic of North Macedonia challenged the legal validity of the Group's exploitation concession Ilovica 6, leading to the Government's termination of that concession in December 2019, which was appealed by the Group leading to a series of court cases and decisions from 2019 to 2023. 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, the Government reversed its decision and withdrew the Merger approval, as announced on July 26, 2023 in the Official Gazette. The Group filed a lawsuit against this subsequent Government decision which was made without any legal basis. Following the year end, the Administrative Court rejected the Group's lawsuit, and accordingly the case has been transferred for decision by the Higher Administrative Court. Despite this decision, the Administrative Court did not challenge the fact that all legal conditions for the Merger approval have been met. Until this is resolved, either by acceptance of the Group's lawsuit or by new approval by the Government, the Group remains in the process of waiting for the Merger approval.

During 2017, a Strategic Environmental Impact Assessment was approved by the Ministry of Environment and Physical Planning (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 an available alternative for the Group under the bilateral agreement between Republic of North Macedonia and the Swiss Federal Council for protection of investments.

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 December 31, 2023 there is no need for impairment of the carrying amount of the mineral right interest for the Ilovica-Shtuka Project, as presented below.

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

	Macedonia *Ilovica-Shtuka Project*
	$000s
Balance, January 1, 2022	37,499
Exploration expenditures:	
Concession fee	79
Other items:	
Foreign exchange movements	(95)
Balance, December 31, 2022	37,483
Balance, January 1, 2023	**37,483**
Exploration expenditures:	
Concession fee	**85**
Other items:	
Foreign exchange movements	**534**
Balance, December 31, 2023	**38,102**

8. Land and property, plant and equipment

The Group's land and property, plant and equipment at December 31, 2023 and 2022 are as follows:

	Land	Right-of-use asset	Vehicles	Equipment	Leasehold improvements	Total
	$000s	$000s	$000s	$000s	$000s	$000s
Cost						
Balance at January 1, 2022	66	374	166	425	17	1,048
Disposals	-	-	-	(7)	-	(7)
Revaluation of right-of-use asset	-	44	-	-	-	44
Foreign exchange movements	-	(1)	(1)	(5)	-	(7)
Balance at December 31, 2022	66	417	165	413	17	1,078
Acquisitions	**-**	**-**	**-**	**1**	**-**	**1**
Revaluation of right-of-use asset	**-**	**46**	**-**	**-**	**-**	**46**
Foreign exchange movements	**1**	**15**	**3**	**9**	**-**	**28**
Balance at December 31, 2023	**67**	**478**	**168**	**423**	**17**	**1,153**
Accumulated depreciation						
Balance at January 1, 2022	-	245	165	419	17	846
Depreciation	-	40	1	4	-	45
Disposals	-	-	-	(7)	-	(7)
Foreign exchange movements	-	2	(1)	(5)	-	(4)
Balance at December 31, 2022	-	287	165	411	17	880
Depreciation	**-**	**44**	**-**	**1**	**-**	**45**
Foreign exchange movements	**-**	**13**	**3**	**9**	**-**	**25**
Balance at December 31, 2023	**-**	**344**	**168**	**421**	**17**	**950**
Carrying amount						
At December 31, 2022	66	130	-	2	-	198
At December 31, 2023	**67**	**134**	**-**	**2**	**-**	**203**

At December 31, 2023 management assumed that all leases, for which right-of-use asset and lease liabilities have been recognised in accordance with IFRS 16, would be used until the period ended December 31, 2026 (by one year extension since last year assumption). This assumption has resulted in a modification on leases which led to an increase of the right-of-use assets and lease liability by $0.046 million for the year ended December 31, 2023 (at December 31, 2022: $0.044 million).

All items disposed in the year ended December 31, 2022 were in the Macedonian operating segment.

During the year ended December 31, 2019 the Group signed pre-agreements for purchase of the land located on exploitation concession Ilovica 11 with private land owners, on which basis advance payments of $0.067 million (December 31, 2022: $0.066 million) were paid by the Group, and outstanding amount of $0.269 million (December 31, 2022: $0.267 million) would be paid at the sign off of these agreements.

9. Share capital and reserves

(a) Share capital

At December 31, 2023, Euromax's 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**
Balance on January 1	**353,421,200**	**78,899**	352,906,200	78,796
Common shares issued, net of issue costs	**101,250,000**	**1,582**	-	-
Conversion of the convertible notes	**35,342,120**	**1,638**	-	-
Exercised equity-settled share-based payments	**-**	**-**	515,000	103
Balance on December 31	**490,013,320**	**82,119**	353,421,200	78,899

On January 24, 2023 the Company announced closing of the 2023 Private Placement for gross proceeds of US$3 million or $4.015 million for issuing 101,250,000 common shares and 101,250,000 share purchase warrants (see Note 9(b)).

