CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2025 and 2024

Expressed in Canadian dollars

Euromax Resources Ltd.

December 31, 2025 and 2024

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Independent Auditor's Report

To the Shareholders of Euromax Resources Ltd.

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, 2025 and 2024, and the consolidated statements of profit or loss and other comprehensive income or loss, changes in equity and 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, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

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 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 Related to Going Concern

We draw attention to Note *3(a)* in the consolidated financial statements, which indicates that the Group had net liabilities of $6.7 million and a net working capital deficiency of $48.9 million, including cash of $1.7 million at December 31, 2025. 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.

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 Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

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Impairment Indicators on Mineral Right Interests

Description of the key audit matter

Refer to Notes 3(i) and 3(o)(iii) to the consolidated financial statements for the Group's mineral right interests accounting policy, Note 4(b)(i) which details the critical judgments used in assessing impairment of the Group's mineral right interests and Note 7 which provides more detail on this asset.

At each reporting date, the Group reviews the carrying amounts of mineral rights for indicators of impairment 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. This assessment involves judgment, including the assumption for positive resolution of the administrative process for reaching the approval of the merger of the Group's two exploitation concessions. We have therefore considered this a Key Audit Matter due to the judgment involved in the assessment of indicators of impairment.

How the key audit matter was addressed in the audit

Our approach in addressing this matter included the following procedures, among others:

- Obtained and reviewed management's assessment of impairment indicators under IFRS 6.
- Examined legal correspondence and involved individuals with relevant legal expertise to obtain an understanding of the Group's right to merge both the Ilovica 6 and Ilovica 11 concessions.
- Obtained an understanding of the current exploration program through discussions with management and examination of technical reports.
- Assessed whether the Group's concessions were current, which included obtaining supporting documentation and performing title searches on mining licenses.
- Considered the Group's ability and intention to continue to evaluate the area of interest, which included discussions with management and examination of Board meeting minutes.
- Compared the implied value of the mineral property, based on the Company's market capitalization and enterprise value, to its carrying value.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis.

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 and 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 these consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB, 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 has 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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 Herbert Wong.

BDO Canada LLP

Chartered Professional Accountants

Vancouver, British Columbia
April 17, 2026

Euromax Resources Ltd.

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

(Expressed in Canadian dollars)

	Note	Years ended December 31, 2025 $000s	2024 $000s
Operating expenses			
Accounting, legal and professional		**(990)**	(884)
Depreciation	**8**	**(50)**	(47)
Office and general		**(227)**	(243)
Salaries, director and consultant fees		**(838)**	(799)
Share-based payments (expense)/recovery		**(1,212)**	619
Social responsibility and other project related costs		**(303)**	(275)
Gain/(loss) on foreign exchange		**2,941**	(2,198)
Operating loss		**(679)**	(3,827)
Finance expense		**(3,727)**	(3,495)
Fair value loss on financial liabilities	**11 (b)**	**-**	(10)
Net finance loss		**(3,727)**	(3,505)
Loss before tax		**(4,406)**	(7,332)
Income tax expense	**15 (a)**	**-**	-
Loss for the year		**(4,406)**	(7,332)
Other comprehensive income, net of tax:			
Items that are or may be reclassified subsequently to profit or loss			
Translation adjustment on foreign subsidiaries		**1,445**	516
Total other comprehensive income, net of tax		**1,445**	516
Total comprehensive loss for the year		**(2,961)**	(6,816)
Loss per common share			
Basic and diluted (in $)	**5**	**(0.01)**	(0.01)
Weighted average number of common shares outstanding			
Basic and diluted	**5**	**723,038,461**	553,231,494

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, 2025 $000s	December 31, 2024 $000s
ASSETS			
Current assets			
Cash and cash equivalents		**1,677**	1,004
Other receivables		**63**	59
Other current assets		**48**	51
Total current assets		**1,788**	1,114
Non-current assets			
Property, plant and equipment	**8**	**228**	213
Mineral right interests	**7**	**42,036**	39,088
Total assets		**44,052**	40,415
LIABILITIES			
Current liabilities			
Trade and other payables		**663**	260
Gold purchase advance payments	**12**	**15,401**	16,181
Share-based payment liabilities	**10 (d)**	**1,795**	671
Loans and borrowings	**11**	**32,754**	30,785
Lease liability		**61**	59
Total current liabilities		**50,674**	47,956
Non-current liabilities			
Lease liability		**100**	93
Total liabilities		**50,774**	48,049
EQUITY			
Share capital	**9 (a)**	**86,793**	84,439
Equity reserve		**18,136**	18,148
Convertible loan reserve	**11 (b)**	**1,531**	1,429
Currency translation reserve		**5,346**	3,901
Accumulated losses		**(118,528)**	(115,551)
Total deficit		**(6,722)**	(7,634)
Total liabilities and equity		**44,052**	40,415

	Note
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, 2025 and 2024

	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, 2024		*490,013,320*	*82,119*	*18,294*	*1,334*	*3,385*	*(110,391)*	*(5,259)*
Total comprehensive loss for the year								
Loss for the year			-	-	-	-	(7,332)	(7,332)
Other comprehensive income for the year			-	-	-	516	-	516
Total comprehensive loss for the year			-	-	-	*516*	*(7,332)*	*(6,816)*
Transactions with owners of the Company								
Common shares issued, net of issue costs	**9 (a)**	183,261,461	1,785	1,031	-	-	-	2,816
Partial debt settlement of the convertible loan	**9 (a)**	12,292,899	110	86	-	-	-	196
Exercised equity-settled share-based payments	**9 (a)**	1,702,651	425	(425)	-	-	-	-
Transfer of expired share options	**9 (c)**		-	(838)	-	-	838	-
Derecognition of the equity component of convertible loan	**11 (b)**		-	-	(1,334)	-	1,334	-
Equity component of convertible loan	**11 (b)**		-	-	1,429	-	-	1,429
Total transactions with owners of the Company		*197,257,011*	*2,320*	*(146)*	*95*	-	*2,172*	*4,441*
Balance on December 31, 2024		687,270,331	84,439	18,148	1,429	3,901	(115,551)	(7,634)
Balance on January 1, 2025		***687,270,331***	***84,439***	***18,148***	***1,429***	***3,901***	***(115,551)***	***(7,634)***
Total comprehensive loss for the year								
Loss for the year			**-**	**-**	**-**	**-**	**(4,406)**	**(4,406)**
Other comprehensive income for the year			**-**	**-**	**-**	**1,445**	**-**	**1,445**
Total comprehensive loss for the year			**-**	**-**	**-**	***1,445***	***(4,406)***	***(2,961)***
Transactions with owners of the Company								
Common shares issued, net of issue costs	9 (a)	**48,838,542**	**1,421**					**1,421**
Partial debt settlement of the convertible loan	9 (a)	**23,698,977**	**335**	**-**	**-**	**-**	**-**	**335**
Debt settlement of promissory note	9 (a)	**43,747,183**	**598**	**-**	**-**	**-**	**-**	**598**
Share-based payments recovery	10 (b)(i)		**-**	**(12)**	**-**	**-**	**-**	**(12)**
Derecognition of the equity component of convertible loan	11 (b)		**-**	**-**	**(1,429)**	**-**	**1,429**	**-**
Equity component of convertible loan	11 (b)		**-**	**-**	**1,531**	**-**	**-**	**1,531**
Total transactions with owners of the Company		***116,284,702***	***2,354***	***(12)***	***102***	**-**	***1,429***	***3,873***
Balance on December 31, 2025		**803,555,033**	**86,793**	**18,136**	**1,531**	**5,346**	**(118,528)**	**(6,722)**

