



CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2017 and 2016

Expressed in Canadian dollars

Euromax Resources Ltd.

December 31, 2017 and 2016

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Independent auditor's report to the shareholders of Euromax Resources Ltd.

We have audited the consolidated financial statements of Euromax Resources Ltd. and subsidiaries (the "Group") for the years ended December 31, 2017 and December 31, 2016 which comprise the consolidated statements of financial position as at December 31, 2017 and 2016, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal controls 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on financial statements

In our opinion the consolidated financial statements present fairly in all material respects, the financial position of Euromax Resources Ltd. and subsidiaries as at December 31, 2017 and December 31, 2016, and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of matter – going concern

Without qualifying our opinion, we draw attention to Note 3(a) in the consolidated financial statements concerning the Group's ability to continue as a going concern. Management has prepared cash flow forecasts which indicate the Group will require additional funding within the next 12 months. As described in Note 3(a), management is optimistic that the convertible loans will not require settlement in cash in April 2018, that no termination or repayment notice is expected from Royal Gold and the Group can raise additional debt or equity funding however, these are not fully within the Group's control.

Accordingly in these circumstances, management has concluded that this represents a material uncertainty which may cause significant doubt about the Group's ability to continue as a going concern. The consolidated financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

Deloitte LLP

/s/ Deloitte LLP

Statutory Auditor
London, UK
March 28, 2018

Euromax Resources Ltd.

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

(Expressed in Canadian dollars)

	Note	Years ended December 31,	
		2017	2016
		\$000s	Restated* \$000s
Continuing operations			
Operating expenses			
Accounting, legal and professional		(605)	(1,723)
Depreciation	6	(162)	(165)
Amortisation	6	(3)	(3)
Office and general		(305)	(435)
Regulatory, filing and transfer agent		(120)	(204)
Rent		(319)	(430)
Salaries, director and consultant fees		(2,633)	(2,503)
Share-based payments recovery/(expense)	12 (d)	4,326	(5,875)
Investor and public relations		(198)	(556)
Travel		(228)	(573)
Exploration and evaluation costs		(93)	(71)
Expense recoveries		-	171
Gain/(loss) on foreign exchange		2,440	(814)
Operating profit/(loss)		2,100	(13,181)
Finance income	6	-	19
Finance expense	6	(2,808)	(1,567)
Fair value gain/(loss) on financial liabilities	13 (b)	3,985	(3,612)
Net finance income/(loss)		1,177	(5,160)
Other items			
Loss on disposal of subsidiary	8	-	(569)
Other income		5	-
Profit/(loss) from continuing operations before tax		3,282	(18,910)
Income tax expense	17 (a)	(24)	-
Profit/(loss) from continuing operations		3,258	(18,910)
Discontinued operation			
(Loss)/profit from discontinued operation, net of tax	7 (a)	(406)	383
Profit/(loss) for the year		2,852	(18,527)
Profit/(loss) attributable to:			
Owners of the Company		2,852	(18,533)
Non-controlling interest		-	6
		2,852	(18,527)
Other comprehensive income/(loss), net of tax:			
<i>Items that are or may be reclassified subsequently to profit or loss</i>			
Cumulative translation adjustment on foreign subsidiaries		1,185	(1,363)
Recycling of exchange losses on disposal of foreign subsidiaries		15	548
Total other comprehensive income/(loss), net of tax		1,200	(815)
Total comprehensive income/(loss) for the year		4,052	(19,342)
Total comprehensive income/(loss) attributable to:			
Owners of the Company		4,052	(19,348)
Non-controlling interest		-	6
		4,052	(19,342)
Earnings/(loss) per common share			
Basic earnings/(loss) per common share	5	0.02	(0.16)
Diluted earnings/(loss) per common share	5	0.00	(0.16)
Earnings/(loss) per common share - Continuing operations			
Basic earnings/(loss) per common share	5	0.02	(0.16)
Diluted earnings/(loss) per common share	5	0.00	(0.16)
Weighted average number of common shares outstanding			
Basic weighted average number of common shares outstanding	5	123,878,626	116,842,737
Diluted weighted average number of common shares outstanding	5	169,716,120	116,842,737

* See Note 7

See accompanying notes to the consolidated financial statements.

Euromax Resources Ltd.

Consolidated statements of financial position

(Expressed in Canadian dollars)

		As at	
	Note	December 31, 2017 \$000s	December 31, 2016 \$000s
ASSETS			
Current assets			
Cash and cash equivalents		524	1,063
Trade and other receivables		42	236
Other current assets		124	203
Contingent consideration	10	455	-
Total current assets		1,145	1,502
Non-current assets			
Contingent consideration	10	-	488
Property, plant and equipment	9	240	462
Intangible assets		4	10
Unproven mineral right interests	8	38,149	34,464
Total assets		39,538	36,926
LIABILITIES			
Current liabilities			
Trade and other payables		1,466	2,148
Gold purchase advance payments	14	14,119	15,150
Working capital loan	15 (c)	617	-
Loans and borrowings	13	13,883	-
Share-based payment liabilities	12 (d)	2,559	8,659
Total current liabilities		32,644	25,957
Non-current liabilities			
Loans and borrowings	13	-	15,738
Total liabilities		32,644	41,695
EQUITY			
Share capital	11 (a)	70,260	65,975
Equity reserve		9,452	9,886
Convertible loan reserve		762	762
Currency translation reserve		4,039	2,839
Accumulated losses		(77,619)	(84,231)
Total equity / (deficit) attributable to owners of the Company		6,894	(4,769)
Total liabilities and equity		39,538	36,926