Following closing of the 2023 Private Placement, on January 26, 2023 both convertible notes (see Note 11) 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.

Subsequent to December 31, 2023, fully vested 1,702,651 RSUs, granted to a director, were converted into common shares (see Note 10(a)(ii) and Note 18).

During the year ended December 31, 2022, fully vested 515,000 RSUs, granted to key management personnel, were converted into common shares.

9. Share capital and reserves (continued)

(a) Share capital (continued)

For closing the 2023 Private Placement the Company incurred share issue costs of $0.180 million for filing and legal fees, of which $0.143 million were paid during the year ended December 31, 2023, $0.007 million were paid during the year ended December 31, 2022 and $0.030 million were paid at December 31, 2021. These share issue costs of $0.180 million were allocated on a proportional basis, whereby $0.075 million were allocated to share capital, while $0.105 million to share purchase warrants via the equity reserve.

During the years ended December 31, 2023 and 2022 no share options and share purchase warrants were exercised.

Subsequent to December 31, 2023, on May 2, 2024 the Group closed the 2024 Private Placement for gross proceeds of US$0.791 million (see Note 18), thereby issuing 53,240,851 common shares and 53,240,851 share purchase warrants.

(b) Share Purchase Warrants

As part of the 2023 Private Placement the Company issued 101,250,000 share purchase warrants that have the following vesting conditions: 50,625,000 share purchase warrants vest on approval of the Merger (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 and approval of the Environmental Impact Assessment 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. The fair value of share purchase warrants has been determined at the grant date by using the Black-Scholes option pricing model, whereby the weighted average assumptions used are presented in the following table:

Year ended	December 31, 2023
Risk free interest rate	3.66%
Expected life	2 years
Expected volatility	104.00%
Expected dividend per share	$Nil

As disclosed in the summary below, no share purchase warrants expired during the year ended December 31, 2023 and 2022.

A summary of the outstanding warrants in 2023 and 2022 is as follows:

	2023		2022	
	Number of warrants	**Weighted average exercise price**	Number of warrants	Weighted average exercise price
	Number	**$**	Number	$
Balance, beginning of year	**20,976,678**	**0.08**	20,976,678	0.08
Warrants granted	**101,250,000**	**0.10**	-	-
Balance, end of year	**122,226,678**	**0.10**	20,976,678	0.08

(c) Nature and purpose of reserves

(i) Equity Reserve

The equity reserve comprises the accumulated fair value of share options and restricted share units recognised as share-based payments (see Note 10), as well as share purchase warrants (see Note 9(b)). Transfers from the equity reserve to share capital are made whenever common share options or share purchase warrants are exercised and when RSUs fully vest and convert to common shares. Amounts allocated to expired share options and cancelled vested RSUs are reversed from the equity reserve and transferred to accumulated losses.

During the year ended December 31, 2023 no share options expired, while in the year ended December 31, 2022, 350,000 share options expired, and accordingly their value of $0.055 million was transferred from equity reserve to accumulated losses (see Note 10(a)(i)).

9. Share capital and reserves (continued)

(c) Nature and purpose of reserves (continued)

(ii) Convertible Loan Reserve

The convertible loan reserve comprises the equity component of the CCI convertible loan (see Note 11(b)).

(iii) Currency Translation Reserve

The currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

10. Share-based payment arrangements

(a) Description of share-based payment arrangements

At December 31, 2023, the Group had the following share-based payment arrangements:

(i) Stock Option Plan (Equity settled)

Euromax has a Stock Option Plan (the "Option Plan") under which directors, executive officers, employees and consultants of the Group are eligible to receive share options. The purpose of the Option Plan is to incentivise directors, executive officers, employees and consultants to provide beneficial services to the Group and to align their objectives with shareholders in maximising shareholder value.

The maximum number of common shares reserved for issuance upon exercise of all share options granted under the Option Plan is equal to 10% of the issued and outstanding common shares at the time of grant. The Company's Compensation Committee determines the terms and vesting conditions of the options at the time of grant.

The exercise price of each option equals the closing share price of Euromax's common shares on the day preceding the date of grant. If a director, executive officer, employee or consultant ceases employment or engagement with the Group, any unvested share options are forfeited and the expiry date on their vested options is reduced to 90 days from the date they cease employment or engagement.

No share options were granted in 2023 and 2022.