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, 2025 $000s	2024 $000s
OPERATING ACTIVITIES			
Loss before tax		**(4,406)**	(7,332)
Add back:			
Depreciation	**8**	**50**	47
Finance expense		**3,727**	3,495
Share-based payments expense/(recovery)		**1,212**	(619)
Payment of deferred phantom units	**10 (a)**	**(100)**	-
Unrealised foreign exchange (gain)/loss		**(3,016)**	2,290
Expensed transaction costs associated with convertible loans and notes	**11 (b)**	**108**	91
Fair value loss on financial liabilities	**11 (b)**	**-**	10
Changes in working capital items:			
Increase in other receivables and prepayments and deposits		**(6)**	(11)
Increase/(Decrease) in trade and other payables		**249**	(29)
Cash used in operating activities		**(2,182)**	(2,058)
INVESTING ACTIVITIES			
Expenditures on mineral right interests	**7**	**(118)**	(86)
Purchases of property, plant and equipment		**(1)**	(6)
Cash used in investing activities		**(119)**	(92)
FINANCING ACTIVITIES			
Proceeds from common shares issued	**9 (a)**	**1,587**	3,072
Proceeds from a promissory note	**11 (b)**	**1,776**	-
Share issue costs	**9 (a)**	**(89)**	(295)
Transaction costs associated with convertible loans and notes	**11 (b)**	**(179)**	(158)
Payment of lease liabilities		**(60)**	(49)
Interest paid		**(7)**	(7)
Cash provided by financing activities		**3,028**	2,563
Effect of exchange rate changes on cash		**(54)**	(26)
Net change in cash and cash equivalents		**727**	413
Cash and cash equivalents, beginning of the year		**1,004**	617
Cash and cash equivalents, end of the year		**1,677**	1,004

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.

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

These consolidated financial statements were authorised for issue by the Company's board of directors on April 17, 2026.

2. Basis of preparation

(a) Basis of accounting

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

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 material 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, 2024 except for changes arising from the adoption of new accounting pronouncements as listed below.

New accounting pronouncements that do not have a material impact on the Group's consolidated financial statements, and that are effective from January 1, 2025, that have been adopted are as follows:

- Lack of Exchangeability (Amendments to IAS 21 *'The Effect of Changes in Foreign Exchange Rates'*) – *effective from January 1, 2025.*

(d) Accounting standards issued but not yet effective

A number of new accounting standards are effective for annual reporting periods beginning after January 1, 2026 and earlier application is permitted. However, the Group has not early adopted the following new or amended accounting standards in preparing these consolidated financial statements.

2. Basis of preparation (continued)

(d) Accounting standards issued but not yet effective (continued)

(i) IFRS 18 'Presentation and Disclosure in Financial Statements'

IFRS 18 will replace IAS 1 *'Presentation of Financial Statements'* and applies for annual reporting periods beginning on or after January 1, 2027. The new standard introduces the following key new requirements:

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, such as operating, investing, financing, discontinued operations and income tax category. Entities are also required to present a newly defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (or "MPMs") are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Group is currently evaluating the impact of IFRS 18 on its consolidated financial statements.

(ii) Other accounting standards

The following new and amended standards, that are effective for periods beginning after January 1, 2026, are not early adopted, and not expected to have a material impact on the Group's consolidated financial statements:

- Classification and Measurement of Financial Instruments (Amendments to IFRS 9 *'Financial Instruments'* and IFRS 7 *'Financial Instruments: Disclosures'*) – *effective from January 1, 2026*
- Annual Improvements to IFRS Accounting Standards – Volume 11 – *effective from January 1, 2026*
- IFRS 19 '*Subsidiaries without Public Accountability: Disclosures*' – *effective from January 1, 2027*

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, 2025, the Group had net liabilities of $6.7 million (December 31, 2024: $7.6 million) and a net working capital deficiency of $48.9 million (December 31, 2024: $46.8 million), including cash of $1.7 million (December 31, 2024: $1 million). The Group's $48.9 million working capital deficiency at December 31, 2025 largely results from:

- Convertible loans of $31.7 million (at December 31, 2024: 30.8 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 $15.4 million (December 31, 2024: $16.2 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, 2025 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, 2027. Both convertible loans are convertible into the Company's common shares at the election of EBRD and CCI on or before their maturity (see Note 11 for more details). As at the date of these consolidated financial statements no termination or repayment notice has been received from Royal Gold.

3. Summary of material accounting policies (continued)

(a) **Going concern (continued)**

On April 28, 2025 the Company received US$0.475 million under a non-interest-bearing promissory note (the "April Promissory Note") issued to its major shareholder, fully repaid during September 2025 by issuing 43,747,183 the common shares (see Note 9(a) and Note 11(a) for more details).

On September 29, 2025, the Company received further US$0.804 million under a non-interest-bearing, unsecured, promissory note (the "September Promissory Note") issued to its major shareholder, as bridge finance for the short-term working capital of the Group, and subsequent to December 31, 2025 it was fully repaid by issuing 34,965,342 common shares (see Note 18 and Note 11(a)).

Further, on December 15, 2025 the Company announced the intention of issuing 122,096,357 common shares for gross proceeds of up to $3.968 million pursuant to a non-brokered private placement (the "2025 Private Placement"). On December 30, 2025, the Company closed the first tranche of this 2025 Private Placement, by issuing 48,838,542 common shares for gross proceed of $1.587 million (see Note 9(a) for more details), while subsequent to the year end, on January 7, 2026, the Company closed the second tranche of this 2025 Private Placement by issuing 73,257,815 common shares for gross proceed of $2.381 million receipt in January 2026 (see Note 18).

The Company's board of directors has reviewed the Group's forecasts for the period ended December 31, 2027, 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, 2027 of $33.3 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, 2027.

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 February 2027 and going forward, including covering the local legal costs for the ongoing and potential administrative processes until the final approval of the request for merger of the Group's two exploitation concessions (the "Merger") (see Note 7);
- 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 2027 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 February 2027 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.

3. Summary of material accounting policies (continued)

(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 the 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.

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) Non-controlling interests ("NCI")

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for equity transactions.