Nature of operations	1
Subsequent events	21

Approved on behalf of the Board of Directors

Signed "Varshan Gokool"

Varshan Gokool, Director

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, 2017 and 2016

	Note	Share capital Number of shares	Amount \$000s	Equity reserve \$000s	Convertible loan reserve \$000s	Currency translation reserve \$000s	Accumulated losses \$000s	Total equity / (deficit) attributable to owners of the Company \$000s	Non-controlling interest \$000s	Total equity / (deficit) \$000s
<i>Balance on January 1, 2016</i>		116,842,737	65,975	9,603	-	3,654	(65,713)	13,519	9	13,528
<i>Total comprehensive loss for the year</i>										
Loss for the year			-	-	-	-	(18,533)	(18,533)	6	(18,527)
Other comprehensive loss for the year			-	-	-	(815)	-	(815)	-	(815)
<i>Total comprehensive loss for the year</i>			-	-	-	(815)	(18,533)	(19,348)	6	(19,342)
<i>Transactions with owners of the Company</i>										
Equity component of convertible loans	13 (b)		-	-	762	-	-	762	-	762
Equity-settled share-based payments	12 (d)		-	283	-	-	-	283	-	283
Disposal of subsidiary with non-controlling interest	19		-	-	-	-	15	15	(15)	-
<i>Total transactions with owners of the Company</i>			-	283	762	-	15	1,060	(15)	1,045
<i>Balance on December 31, 2016</i>		116,842,737	65,975	9,886	762	2,839	(84,231)	(4,769)	-	(4,769)
<i>Balance on January 1, 2017</i>		116,842,737	65,975	9,886	762	2,839	(84,231)	(4,769)	-	(4,769)
<i>Total comprehensive income for the year</i>										
Profit for the year			-	-	-	-	2,852	2,852	-	2,852
Other comprehensive income for the year			-	-	-	1,200	-	1,200	-	1,200
<i>Total comprehensive income for the year</i>			-	-	-	1,200	2,852	4,052	-	4,052
<i>Transactions with owners of the Company</i>										
Common shares issued, net of issue costs	11	18,491,860	4,132	1,706	-	-	-	5,838	-	5,838
Restricted Share Units ("RSUs") exercised	11 (a)	480,566	153	(153)	-	-	-	-	-	-
Equity-settled share-based payments	12 (d)		-	1,773	-	-	-	1,773	-	1,773
Transfer of expired share options	11 (c)		-	(3,760)	-	-	3,760	-	-	-
<i>Total transactions with owners of the Company</i>		18,972,426	4,285	(434)	-	-	3,760	7,611	-	7,611
<i>Balance on December 31, 2017</i>		135,815,163	70,260	9,452	762	4,039	(77,619)	6,894	-	6,894

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,	
		2017 \$000s	2016 \$000s
OPERATING ACTIVITIES			
Profit/(loss) before tax		2,881	(18,481)
<i>Add back:</i>			
Depreciation	9	182	201
Amortisation	6	5	9
Finance income	6	-	(19)
Finance expense	6	2,811	1,574
Other income		-	(9)
Share-based payments (recovery)/expense	12 (d)	(4,326)	5,875
Unrealised foreign exchange (gain)/loss		(2,479)	636
Loss on disposal of subsidiary	8	-	569
Expensed transaction costs associated with convertible loans	13 (b)	-	312
Fair value (gain)/loss on financial liabilities	13 (b)	(3,985)	3,612
Loss on disposal of discontinued operations, net of tax	7 (a)	436	-
<i>Changes in working capital items:</i>			
(Increase) / decrease in trade and other receivables and prepayments and deposits		(16)	911
Increase / (decrease) in trade and other payables		71	(355)
Income tax paid		-	(33)
Cash used in operating activities		(4,420)	(5,198)
INVESTING ACTIVITIES			
Expenditures on unproven mineral right interests		(2,552)	(8,365)
Purchases of property, plant and equipment and intangible assets		(5)	(116)
Proceeds from disposal of subsidiary	8	-	650
Net proceeds from disposal of discontinued operation	7 (c)	29	-
Proceeds from restricted cash deposits		-	73
Interest received		-	19
Cash used in investing activities		(2,528)	(7,739)
FINANCING ACTIVITIES			
Proceeds from shares issued	11 (a)	5,930	-
Share issue costs	11 (a)	(9)	-
Proceeds from working capital loan	15 (c)	534	-
Repayment of working capital loan	15 (c)	(11)	-
Proceeds from convertible loans	13 (b)	-	11,765
Transaction costs associated with convertible loans	13 (b)	-	(925)
Interest paid		(14)	(25)
Cash provided by financing activities		6,430	10,815
Effect of exchange rate changes on cash		(21)	(220)
Net change in cash and cash equivalents		(518)	(2,122)
Cash and cash equivalents, beginning of the year		1,063	3,405
Cash and cash equivalents, end of the year		524	1,063

See accompanying notes to the consolidated financial statements.