During the year ended December 31, 2023 no share options expired, while in the year ended December 31, 2022, 350,000 share options with exercise price of $0.35 per common share expired.

The key terms and conditions related to the grants under the Option Plan are as follows:

Grant date	Number of options as at December 31, 2023	Vesting conditions	Contractual life of options
Options granted to Directors and Officers			
On May 22, 2019	**2,175,000**	Fully vested	5 years
On May 22, 2019	**125,000**	Fully vested	5 years
On November 10, 2020	**4,750,000**	Vested under the set non-market performance conditions linked with the permitting of the Ilovica-Shtuka Project	5 years
On November 10, 2020	**803,603**	Vested under the set non-market performance conditions linked with the permitting of the Ilovica-Shtuka Project	5 years
Options granted to Consultants and Former Directors and Officers			
On May 22, 2019	**525,000**	Fully vested	5 years
Total share options	**8,378,603**		

(ii) Restricted Share Unit Plan (Equity settled)

On March 11, 2013 Euromax established a Restricted Share Unit Plan (the "RSU Plan") under which directors, executive officers, employees or consultants of the Group are eligible to receive RSUs. The purpose of the RSU Plan is to incentivise directors, executive officers, employees and consultants to provide beneficial services to the Group and to align their objectives with shareholders in maximising shareholder value.

The maximum number of RSUs reserved for issuance under the RSU Plan is equal to 49,001,332 common shares at the time of grant, provided that the combined number of share options and RSUs in issue does not exceed 10% of the outstanding common shares at the time of grant. The Company's Compensation Committee determines the terms and provisions of the RSUs at the time of grant.

10. Share-based payment arrangements (continued)

(a) Description of share-based payment arrangements (continued)

(ii) Restricted Share Unit Plan (Equity settled) (continued)

The Compensation Committee has determined the Market Vectors Junior Gold Mines ETF (the "GDXJ") to be a relevant benchmark to assess the Company's share price performance. To the extent that the Company's share price underperforms the GDXJ the number of RSUs vesting shall reduce on a pro-rata basis. To the extent that the Company's share price outperforms the GDXJ additional RSUs shall be awarded on a proportionate basis. However, no additional RSUs were granted for the years ended December 31, 2023 and 2022 under this set benchmark.

If a director, executive officer or employees ceases employment with the Group any unvested RSUs are forfeited on the date they cease employment.

During the year ended December 31, 2023, the Group granted 6,250,000 RSUs to a 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 year ended December 31, 2022, 320,000 RSUs were granted to a senior officer of the Group.

All granted RSUs were approved by the Group's Compensation Committee.

The key terms and conditions related to the grants under the RSU Plan are presented below. All RSUs are to be settled by the issue of common shares.

Grant date	Number of RSUs as at December 31, 2023	Vesting conditions
RSUs granted to Executive Directors and Officers		
On March 11, 2013 - Bonus 2012	**21,134**	Fully vested
On March 11, 2013 - LTIP 2013 grant	**171,421**	Fully vested
On January 9, 2014 - GDXJ outperformance in 2013	**6,285**	Fully vested
On May 1, 2014 - LTIP 2014 grant	**130,000**	Fully vested
On January 5, 2016 - GDXJ outperformance in 2015	**86,810**	Fully vested
On November 24, 2017 - converted from DPUs	**1,287,001**	Fully vested
On March 2, 2021 - RSUs grant to senior officer	**273,504**	Vested under the set non-market performance conditions linked with the permitting of the Ilovica-Shtuka Project
On March 25, 2022 - RSUs grant to senior officer	**320,000**	Vested under the set non-market performance conditions linked with the permitting of the Ilovica-Shtuka Project
On June 30, 2023 - RSUs grant to consultant	**6,250,000**	50% vested on approval of the Merger and EIA; 50% vested on Exploitation Permit for the merged concessions
Total RSUs	**8,546,155**	

Subsequent to December 31, 2023, fully vested 1,702,651 RSUs, granted to director, were converted into common shares.

(iii) Deferred Phantom Units Plan (Cash settled)

On March 11, 2013 Euromax introduced a Deferred Phantom Unit Plan (the "DPU Plan") for its directors and key management personnel. Under the terms of the DPU Plan the Company's directors elected to convert their outstanding unpaid directors' fees into DPUs in lieu of a cash payment. Since April 2013, directors have made semi-annual elections (on March and September) to receive DPUs in lieu of cash for their fees.

The Compensation Committee has determined the GDXJ to be a relevant benchmark to assess the Company's share price performance. To the extent that the Company's share price outperforms the GDXJ additional DPUs will be granted to executive directors and officers. However, no additional DPUs were granted for the years ended December 31, 2023 and 2022 under this set benchmark.