(iv) Loss of control

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, any related 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.

(v) 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.

3. Summary of material accounting policies (continued)

(c) Foreign currency (continued)

(i) Foreign currency transactions (continued)

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the 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, then the relevant proportion of the cumulative translation differences is allocated to NCI.

(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.

3. Summary of material accounting policies (continued)

(f) Leases (continued)

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.

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.

3. Summary of material accounting policies (continued)

(g) Income taxes (continued)

(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 a 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.

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.

3. Summary of material accounting policies (continued)

(h) Property, plant and equipment (continued)

(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.

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

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 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.

3. Summary of material accounting policies (continued)

(j) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

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 principal 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.

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 measured 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.

3. Summary of material accounting policies (continued)

(j) Financial instruments (continued)

(iii) Derecognition (continued)

Financial assets (continued)

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.

(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. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are generally recognised in profit or loss.

(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 under the effective interest method. The equity component of a compound financial instrument 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.

3. Summary of material accounting policies (continued)

(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.

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.

3. Summary of material accounting policies (continued)

(o) Impairment (continued)

(i) Non-derivative financial assets (continued)

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 debtor;
- 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 debtor 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.

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 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 higher of its value in use and its fair value less costs of disposal. 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.

3. Summary of material accounting policies (continued)

(o) Impairment (continued)

(iii) Mineral right interests

At each reporting date, the Group reviews the carrying amounts of mineral rights for indicators of impairment 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.

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 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 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.

3. Summary of material accounting policies (continued)

(q) Fair value measurement (continued)

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 IFRS Accounting Standards 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.

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

(a) Estimates (continued)

(i) Equity-settled share-based payment arrangements and share purchase warrants (continued)

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 promissory 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(a), 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).

Furthermore, both non-interest-bearing promissory notes issued during the year ended December 31, 2025 were accounted as a financial liability at FVTPL. However, due to the proximity to their short-term maturity, (i) the April Promissory Note issued on April 28, 2025, subsequently repaid on September 4, 2025 (see Note 9(a) and Note 11(a)), and (ii) the September Promissory Note issued on September 29, 2025, subsequently repaid on February 5, 2026 (see Note 18 and Note 11(a)); and therefore both principal amounts of US$0.475 million of the April Promissory Note and US$0.804 million of the September Promissory Note did not materially differ from their fair value, and accordingly, no additional fair value adjustments were posted for the year ended December 31, 2025.

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

The lease liability is measured at the present value of the lease payments that are not paid at the reporting date, discounted using its incremental borrowing rate of 7% which represents an interest rate applied to both convertible loans (see Note 11(a)).

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

(a) Estimates (continued)

(iii) Leases (continued)

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, 2025 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 changes in the functional currencies for the years ended December 31, 2025 and 2024 (see Note 17).

5. Loss per share

	Years ended December 31,	
	2025	2024
Net loss for the year after tax (in $000)	**(4,406)**	(7,332)
Basic and diluted weighted average number of common shares	**723,038,461**	553,231,494
Basic and Diluted loss per share (in $)	**(0.01)**	(0.01)

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

	2025	2024
Issued common shares at January 1	**687,270,331**	490,013,320
Effect of common shares issued (weighted average number)	**35,768,130**	63,218,174
Basic weighted average number of common shares at December 31	**723,038,461**	553,231,494

For the years ended December 31, 2025 and 2024, because there would be further reduction in loss per share resulting from the assumption that warrants (see Note 9(b)) and convertible loans (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, 2025 and 2024.

6. Operating segments

The Group's principal business is the exploration and development of mineral right interests. The Company'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.

6. Operating segments (continued)

The Group's reportable segments are as follows:

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

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

For the years ended *In thousands $*	Macedonia December 31, 2025	 December 31, 2024	Corporate December 31, 2025	 December 31, 2024	Total December 31, 2025	 December 31, 2024
Finance expense	**(12)**	(11)	**(3,715)**	(3,484)	**(3,727)**	(3,495)
Depreciation	**(50)**	(47)	**-**	-	**(50)**	(47)
Profit/(Loss) before tax	**1,005**	(2,092)	**(5,411)**	(5,240)	**(4,406)**	(7,332)

As at *In thousands $*	Macedonia December 31, 2025	 December 31, 2024	Corporate December 31, 2025	 December 31, 2024	Total December 31, 2025	 December 31, 2024
Assets	**42,405**	39,466	**1,647**	949	**44,052**	40,415
Liabilities	**349**	254	**50,425**	47,795	**50,774**	48,049

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 4% (increased from 2% starting from January 1, 2025) of the market value of metals contained in concentrate.

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

During 2017 and 2018, the Ministry of Economy (the "MoE") responded positively 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. This termination decision was appealed by the Group, leading to a series of local court cases and decisions from 2019 to 2023. Following the positive decisions of the local 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. The Administrative Court rejected 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.

7. Mineral right interests (continued)

Macedonia (continued)

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, 2025 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, 2025 and 2024 is set out below.

	Macedonia *Ilovica-Shtuka Project*
	$000s
Balance, January 1, 2024	38,102
Exploration expenditures:	
Concession fee	86
Other items:	
Foreign exchange movements	900
Balance, December 31, 2024	39,088
Balance, January 1, 2025	**39,088**
Exploration expenditures:	
Concession fee	**118**
Other items:	
Foreign exchange movements	**2,830**
Balance, December 31, 2025	**42,036**

8. Property, plant and equipment

The Group's property, plant and equipment at December 31, 2025 and 2024 are as follows:

	Land	Right-of-use asset	Vehicles	Equipment	Leasehold improvements	Total
	$000s	$000s	$000s	$000s	$000s	$000s
Cost						
Balance at January 1, 2024	67	478	168	423	17	1,153
Acquisitions	-	-	-	6	-	6
Disposals	-	-	-	(1)	-	(1)
Revaluation of right-of-use asset	-	46	-	-	-	46
Foreign exchange movements	1	12	4	13	-	30
Balance at December 31, 2024	68	536	172	441	17	1,234
Acquisitions	**-**	**-**	**-**	**1**	**-**	**1**
Disposals	**-**	**-**	**-**	**(1)**	**-**	**(1)**
Revaluation of right-of-use asset	**-**	**49**	**-**	**-**	**-**	**49**
Foreign exchange movements	**6**	**40**	**13**	**29**	**1**	**89**
Balance at December 31, 2025	**74**	**625**	**185**	**470**	**18**	**1,372**
Accumulated depreciation						
Balance at January 1, 2024	-	344	168	421	17	950
Depreciation	-	46	-	1	-	47
Disposals	-	-	-	(1)	-	(1)
Foreign exchange movements	-	8	4	13	-	25
Balance at December 31, 2024	-	398	172	434	17	1,021
Depreciation	**-**	**48**	**-**	**2**	**-**	**50**
Disposals	**-**	**-**	**-**	**(1)**	**-**	**(1)**
Foreign exchange movements	**-**	**31**	**13**	**29**	**1**	**74**
Balance at December 31, 2025	**-**	**477**	**185**	**464**	**18**	**1,144**
Carrying amount						
At December 31, 2024	68	138	-	7	-	213
At December 31, 2025	**74**	**148**	**-**	**6**	**-**	**228**

8. Property, plant and equipment (continued)

At December 31, 2025 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, 2028 (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 $0.049 million for the year ended December 31, 2025 (at December 31, 2024: $0.046 million).