All DPUs issued only become payable in the event that a director or executive officer ceases to hold any position within the Group and are settled in cash. However, if director or executive officer agrees, and subject to Group's Compensation Committee approval, settlement could be made by issuing RSUs instead of cash payment.

10. Share-based payment arrangements (continued)

(a) Description of share-based payment arrangements (continued)

(iii) Deferred Phantom Units Plan (Cash settled) (continued)

The key terms and conditions related to the grants under the DPU Plan are as follows:

Grant date	Number of DPUs as at December 31, 2023	Vesting conditions
DPUs granted to Directors		
From March 11, 2013 to December 31, 2022	**30,544,856**	Fully vested
During 2023	**6,311,669**	Fully vested
Total DPUs	**36,856,525**	

(b) Measurement of fair values

(i) Stock Option Plan

The fair value of the share options awarded to directors, executive officers, and employees has been measured using the Black-Scholes option pricing model. The value of the share options awarded to consultants has been measured as the fair value of the services rendered. Service and non-market performance conditions attached to the share options were not taken into account in measuring fair value.

No grants of share options occurred in the years ended December 31, 2023 and 2022.

During the year ended December 31, 2020, 5,553,603 share options were granted to directors and executive officers, and the total value of these share options assessed by using Black-Scholes option pricing model at January 1, 2021, was set at $0.097 million. These share options have non-market performance conditions linked with the permitting of the Ilovica-Shtuka Project, and based on management assessments, by applying the best available estimation of how much of these equity instruments are expected to be vested, the related portion of their value is recognised as expense for the period. Therefore, it was assessed that 760,000 share options vested at December 31, 2023 (2022: 522,500 share options), out of these 5,553,603 share options, and accordingly, an expense of $0.004 million was recognised for the year ended December 31, 2023 (2022: Nil).

(ii) Restricted Share Unit Plan

The fair value of RSUs granted during the period has been measured using the Company's closing share price on the day immediately prior to grant date.

For those RSUs with a vesting condition relating to the Company's share price performance compared to the GDXJ, this is a market performance vesting condition so at grant date it is estimated that the Company's share price performance should be consistent with the GDXJ's price performance. However, no GDXJ market performance conditions were attached to granted RSUs during the years ended December 31, 2023 and 2022.

During the year ended December 31, 2023 6,250,000 RSUs were granted, which were valued at $0.594 million. These RSUs have non-market performance conditions linked with the permitting of the Ilovica-Shtuka Project, and based on management assessments, by applying the best available estimation of how much of these equity instruments are expected to be vested, the related portion of their value is recognised as expense for the period. At December 31, 2023, it was assessed that 2,187,500 RSUs vested and accordingly, an expense of $0.207 million was recognised for the year ended December 31, 2023.

Similarly, 320,000 RSUs granted during the year ended December 31, 2022 and 273,504 RSUs granted during the year ended December 31, 2021, that have total assessed value of $0.061 million, have non-market performance conditions linked with the permitting of the Ilovica-Shtuka Project. Based on management assessments, it was assessed that 344,232 RSUs vested during the year ended December 31, 2023 (2022: 329,395 RSUs), out of these 593,504 RSUs, and accordingly, an expense of $0.002 million was recognised for the year ended December 31, 2023 (2022: $0.024 million)

10. Share-based payment arrangements (continued)

(b) Measurement of fair values (continued)

(iii) Deferred Phantom Units Plan

All DPUs granted to directors vest immediately.

However, for those DPUs granted to executive officers that contain a vesting condition relating to the Company's share price performance compared to the GDXJ, this is a market performance vesting condition so at grant date it is estimated that the Company's share price performance should be consistent with the GDXJ's price performance. No additional DPUs were granted for the years ended December 31, 2023 and 2022 under this set benchmark.

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

(c) Reconciliation of outstanding share options and RSUs

(i) Stock Option Plan

The number and weighted-average exercise prices of the share options under the Option Plan as at December 31, 2023 and 2022 were as follows:

	2023		2022	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
Outstanding at January 1	**8,378,603**	**$0.05**	8,728,603	$0.06
Expired during the year	-	-	(350,000)	$0.35
Outstanding at December 31	**8,378,603**	**$0.05**	8,378,603	$0.05
Exercisable at December 31	**2,825,000**	**$0.08**	2,825,000	$0.08

The options outstanding at December 31, 2023 have an exercise price in the range of $0.03 to $0.08 (2022: $0.03 to $0.08) and a weighted-average contractual life of 1.37 years (2022: 2.53 years).

No share options were exercised in years ended December 31, 2023 and 2022.

(ii) Restricted Share Unit Plan

The number and weighted-average grant prices of the RSUs as at December 31, 2023 and 2022 were as follows:

	2023		2022	
	Number of RSUs	**Weighted average grant price**	Number of RSUs	Weighted average grant price
Outstanding at January 1	**2,296,155**	**$0.22**	2,491,155	$0.24
Granted during the year	**6,250,000**	**$0.10**	320,000	$0.08
Exercised during the year	-	-	(515,000)	$0.20
Outstanding at December 31	**8,546,155**	**$0.13**	2,296,155	$0.22
Exercisable at December 31	**1,999,403**	**$0.24**	1,999,403	$0.24

Subsequent to December 31, 2023, fully vested 1,702,651 RSUs were converted into common shares, while during the year ended December 31, 2022, fully vested 515,000 RSUs were converted into common shares.

(d) Expense recognised in profit or loss

The total equity-settled share-based payment expense for the year ended December 31, 2023 was $0.213 million (2022: $0.024 million).

The total cash-settled share-based payment recovery in the year ended December 31, 2023 was $1.460 million (2022: expense of $1.116 million) and as at December 31, 2023, the share-based payment liability was $1.290 million (2022: $2.749 million). Cash-settled share-based payments are revalued at the Company's share price at year-end, and a 10% increase/decrease in Company's share price would result in an increase/decrease of approximately $0.129 million in the Group's loss for the year (2021: $0.275 million).

11. Loans and borrowings

	December 31, 2023	December 31, 2022
	$000s	$000s
EBRD convertible loan	**15,532**	14,841
CCI convertible loan	**12,135**	11,331
Convertible notes	**-**	1,638
	27,667	27,810

(a) Terms and conditions

The terms and conditions of outstanding loans are as follows:

				December 31, 2023		December 31, 2022	
	Currency	**Nominal interest rate**	**Year of maturity**	**Face value**	**Carrying amount**	Face value	Carrying amount
				$000s	**$000s**	$000s	$000s
EBRD convertible loan	US$	7.00%	2023 [1]	**6,623**	**15,532**	6,772	14,841
CCI convertible loan	$	7.00%	2023 [1]	**5,200**	**12,135**	5,200	11,331
Convertible notes	US$	interest fee	2023	**-**	**-**	1,693	1,638
				11,823	**27,667**	13,665	27,810

[1] subsequent to year ended December 31, 2023 both convertible loans were extended to February 2025

EBRD convertible loan

On May 24, 2016 the Company closed the EBRD convertible loan with EBRD and received proceeds of US$5 million ($6.623 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. Subsequent to the year ended EBRD convertible loan was extended further until February 28, 2025 (see Note 18).

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

- the Principal Amount,
- an amount of US$1.420 million ($1.881 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. Subsequent to the year ended the CCI convertible loan was extended further until February 28, 2025 (see Note 18).

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.

11. Loans and borrowings (continued)

(a) Terms and conditions (continued)

Convertible notes

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

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

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

Following closing of the 2023 Private Placement (see Note 9(a)), 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 year:		
Accrued interest	**1,034**	933
Fair value adjustment	**(8)**	-
Foreign exchange movements	**(335)**	821
Carrying amount at December 31	**15,532**	14,841

The EBRD convertible loan is designated as at 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, 2023 transaction costs of $0.076 million were incurred for the 2023 Amendments of the EBRD convertible loan (2022: $0.077 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 Management's 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 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.

11. Loans and borrowings (continued)

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

EBRD convertible loan (continued)

The fair value of the EBRD convertible loan at December 31, 2023 was assessed at $15.532 million (US$11.725 million) (2022: $14.841 million or US$10.958 million). A decrease/increase of discounting rate by 10%, used for calculation of discounted cash flow as part of the internally prepared model, would result in increase/decrease of approximately $0.016 million in the Group's loss and the fair value of the EBRD convertible loan.

CCI convertible loan

CCI convertible loan	2023	2022
	$000s	$000s
Carrying amount at January 1	**11,331**	10,535
Adjustments recorded during the year:		
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	**2,205**	2,105
Carrying amount at December 31	**12,135**	11,331

* 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 (2022: $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

Convertible Note	2023	2022
	$000s	$000s
Carrying amount at January 1	**1,638**	-
Proceeds from Convertible Notes	**-**	1,627
Foreign exchange movements	**-**	11
Conversion of the convertible notes	**(1,638)**	-
Carrying amount at December 31	**-**	1,638

11. Loans and borrowings (continued)

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

Convertible notes (continued)

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 the year ended December 31, 2022, while remaining $0.019 million paid in the year ended December 31, 2023.