All items disposed in the years ended December 31, 2025 and 2024 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 $0.074 million (December 31, 2024: $0.068 million) were paid by the Group, and outstanding amount of $0.297 million would be paid at the sign off of these agreements.

9. Share capital and reserves

(a) Share capital

At December 31, 2025, Euromax's share capital consisted of an unlimited number of common shares without par value. All issued common shares are fully paid.

	2025		2024	
	Number of shares	**Amount**	Number of shares	Amount
		$000s		**$000s**
Balance on January 1	**687,270,331**	**84,439**	490,013,320	82,119
Common shares issued, net of issue costs	**48,838,542**	**1,421**	183,261,461	1,785
Partial debt settlement of the convertible loan	**23,698,977**	**335**	12,292,899	110
Debt settlement of promissory note	**43,747,183**	**598**	-	-
Exercised equity-settled share-based payments	-	-	1,702,651	425
Balance on December 31	**803,555,033**	**86,793**	687,270,331	84,439

On February 3, 2025, the Company closed a second debt settlement agreement to settle portion of the EBRD convertible loan, whereby $0.355 million representing a portion of outstanding interest of the EBRD convertible loan was paid off by issuing 23,698,977 common shares to EBRD (the "Second Debt Settlement Agreement") (see Note 11(a)). For closing of the Second Debt Settlement Agreement the Company incurred share issue costs of $0.020 million for filing and legal fees, of which $0.005 million were paid during the year ended December 31, 2024.

On April 28, 2025 the Company received US$0.475 million under the April Promissory Note issued to its major shareholder, as bridge finance for the short-term working capital of the Group (see Note 11(a)). Subsequently, during September 2025, that April Promissory Note was fully repaid by issuing 43,747,183 common shares at a deemed offering price of $0.015 per common share or a total of $0.656 million. In relation to this, the Company incurred share issue costs of $0.058 million for filing and legal fees.

During December 2025 the Company announced the intention of issuing 122,096,357 common shares for gross proceeds of up to $3.968 million pursuant to the 2025 Private Placement. On December 30, 2025, the Company closed the first tranche of this 2025 Private Placement, by issuing 48,838,542 common shares for gross proceeds of $1.587 million, while subsequent to the year end, on January 7, 2026, the Company closed the second tranche of this 2025 Private Placement by issuing 73,257,815 common shares for gross proceeds of $2.381 million (see Note 18). For closing of the 2025 Private Placement the Company incurred share issue costs of $0.166 million for filing and legal fees, all payable at December 31, 2025.

Subsequent to December 31, 2025, in addition to the 73,257,815 common shares issued under the second tranche of the 2025 Private Placement, the Company issued a further 60,504,675 common shares, whereby 34,965,342 common shares were issued for repayment in full of the September Promissory Note and 25,539,333 common shares were issued to settle portion of the EBRD convertible loan under a third debt settlement agreement (see Note 11(a) and Note 18 for more details).

9. Share capital and reserves (continued)

(a) Share capital (continued)

During the year ended December 31, 2024, the Company closed the following non-brokered private placements:

i. a non-brokered private placement closed during May 2024 (the “May 2024 Private Placement”) for gross proceeds of US$0.913 million or $1.229 million by issuing 61,464,496 common shares and 61,464,496 share purchase warrants (see Note 9(b));
ii. a non-brokered private placement closed during June 2024 (the “June 2024 Private Placement”) for gross proceeds of $0.066 million by issuing 3,302,081 common shares and 3,302,081 share purchase warrants (see Note 9(b)); and
iii. a non-brokered private placement closed during November 2024 (the “November 2024 Private Placement”) for gross proceeds of US$1.313 million or $1.777 million by issuing 118,494,884 common shares.

For closing of both the May 2024 Private Placement and the June 2024 Private Placement, the Company incurred share issue costs of $0.128 million for filing and legal fees, which were allocated on a proportional basis, whereby $0.020 million were allocated to share capital and $0.108 million to share purchase warrants via the equity reserve. In addition, for closing the November 2024 Private Placement the Company incurred share issue costs of $0.128 million for filing and legal fees, of which $0.112 million were paid during the year ended December 31, 2024 and $0.016 million were paid during the year ended December 31, 2025.

On September 10, 2024 the Company closed a debt settlement agreement to settle portion of the EBRD convertible loan, whereby $0.246 million representing a portion of outstanding interest of the EBRD convertible loan was paid off by issuing 12,292,899 common shares and 12,292,899 share purchase warrants to EBRD (the “First Debt Settlement Agreement”) (see Note 11(a)). For closing of the First Debt Settlement Agreement the Company incurred share issue costs of $0.050 million for filing and legal fees, which were allocated on a proportional basis, whereby $0.028 million were allocated to share capital and $0.022 million to share purchase warrants via the equity reserve.

During the year ended December 31, 2024 fully vested 1,702,651 RSUs, valued at $0.425 million, granted to director, were converted into the Company’s common shares (see Note 10(a)(ii)).

During the years ended December 31, 2025 and 2024 no share options and share purchase warrants were exercised.

(b) Share Purchase Warrants

As part of two non-brokered private placements, closed during 2024, the Company issued total of 64,766,577 share purchase warrants, whereby 61,464,496 share purchase warrants were issued as part of the May 2024 Private Placement, and 3,302,081 share purchase warrants were issued as part of the June 2024 Private Placement. All these 64,766,577 share purchase warrants are exercisable for a period of five years from the date of issuance at a price of $0.05 per common share.

Further, as part of the First Debt Settlement Agreement (see Note 11(a)), the Company issued 12,292,899 share purchase warrants exercisable for a period of five years from the date of issuance at a price of $0.05 per common share.

The aggregate fair market value of the share purchase warrants and the common shares issued in the May 2024 Private Placement, the June 2024 Private Placement and the First Debt Settlement Agreement were distributed on a pro-rata basis between share capital and equity reserve. By using the Black-Scholes option pricing model, the fair value of each issued share purchase warrant was estimated at:

- $0.0178 for each share purchase warrant issued as part of the May 2024 Private Placement, or in total of $1.095 million for all issued 61,464,496 share purchase warrants;
- $0.0134 for each share purchase warrant issued as part of the June 2024 Private Placement, or in total of $0.044 million for all issued 3,302,081 share purchase warrants; and
- $0.0088 for each share purchase warrant issued as part of the First Debt Settlement Agreement, or in total of $0.108 million for all issued 12,292,899 share purchase warrants

9. Share capital and reserves (continued)

(b) Share Purchase Warrants (continued)

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, 2024
Risk free interest rate	3.58%
Expected life	5 years
Expected volatility	160%
Expected dividend per share	$Nil

As disclosed in the summary below, 101,250,000 share purchase warrants expired during the year ended December 31, 2025, while 20,976,678 share purchase warrants expired during the year ended December 31, 2024.