Following closing of the 2023 Private Placement (see Note 9(a)), 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 therefore due to the close proximity of December 31, 2022 to their conversion, the fair value of both convertible notes represents the value of conversion, i.e. $1.638 million, so no additional fair value adjustment on these convertible notes was recognised for the year ended December 31, 2022. Accordingly, since these convertible notes were converted, no fair value adjustment was recognised neither for the year ended December 31, 2023.

12. 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 the 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 Ilovica 6 to be granted as security by way of assignment in favour of 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 the 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 consolidated 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 December 31, 2023 and 2022:

	2023	2022
	$000s	$000s
Balance on January 1	**15,236**	14,376
Adjustments recorded during the year:		
Foreign exchange movements:		
Unrealised foreign exchange (gain)/loss	**(504)**	767
Currency translation reserve movements *	**171**	93
Balance on December 31	**14,903**	15,236

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

13. Related party transactions

At December 31, 2023, 46% (2022: 54%) of all issued Company's 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 11), that were converted into 35,342,120 common shares on January 26, 2023 (see Note 9(a)).

Subsequent to December 31, 2023, on May 2, 2024 the Group closed the 2024 Private Placement (see Note 18), as a result of which Galena has increased its ownership share of the Company to 50.2%.

Since 2019, 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 parties:

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

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

	Years ended December 31,	
	2023	2022
	$000s	$000s
Fees for the executive oversight of Macedonian operations	**209**	198
	209	198

At December 31, 2023, the Group owed ARQX Capital DWC Ltd $0.018 million (December 31, 2022: $0.035 million) for services provided in December 2023.

(b) Key management personnel compensation

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

		Years ended December 31,	
	Note	**2023**	2022
		$000s	$000s
Short-term employee benefits		**332**	324
Share-based payments (recoveries)/expenses	(i)	**(1,456)**	1,116
		(1,124)	1,440

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

14. Financial instruments

(a) *Management of capital risk*

The capital structure of the Group consists of both (i) debt, comprising convertible loans and notes of $27.667 million (2022: $27.810 million) (see Note 11) and gold purchase advance payments of $14.903 million (2022: $15.236 million) (see Note 12); and (ii) equity, comprising share capital of $82.119 million (2022: $78.899 million) (see Note 9(a)), various reserves of $23.013 million (2022: $20.241 million) and accumulated losses of $110.391 million (2022: $108.072 million). The Group manages its capital in order to continue as a going concern and meet its debts as and when they fall due and payable. Until such time as the Group's Ilovica-Shtuka Project is in commercial production, the Group's key objectives are to preserve capital and maximise shareholder value.

The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may attempt to issue new common shares, raise debt finance or use other financing alternatives.

The Group is not subject to externally imposed capital requirements.

(b) *Financial risk management*

The Group is exposed to a number of financial risks such as liquidity risk, market risk (including currency risk and interest rate risk) and credit risk. The Group's board of directors has the overall responsibility for risk management and seeks to manage and minimise these risks as far as possible.

The Group does not currently hedge these risks using derivative financial instruments but will consider doing so in future periods, where possible. The Group does not enter into or trade financial instruments for speculative purposes.

(i) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk through the management of its capital structure and financial leverage. Management is cognisant of the Group's scarce cash resources and ensures that sufficient cash is available before committing to contracts and agreements.

The contractual maturities of financial liabilities, including estimated interest payments at the reporting date are presented below:

		Contractual cash flows			
December 31, 2023	**Carrying amount**	**3 months or less**	**3-12 months**	**1-2 years**	**2-3 years**
	$000s	**$000s**	**$000s**	**$000s**	**$000s**
Trade and other payables	**272**	**272**	**-**	**-**	**-**
Gold purchase advance payments	**14,903**	**14,903**	**-**	**-**	**-**
Lease liability	**143**	**13**	**40**	**52**	**38**
Loans and borrowings [1]	**27,667**	**28,203**	**-**	**-**	**-**
	42,985	**43,391**	**40**	**52**	**38**

		Contractual cash flows			
December 31, 2022	**Carrying amount**	**3 months or less**	**3-12 months**	**1-2 years**	**2-3 years**
	$000s	$000s	$000s	$000s	$000s
Trade and other payables	860	860	-	-	-
Gold purchase advance payments	15,236	15,236	-	-	-
Lease liability	141	13	39	51	38
Loans and borrowings [1]	26,172	26,672	-	-	-
	42,409	42,781	39	51	38

[1] Both convertible notes of $1.638 million (see Note 11) were converted into 35,342,120 common shares in January 2023, and accordingly are excluded from this disclosure since once are converted no liquidity risk is associated with these financial instruments

Under the provisions of GPSA, in case of its termination, gold purchase advance payments need to be repaid in full within 60 days of received termination notice. As at the date of these consolidated financial statements, no termination or repayment notice has been received from Royal Gold.