A summary of the outstanding warrants in 2025 and 2024 is as follows:

	2025		2024	
	Number of warrants Number	**Weighted average exercise price $**	Number of warrants Number	Weighted average exercise price $
Balance, beginning of year	**178,309,476**	**$0.08**	122,226,678	$0.10
Warrants granted	**-**	**-**	77,059,476	$0.05
Warrants expired	**(101,250,000)**	**0.10**	(20,976,678)	$0.08
Balance, end of year	**77,059,476**	**0.05**	178,309,476	$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, 2025, 5,553,603 share options expired without allocated value, based on the management assessment as disclosed in Note 10(b)(i), while during the year ended December 31, 2024, 2,825,000 share options expired, and accordingly their value of $0.838 million was transferred from equity reserves to accumulated loses.

(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, 2025, 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.

10. Share-based payment arrangements (continued)

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

(i) Stock Option Plan (Equity settled) (continued)

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 2025 and 2024.

During the year ended December 31, 2025, 5,553,603 share options with exercise price of $0.03 per common share expired, while during the year ended December 31, 2024, 2,825,000 share options with exercise price of $0.08 per common share expired.

As discussed in (see Note 10(c)(i)), there were no outstanding share options at December 31, 2025, however, as disclosed in Note 18, subsequent to the year ended December 31, 2025, 250,000 share options were granted to director of the Company exercisable at a price of $0.05 per common share for a period of three years.

(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.

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, and depending to that benchmark additional RSUs might be awarded. However, no additional RSUs were granted for the years ended December 31, 2025 and 2024 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, 2024 fully vested 1,702,651 RSUs, granted to director, were converted into common shares (as disclosed in Note 10(c)(ii)).

No RSUs were granted during the years ended December 31, 2025 and 2024.

All granted RSUs were approved by the Company'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, 2025	Vesting conditions
On March 2, 2021 - RSUs grant to senior officer	**273,504**	50% fully vested; and 50% 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**	50% fully vested; and 50% 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**	all vested under the set non-market performance conditions linked with the permitting of the Ilovica-Shtuka Project
Total RSUs	**6,843,504**	

10. Share-based payment arrangements (continued)

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

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

Subsequent to the year ended December 31, 2025, 11,698,429 RSUs were granted to executive officers of the Company whereby vesting is conditional upon achieving the non-market performance conditions linked with the permitting of the Ilovica-Shtuka Project (see Note 18).

(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, and depending to that benchmark additional DPUs might be awarded. However, no additional DPUs were granted for the years ended December 31, 2025 and 2024 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 Company's Compensation Committee approval, settlement could be made by issuing RSUs instead of cash payment.

During the year ended December 31, 2025, the Group paid off 6,639,864 DPUs for $0.1 million to director that resigned from the Company's board of directors during June 2025.

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, 2025	Vesting conditions
DPUs granted to Directors		
From March 11, 2013 to December 31, 2024	**61,711,292**	Fully vested
During 2025	**28,018,544**	Fully vested
Total DPUs	**89,729,836**	

(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, 2025 and 2024.

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 was recognised as expense for the period. At December 31, 2024, it was assessed that 760,000 share options vested out of these 5,553,603 share options, and accordingly $0.012 million (out of total assessed value of $0.097 million) was recorded within equity results by recognising expense for periods prior to January 1, 2024. However, at September 30, 2025, based on the management assessment considering these non-market performance conditions linked to these 5,553,603 share options, it was assessed that Nill share option vested at September 30, 2025 and therefore related income of $0.012 million was recognised for the nine months ended September 30, 2025, as reversal of previously recognised expense in prior periods. During the year ended during the year ended December 31, 2025, all these 5,553,603 share options expired.

10. Share-based payment arrangements (continued)

(b) Measurement of fair values (continued)

(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.

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, 2025, it was assessed that 2,187,500 RSUs vested (2024: 2,187,500 RSUs vested), out of these 6,250,000 RSUs, and accordingly, no additional expense was recognised for the years ended December 31, 2025 and 2024.

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, whereby half of them or 296,752 RSUs vested at the grant date, while remaining 296,752 RSUs 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, 2025 (2024: 344,232 RSUs), out of these 593,504 RSUs, and accordingly, no additional expense was recognised for the years ended December 31, 2025 and 2024.

(iii) Deferred Phantom Units Plan

All DPUs granted to directors vest immediately.

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, 2025 and 2024 were as follows:

	2025		2024	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
Outstanding at January 1	**5,553,603**	**$0.03**	8,378,603	$0.05
Expired during the year	**(5,553,603)**	**$0.03**	(2,825,000)	$0.08
Outstanding at December 31	**-**	**-**	5,553,603	$0.03
Exercisable at December 31	**-**	**-**	-	-

No share options were exercised in years ended December 31, 2025 and 2024.

Subsequent to the year ended December 31, 2025, 250,000 share options were granted to director of the Company (see Note 18 and Note 10 (a)(i)).

(ii) Restricted Share Unit Plan

The number and weighted-average grant prices of the RSUs as at December 31, 2025 and 2024 were as follows:

	2025		2024	
	Number of RSUs	**Weighted average grant price**	Number of RSUs	Weighted average grant price
Outstanding at January 1	**6,843,504**	**$0.10**	8,546,155	$0.13
Exercised during the year	-	-	(1,702,651)	$0.26
Outstanding at December 31	**6,843,504**	**$0.10**	6,843,504	$0.10
Exercisable at December 31	**296,752**	**$0.10**	296,752	$0.10

During the year ended December 31, 2024 fully vested 1,702,651 RSUs, granted to director, were converted into common shares (see Note 9(a)).

10. Share-based payment arrangements (continued)

(c) Reconciliation of outstanding share options and RSUs (continued)

(ii) Restricted Share Unit Plan (continued)

Subsequent to the year ended December 31, 2025, 11,698,429 RSUs were granted to executive officers of the Company (see Note 18).

(iii) Deferred Phantom Units Plan (Cash settled)

The number of the DPUs and the total value of share-based payment liability as at December 31, 2025 and 2024 were as follows:

	2025		2024	
	Number of DPUs	**Weighted average grant price**	Number of DPUs	Weighted average grant price
Outstanding at January 1	**67,113,348**	**$0.1000**	36,856,525	$0.0350
Granted during the year	**29,256,352**	**$0.0164**	30,256,823	$0.0158
Paid off during the year	**(6,639,864)**	**$0.0150**	-	-
Outstanding at December 31	**89,729,836**	**$0.0200**	67,113,348	$0.1000

During the year ended December 31, 2025, the Group paid off 6,639,864 DPUs for $0.1 million to director that resigned from the Company's board of directors during June 2025 (see Note 10(a)(iii)).