Loans and borrowings represents the EBRD and the CCI convertible loans, and their carrying amounts are disclosed in Note 11. Both convertible notes of $1.638 million (see Note 11) were converted into 35,342,120 common shares on January 26, 2023 (see Note 9(a)), and accordingly are excluded from this disclosure since once are converted no liquidity risk is associated with these financial instruments.

14. Financial instruments (continued)

(b) Financial risk management (continued)

(i) Liquidity risk (continued)

The contractual cash payments of both the EBRD and the CCI convertible loans at maturity date (at February 28, 2024) for both convertible loans are $15.705 million (2022: $15.004 million) and $12.498 million (2022: $11.668 million), respectively. Subsequent to the year ended both EBRD and the CCI convertible loans were extended further until February 28, 2025 (see Note 18), whereby contractual cash payments at February 28, 2025 are in total of $30.187 million or $16.802 million (US$12.684 million) and $13.385 million, respectively. However, related contractual cash payments may not occur if convertible loans are converted into the Company's common shares (see Note 11(a) for further details). In addition, contractual cash payments for the EBRD convertible loan are exposed by foreign currency fluctuations between the Canadian Dollar and the US Dollar (as disclosed in Note 14(b)(ii)).

(ii) Foreign Currency risk

The Group is mostly exposed to foreign currency risk arising from fluctuation in the Canadian Dollar to the US Dollar exchange rate. However, the Group also has residual exposure to other currencies since the Group operates across a different countries (see Note 17).

The summary of the Group's exposure to currency risk as at December 31, 2023 and 2022 is as follows:

	U.S. Dollar	**British Pound**	**Macedonian Denar**	**Euros**	**Total**
2023	**$000s**	**$000s**	**$000s**	**$000s**	**$000s**
Financial assets	**511**	**10**	**101**	**29**	**651**
Loans and borrowings	**(15,532)**	**-**	**-**	**-**	**(15,532)**
Lease liability	**-**	**-**	**(143)**	**-**	**(143)**
Gold purchase advance payments	**(14,903)**	**-**	**-**	**-**	**(14,903)**
Trade and other payables	**-**	**(153)**	**(76)**	**(25)**	**(254)**
Net financial liabilities	**(29,924)**	**(143)**	**(118)**	**4**	**(30,181)**
2022					
Financial assets	-	2	81	12	95
Loans and borrowings [1]	(14,841)	-	-	-	(14,841)
Lease liability	-	-	(141)	-	(141)
Gold purchase advance payments	(15,236)	-	-	-	(15,236)
Trade and other payables	(123)	(205)	(146)	(342)	(816)
Net financial liabilities	(30,200)	(203)	(206)	(330)	(30,939)

[1] Both convertible notes of $1.638 million or US$1.25 million (see Note 11) were converted into 35,342,120 common shares in January 2023, and accordingly are excluded from this disclosure since once are converted no foreign currency risk is associated with these financial instruments

Based on the above foreign currency exposures as at December 31, 2023 and assuming that all other variables remain constant, a 10% depreciation/appreciation of the Canadian Dollar would result in an increase/decrease of approximately $3.018 million in the Group's loss for the year (2022: $3.094 million).

The Group's sensitivity to foreign currency fluctuations is principally driven by the following financial liabilities denominated into US Dollars: gold purchase advance payments from Royal Gold (see Note 12) and the EBRD convertible loan (see Note 11).

(iii) Interest rate risk

At December 31, 2023, fixed interest rate is applied for both convertible loans and therefore a change in interest rates at reporting date would not affect the profit or loss. No interest expense is charged to other financial instruments.

(iv) Credit risk

The Group's exposure to credit risk was limited to the recovery of value added taxes from Canadian, Macedonian and UK tax authorities and advances for corporate income tax from Macedonian tax authorities.

Credit risk also arises from cash and cash equivalents held in banks. For international banks, only independently rated parties with minimum rating "A" are accepted.

14. Financial instruments (continued)

(c) Categories of financial instruments and measuring fair values

(i) Fair value of the Group's financial liabilities that are measured at fair value on a recurring basis

The EBRD convertible loan is measured at fair value at the end of the reporting period. The table below provides information about the valuation techniques and inputs used for determining that fair value.