(d) Expense recognised in profit or loss

During the years ended December 31, 2025 and 2024 no equity-settled share-based payment expense was recognised, while related income of $0.012 million was recognised for the year ended December 31, 2025 as reversal of previously recognised equity-settled share-based payment expense in prior periods.

The total cash-settled share-based payment expense in the year ended December 31, 2025 was $1.224 million (2024: recovery of $0.619 million) and as at December 31, 2025, the share-based payment liability was $1.795 million (2024: $0.671 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 $0.179 million in the Group's loss for the year (2024: $0.067 million).

11. Loans and borrowings

	December 31, 2025	December 31, 2024
	$000s	$000s
EBRD convertible loan	**17,730**	17,785
CCI convertible loan	**13,923**	13,000
Promissory notes	**1,101**	-
	32,754	30,785

(a) Terms and conditions

The terms and conditions of outstanding loans are as follows:

	Currency	**Nominal interest rate**	**Year of maturity**	**December 31, 2025**		December 31, 2024	
				Principal value	**Carrying amount**	Principal value	Carrying amount
				$000s	**$000s**	$000s	$000s
EBRD convertible loan	US$	7.00%	2027 [1]	**6,845**	**17,730**	7,192	17,785
CCI convertible loan	$	7.00%	2027 [1]	**5,200**	**13,923**	5,200	13,000
Promissory note	US$	interest-free	2026 [2]	**1,101**	**1,101**	-	-
				13,146	**32,754**	12,392	30,785

[1] subsequent to year ended December 31, 2025 both convertible loans were extended to February 2027
[2] subsequent to year ended December 31, 2025 the Promissory note was fully repaid by issuing 34,965,342 common shares

11. Loans and borrowings (continued)

(a) Terms and conditions (continued)

EBRD convertible loan

On May 24, 2016 the Company closed the EBRD convertible loan with EBRD and received proceeds of US$5 million ($6.845 million) (the "Principal Amount"), amended in April 2018, March 2019, February 2021, February 2022, February 2023, February 2024 (the "2024 Amendments of the EBRD convertible loan"), February 2025 (the "2025 Amendments of the EBRD convertible loan") and subsequent to year end, in February 2026 (the "2026 Amendments of the EBRD convertible loan"), as disclosed in Note 18.

The EBRD convertible loan matures on February 28, 2026, having been extended from February 28, 2025 as per the 2025 Amendments of the EBRD convertible loan. Subsequent to the year ended December 31, 2025, the EBRD convertible loan was extended further until February 28, 2027, as per the 2026 Amendments of the EBRD convertible loan, as disclosed in Note 18.

On September 10, 2024 the Company closed the First Debt Settlement Agreement to settle portion of the EBRD convertible loan for repayment of $0.246 million, representing (i) a repayment of financial delay fee (the "Fee") of US$0.150 million and (ii) partial repayment of the finance delay 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 (the "Interest") of US$0.028 million; by issuing 12,292,899 common shares and 12,292,899 share purchase warrants to EBRD (see Note 9(a)).

Further, on February 3, 2025, the Company closed the Second Debt Settlement Agreement, whereby $0.355 million or US$0.263 million, representing a portion of the outstanding Interest of the EBRD convertible loan, was paid off by issuing 23,698,977 common shares to EBRD (see Note 9(a)).

Subsequent to December 31, 2025, on March 19, 2026 the Company closed a third debt settlement agreement to settle portion of the EBRD convertible loan for repayment of $1.149 million representing a repayment of the Interest of US$0.294 million and partial repayment of the Redemption Amount of US$0.523 million, by issuing 25,539,333 common shares to EBRD (the "Third Debt Settlement Agreement") (see Note 18).

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

- the Principal Amount,
- a net amount of US$0.897 million ($1.228 million) (or the "Redemption Amount"), and
- interest (the "Interest on Extension") accrued 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 accrued on the outstanding balance of the EBRD convertible loan, compounded annually, including the effect of partial repayments through debt settlement agreements signed with EBRD.

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 outstanding balance of all the Principal Amount, the Redemption Amount 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, February 2023, February 2024 (the "2024 Amendments of the CCI convertible loan"), February 2025 (the "2025 Amendments of the CCI convertible loan") and subsequent to year end, in February 2026 (the "2026 Amendments of the CCI convertible loan"), as disclosed in Note 18.

The CCI convertible loan matures on February 28, 2026, extended from February 28, 2025 as per the 2025 Amendments of the CCI convertible loan. Subsequent to the year ended December 31, 2025, the CCI convertible loan was extended further until February 28, 2027, as per the 2026 Amendments of the CCI convertible loan, as disclosed in Note 18.

11. Loans and borrowings (continued)

(a) Terms and conditions (continued)

CCI convertible loan (continued)

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 it incurs a 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.

Promissory notes

On April 28, 2025 the Company received US$0.475 million (or $0.658 million) under the April Promissory Note issued to its major shareholder, and subsequently, on September 4, 2025 the April Promissory Note was fully repaid by issuing 43,747,183 common shares (see Note 9(a)).

On September 29, 2025, the Company received further US$0.804 million (or $1.118 million) under the September Promissory Note issued to its major shareholder, as bridge finance for the short-term working capital of the Group, and subsequent to December 31, 2025 the September Promissory Note was fully repaid by issuing 34,965,342 common shares (see Note 18).

(b) Recognition and measurement of convertible loans

EBRD convertible loan

EBRD convertible loan	2025	2024
	$000s	$000s
Carrying amount at January 1	**17,785**	15,532
Adjustments recorded during the year:		
Accrued interest	**1,185**	1,119
Partially repayment through the debt settlement agreement	**(355)**	(246)
Fair value adjustment	**-**	10
Unrealised foreign exchange movements	**(885)**	1,370
Carrying amount at December 31	**17,730**	17,785

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, 2025 transaction costs of $0.097 million were incurred for the 2025 Amendments of the EBRD convertible loan (2024: $0.091 million incurred for the 2024 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, 2025 was assessed at $17.730 million (US$12.951 million) (2024: $17.785 million or US$12.365 million). A decrease/increase of discount rate by 10%, used for calculation of discounted cash flow as part of the internally prepared model, would result in increase/decrease of approximately $0.019 million in the Group's loss and the fair value of the EBRD convertible loan.

CCI convertible loan

CCI convertible loan	2025	2024
	$000s	$000s
Carrying amount at January 1	**13,000**	12,135
Adjustments recorded during the year:		
Adjustments due to the significant modification *		
Derecognition of the financial liability	**(13,385)**	(12,496)
Recognition of the financial liability	**11,846**	11,061
Transaction costs	**(63)**	(59)
Accrued interest	**2,525**	2,359
Carrying amount at December 31	**13,923**	13,000

* Resulting from the significant modification of the CCI convertible loan, the existing financial liability was derecognised and new financial liability of $11.846 million (2024: $11.061 million) was recognised, while the remaining amount of that compound financial instrument of $1.539 million (2024: $1.437 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 2025 Amendments of the CCI convertible loan resulted in recognition of newly recognised financial liability in 2025, and derecognition of both the existing financial liability and related equity component of $1.429 million, whereby the equity component was transferred to Accumulated Losses. Therefore, a new financial liability has been recognised at $11.846 million, while the remaining amount of that compound financial instrument of $1.539 million has been recognised as an equity component.

Similarly in 2024, due to the significant modification of the CCI convertible loan's conditions as per the 2024 Amendments of the CCI convertible loan a new financial liability of $11.061 million and an equity component of $1.437 million were recognised in 2024, while the existing financial liability and related equity component of $1.334 million were derecognised.

Transaction costs incurred of $0.071 million for the 2025 Amendments of the CCI convertible loan (2024: $0.067 million incurred for the 2024 Amendments of the CCI convertible loan) were allocated on a proportional basis to the liability component of $0.063 million (2024: $0.059 million) and equity element of $0.008 million (2024: $0.008 million). Transaction costs allocated to the liability component will be fully amortised at February 28, 2026.

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

Promissory notes

Promissory notes	2025	2024
	$000s	$000s
Carrying amount at January 1	**-**	-
Proceeds received	**1,776**	-
Realised foreign exchange movements	**(2)**	
Debt settlement of promissory note	**(656)**	-
Unrealised roreign exchange movements	**(17)**	-
Carrying amount at December 31	**1,101**	-

Promissory notes issued during the year ended December 31, 2025 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.

11. Loans and borrowings (continued)

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

Promissory notes (continued)

During the year ended December 31, 2025 transaction costs of $0.011 million were incurred for closing of these promissory notes.

Subsequent to their issuance, (i) the April Promissory Note as recognised at $0.658 million (or US$0.475 million) was fully repaid on September 4, 2025 by issuing 43,747,183 common shares at a deemed offering price of $0.015 per common share or a total of $0.656 million (or US$0.475 million), while (ii) the September Promissory Note as recognised at $1.118 million (or US$0.804 million) was fully repaid on February 5, 2026 by issuing 34,965,342 common shares at a deemed offering price of $0.0325 per common share or a total of $1.136 million (or US$0.804 million).

Due to the proximity to their short-term maturity, (i) the April Promissory Note issued on April 28, 2025, subsequently repaid on September 4, 2025, and (ii) the September Promissory Note issued on September 29, 2025 subsequently repaid on February 5, 2026, both principal amounts of US$0.475 million of the April Promissory Note and US$0.804 million of the September Promissory Note did not materially differ from their fair value, and therefore, no additional fair value adjustments were posted for the year ended December 31, 2025.

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 would 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, 2025 and 2024:

	2025	2024
	$000s	$000s
Balance on January 1	**16,181**	14,903
Adjustments recorded during the year:		
Foreign exchange movements:		
Unrealised foreign exchange (gain)/loss	**(1,919)**	895
Currency translation reserve movements *	**1,139**	383
Balance on December 31	**15,401**	16,181

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

13. Related party transactions

At December 31, 2025, 400,730,847 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").

On September 29, 2025, the Company received US$0.804 million under the September Promissory Note issued to Galena, as bridge finance for the short-term working capital of the Group, outstanding at December 31, 2025 as disclosed in Note 11, and subsequent on February 5, 2026 was fully repaid by issuing 34,965,342 common shares to Galena (see Note 11 and Note 18 for more details).

Therefore, following the closing of the second tranche of the 2025 Private Placement on January 7, 2026 (see Note 9(a) and Note 18 for more details) and fully repayment of the September Promissory Note of US$0.804 million (see Note 11(a) and Note 18 for more details), Galena has increased its investment to 508,954,004 common shares, representing 54.3% of the Company as at the date of these consolidated financial statements.

Galena has exercised its right to appoint four out of nine members of the board of directors, and therefore, including the controlling 54.3% of the interest of the Company at the date of these consolidated financial statements, Trafigura as ultimate controlling entity of Galena represents a controlling entity of the Company.

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

ARQX Capital DWC Ltd was a related party of the Group until March 11, 2024. It is a private company owned by one of the Company's directors, who was particularly engaged in the permitting process and for the development of the Ilovica-Shtuka Project until the beginning of March 2024.

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,	
	2025	2024
	$000s	$000s
Fees for the executive oversight of Macedonian operations	-	35
	-	35

(b) Key management personnel compensation

The remuneration of directors and other members of key management personnel during the years ended December 31, 2025 and 2024 was as follows:

		Years ended December 31,	
	Note	**2025**	2024
		$000s	$000s
Short-term employee benefits		**366**	336
Share-based payments expense/(recovery)	(i)	**1,212**	(619)
		1,578	(283)

(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 $32.754 million (2024: $30.785 million) (see Note 11) and gold purchase advance payments of $15.401 million (2024: $16.181 million) (see Note 12); and (ii) equity, comprising share capital of $86.793 million (2024: $84.439 million) (see Note 9(a)), various reserves of $25.013 million (2024: $23.478 million) and accumulated losses of $118.528 million (2024: $115.551 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 Company'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, 2025	**Carrying amount**	**3 months or less**	**3-12 months**	**1-2 years**	**2-3 years**
	$000s	**$000s**	**$000s**	**$000s**	**$000s**
Trade and other payables	**663**	**663**	**-**	**-**	**-**
Gold purchase advance payments	**15,401**	**15,401**	**-**	**-**	**-**
Lease liability	**161**	**18**	**43**	**53**	**47**
Loans and borrowings [1]	**32,754**	**32,259**	**-**	**-**	**-**
	48,979	**48,341**	**43**	**53**	**47**

		Contractual cash flows			
December 31, 2024	**Carrying amount**	**3 months or less**	**3-12 months**	**1-2 years**	**2-3 years**
	$000s	$000s	$000s	$000s	$000s
Trade and other payables	260	260	-	-	-
Gold purchase advance payments	16,181	16,181	-	-	-
Lease liability	152	18	38	50	46
Loans and borrowings	30,785	31,366	-	-	-
	47,378	47,825	38	50	46

[1] subsequent to year ended December 31, 2025 the Promissory note of $1.101 million (US$0.804 million) was fully repaid by issuing 34,965,342 common shares, and therefore is not disclosed in contractual cash flows at December 31, 2025

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.