Financial liability	Fair value as at December 31,		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	2023 $000s	2022 $000s				
EBRD convertible loan	**15,532**	14,841	Level 3	Internally developed model that values the loan amount (on a discounted cash flow basis) and the conversion option using the Black-Scholes option pricing model. The key inputs to the model include contract and market interest rates, foreign exchange rates and the Company's common share price.	A probability weighting is applied to each scenario, based on future financing plans, by using the management's best estimates of likelihood of each scenario occurring.	A change in the probability weighting applied by management would change the fair value of the loan. At December 31, 2023, the fair value was determined by only one scenario developed (2022: one scenario).

Both convertible notes of $1.638 million or US$1.25 million (see Note 11) are measured at fair value as well, however due to close proximity of December 31, 2022 to their conversion on January 26, 2023 (see Note 9(a)), Management's estimate was that the value of conversion represents their fair value at December 31, 2022, and therefore no additional fair value adjustment was recognised for the years ended December 31, 2023 and 2022.

(ii) Fair value of the Group's financial assets and financial liabilities that are not measured at fair value

Except as detailed in the following table, the Company's board of directors consider that the carrying amount of financial assets and financial liabilities recognised in these consolidated financial statements approximate their fair values at year end.

	December 31, 2023		December 31, 2022	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	$000s	**$000s**	$000s	$000s
Financial liability measured at amortised cost				
Loans and borrowings - CCI convertible loan	**12,135**	**12,362**	11,331	11,541

15. Income taxes

(a) Amounts recognised in the income statement:

	Year ended December 31,	
	2023	2022
Recognised in the consolidated statement of profit or loss	**$000s**	$000s
Current tax expense	**-**	-
Deferred tax expense	**-**	-
Income tax expense on continuing operations	**-**	-
Analysis of charge in year		
Loss before tax	**(3,564)**	(7,924)
Canadian statutory tax rate	**27.00%**	27.00%
Expected income tax credit	**(962)**	(2,139)
Changes attributable to:		
Non-taxable income/Non-deductible expenses	**234**	1,218
Difference in tax rates between Canada and foreign jurisdictions	**140**	295
Tax effect of tax losses and temporary differences not recognised	**588**	641
Used tax loss from previous years	**-**	(15)
Income tax expense on continuing operations	**-**	-

15. Income taxes (continued)

(b) Unrecognised deductible temporary differences and unused tax losses:

The Group's unrecognised deductible temporary differences and unused tax losses consist of the following amounts and will expire as follows:

	2023		
	Tax losses - revenue	**Other temporary differences**	**Total**
Expiry date	**$000s**	**$000s**	**$000s**
Within one year	**-**	**151**	**151**
Greater than one year, up to five years	**5,570**	**321**	**5,891**
Greater than five years	**44,926**	**-**	**44,926**
	50,496	**472**	**50,968**

	2022		
	Tax losses - revenue	**Other temporary differences**	**Total**
Expiry date	$000s	$000s	$000s
Within one year	-	155	155
Greater than one year, up to five years	3,701	219	3,920
Greater than five years	44,077	-	44,077
	47,778	374	48,152

Management believes that sufficient uncertainty exists regarding the recognition of deferred income tax assets and accordingly no deferred tax asset was recorded at December 31, 2023 and 2022.

16. Contingencies and commitments

Apart of above presented contractual obligations, in other notes of these consolidated financial statements, the Group had no further contingencies or commitments as at December 31, 2023.

17. List of subsidiaries

Set out below is a list of material subsidiaries of the Group as at December 31, 2023 and 2022.

Subsidiaries	**Principal place of business**	**Functional currency**	**Ownership**	
			2023	2022
			%	%
OMAX International Limited	Cayman Islands	Euros	**100**	100
Euromax Resources (Macedonia) Ltd	Canada	Canadian Dollars	**100**	100
Euromax Resources (Macedonia) UK Limited	United Kingdom	Euros	**100**	100
Euromax Resources UK (Services) Limited	United Kingdom	British Pounds	**100**	100
Euromax Resources (Bulgaria) UK Limited	United Kingdom	Euros	**100**	100
Euromax Resources DOO Skopje	Republic of North Macedonia	Macedonian Denars	**100**	100

18. Subsequent events

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

- Fully vested 1,702,651 RSUs, granted to director, were converted into common shares.
- On February 28, 2024 both EBRD and CCI convertible loans were extended to February 28, 2025.
- On May 2, 2024 the Group closed the 2024 Private Placement for gross proceeds of US$0.791 million.