14. Financial instruments (continued)

(b) Financial risk management (continued)

(i) Liquidity risk (continued)

Loans and borrowings represent: (i) the EBRD convertible loan, (ii) the CCI convertible loan and (iii) the September Promissory Note; and their carrying amounts are disclosed in Note 11. Subsequent to December 31, 2025, the September Promissory Note was fully repaid by issuing 34,965,342 common shares (see Note 11(a) and Note 18 for more details), which reduced the liquidity risk related to this financial instrument. Therefore, at December 31, 2025 the contractual cash payment of the EBRD convertible loan at maturity date (at February 28, 2026) was $17.924 million (or US$13.093 million) (2024: contractual cash payment at February 28, 2025 of $17.981 million or US$12.501 million), while for the CCI convertible loan the contractual cash payment was $14.335 million (2024: contractual cash payment at February 28, 2025 of $13.385 million).

Subsequent to December 31, 2025, the Company closed the Third Debt Settlement Agreement for repayment of US$0.817 million (or $1.149 million), representing a portion of the EBRD convertible loan, that was paid off by issuing 25,539,333 common shares to EBRD (see Note 11(a) and Note 18). Further, subsequent to December 31, 2025, both EBRD and the CCI convertible loans were extended further until February 28, 2027 (see Note 18), and therefore, at the date of these consolidated financial statements, the contractual cash payments at February 28, 2027 are in total of $33.332 million, made up of $17.980 million (or US$13.134 million) for the EBRD convertible loan, and $15.352 million for the CCI convertible loan. 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).

Further, the contractual cash payments for the EBRD convertible loan and the gold purchase advance payments from Royal Gold (see Note 12) are subject to 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, 2025 and 2024 is as follows:

	U.S. Dollar	British Pound	Macedonian Denar	Euros	Total
2025	**$000s**	**$000s**	**$000s**	**$000s**	**$000s**
Financial assets	**1,072**	**4**	**141**	**2**	**1,219**
Loans and borrowings	**(17,730)**	**-**	**-**	**-**	**(17,730)**
Lease liability [1]	**-**	**-**	**(161)**	**-**	**(161)**
Gold purchase advance payments	**(15,401)**	**-**	**-**	**-**	**(15,401)**
Trade and other payables	**(14)**	**(52)**	**(187)**	**-**	**(253)**
Net financial liabilities	**(32,073)**	**(48)**	**(207)**	**2**	**(32,326)**
2024					
Financial assets	872	8	165	4	1,049
Loans and borrowings	(17,785)	-	-	-	(17,785)
Lease liability	-	-	(152)	-	(152)
Gold purchase advance payments	(16,181)	-	-	-	(16,181)
Trade and other payables	-	(28)	(102)	(7)	(137)
Net financial liabilities	(33,094)	(20)	(89)	(3)	(33,206)

[1] subsequent to year ended December 31, 2025 the Promissory note of $1.101 million (US$0.804 million) was fully repaid by issuing 34,965,342 common shares, and therefore is not disclosed in Loans and borrowings

Based on the above foreign currency exposures as at December 31, 2025 and assuming that all other variables remain constant, a 10% depreciation/appreciation of the Canadian Dollar would result in an increase/decrease of approximately $3.233 million in the Group's loss for the year (2024: $3.321 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).

14. Financial instruments (continued)

(b) Financial risk management (continued)

(iii) Interest rate risk

At December 31, 2025, 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 (i) the recovery of guarantee of $0.015 million (2024: $0.014 million) deposited to the Macedonian authorities for the Ilovica-Shtuka Project; (ii) tax receivables of $0.063 million (2024: $0.059 million) regarding value added taxes from Canadian, Macedonian and UK tax authorities; and (iii) prepayments of $0.033 million paid for the regular Group's operations (2024: $0.037 million).

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.

(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 was 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**
	2025 $000s	2024 $000s				
EBRD convertible loan	**17,730**	17,785	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, 2025, the fair value was determined by only one scenario developed (2024: one scenario).

Further, the September Promissory Note was also measured at fair value at the end of the reporting period. However, considering the proximity to its short-term maturity, issued on September 29, 2025 and subsequently fully repaid on February 5, 2026 (see Note 11(a) and Note 18 for more details), its fair value did not materially differ from its principal amount of US$0.804 million at the end of the reporting period, and therefore no further valuation was made in assessing this financial instrument, and no additional fair value adjustments were posted for the year ended December 31, 2025.

(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, 2025		December 31, 2024	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	$000s	**$000s**	$000s	$000s
Financial liability measured at amortised cost				
Loans and borrowings - CCI convertible loan	**13,923**	**14,179**	13,000	13,239

15. Income taxes

(a) *Amounts recognised in the income statement:*

	Year ended December 31,	
	2025	2024
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	**(4,406)**	(7,332)
Canadian statutory tax rate	**27.00%**	27.00%
Expected income tax credit	**(1,190)**	(1,980)
Changes attributable to:		
(Non-taxable income)/Non-deductible expenses	**1,017**	1,351
Difference in tax rates between Canada and foreign jurisdictions	**45**	357
Tax effect of tax losses and temporary differences not recognised	**439**	272
Recognition of previously unrecognised tax losses	**(311)**	-
Income tax expense on continuing operations	**-**	-

(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:

	2025		
	Tax loss carryforwards	Other temporary differences	Total
Expiry date	**$000s**	**$000s**	**$000s**
Within one year	**1,361**	**282**	**1,643**
Greater than one year, up to five years	**12,070**	**494**	**12,564**
Greater than five years	**28,784**	**-**	**28,784**
	42,215	**776**	**42,991**

	2024		
	Tax loss carryforwards	Other temporary differences	Total
Expiry date	$000s	$000s	$000s
Within one year	3,063	244	3,307
Greater than one year, up to five years	6,612	448	7,060
Greater than five years	32,476	-	32,476
	42,151	692	42,843

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, 2025 and 2024.

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, 2025.

17. List of subsidiaries

Set out below is a list of material subsidiaries of the Group as at December 31, 2025 and 2024.

Subsidiaries	Principal place of business	Functional currency	Ownership	
			2025	2024
			%	%
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, 2025 following reportable events have occurred:

- On January 7, 2026, the Company closed the second tranche of the 2025 Private Placement by issuing 73,257,815 common shares for gross proceeds of $2.381 million.
- On February 5, 2026, the September Promissory Note of US$0.804 million was fully repaid by issuing 34,965,342 common shares to its major shareholder.
- On February 27, 2026, both EBRD and CCI convertible loans were extended to February 28, 2027.
- On March 12, 2026 the Company announced the grants of (i) 250,000 share options to director of the Company exercisable at a price of $0.05 per common share for a period of three years; and (ii) 11,698,429 RSUs to executive officers of the Company whereby vesting is conditional upon achieving the non-market performance conditions linked with the permitting of the Ilovica-Shtuka Project.
- On March 19, 2026, the Company closed the Third Debt Settlement Agreement to settle portion of the EBRD convertible loan for repayment of $1.149 million by issuing 25,539,333 common shares to EBRD.