Euromax Resources Ltd.

Notes to the consolidated financial statements

December 31, 2017 and 2016

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

1. Nature of operations

Euromax Resources Ltd. (“Euromax” or the “Company”) was incorporated under the Business Corporation Act (British Columbia) and established as a legal entity on May 1, 1990. The registered address of the Company is located at 10th Floor, 595 Howe Street, Vancouver, British Columbia, Canada V6C 2T5.

These consolidated financial statements include the accounts of Euromax and its subsidiaries (collectively, the “Group”). The Group operates with the objective of becoming the leading gold and base metal mining company in Europe. The Group operates in one sector in the mining industry, i.e. the exploration and development of mineral right interests. The Group previously provided exploration services to third parties, however the Exploration Services reportable segment was disposed of on June 27, 2017 (see Note 7) and has been presented as a discontinued operation in these consolidated financial statements.

Euromax’s common shares are listed on the Toronto Stock Exchange (the “TSX”) under the trading symbol “EOX”. During 2017, Euromax’s common shares were listed on the OTCQB under the trading symbol “EOXFF”, while subsequent to the year ended December 31, 2017 those have been transferred to the OTC Pink Market under the same trading symbol. Euromax’s share options and warrants are not listed.

These consolidated financial statements were authorised for issue by the Company’s board of directors on March 28, 2018.

2. Basis of preparation

(a) Basis of accounting

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

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

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

(b) Functional and presentation currency

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

(c) Adoption of new and revised standards and interpretations

The accounting policies applied are consistent with those adopted and disclosed in the Group’s consolidated financial statements for the year ended December 31, 2016 except for changes arising from the adoption of new accounting pronouncements as listed below.

- Disclosure Initiative (Amendments to IAS 7) – *effective from January 1, 2017*
- Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12) – *effective from January 1, 2017*
- Annual Improvements to IFRSs 2014-2016 Cycle – (Amendments to IFRS 12)

None of these new accounting pronouncements had a significant impact on the Group’s consolidated financial statements.

The IASB has also issued the following new standards, amendments to standards and interpretations that are effective for periods beginning after January 1, 2018 and have not been applied in preparing of these consolidated financial statements. Those which might be relevant to the Group are set out below.

Euromax Resources Ltd.

Notes to the consolidated financial statements

December 31, 2017 and 2016

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

2. Basis of preparation (continued)

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

- IFRS 9 Financial Instruments – *effective from January 1, 2018*

Classification – financial assets and liabilities

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model under which an asset is held (how assets are managed and characteristics of their cash flows), therefore defining three principal classification categories for all financial assets: measured at amortised cost, fair value through other comprehensive income or loss and fair value through profit or loss.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. However, under IAS 39 all fair value changes of liabilities designated as at fair value through profit or loss are recognised in profit or loss, whereas under IFRS 9 these fair value changes are generally presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in other comprehensive income or loss; and
- the remaining amount of change in the fair value is presented in profit or loss.

Impairment – financial assets

IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with a forward-looking ‘expected credit loss’ (“ECL”) model. This will require considerable judgement as to how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model will apply to financial assets measured at amortised cost or fair value through other comprehensive income or loss, except for investments in equity instruments.

Management does not expect that the application of IFRS 9 to have a material impact on the Group’s consolidated financial statements.

- IFRS 16 Leases – *effective from January 1, 2019*

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items.

The potential impact of applying IFRS 16 would be recognition of new assets and liabilities for the Group’s operating leases of office premises and warehouse, as well as changing the nature of related expenses whereby depreciation charge for right-of-use assets and interest expense on leased liabilities would replace the currently used straight-line operating lease expense.

Management does not expect that the application of IFRS 16 to have a material impact on the Group’s consolidated financial statements.

The following other standards and interpretations, that are effective for periods beginning after January 1, 2018, are not expected to have a significant impact on the Group’s financial statements, however the Group will evaluate their impact on future consolidated financial statements:

- IFRS 15 Revenue from Contracts with Customers – *effective from January 1, 2018* – the Group disposed of its sole revenue generating operating segment in 2017 (see Notes 6 and 7)
- Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2) – *effective from January 1, 2018*
- Annual Improvements to IFRSs 2014-2016 Cycle – (Amendments to IAS 28 and IFRS 1) – *effective from January 1, 2018*
- IFRIC 22 Foreign Currency Transactions and Advance Consideration – *effective from January 1, 2018*
- IFRIC 23 Uncertainty over Income Tax Treatment – *effective from January 1, 2019*

Euromax Resources Ltd.

Notes to the consolidated financial statements

December 31, 2017 and 2016

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

3. Summary of significant 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, 2017, the Group had net assets of \$6.9 million (2016: net liabilities of \$4.8 million) and a net working capital deficiency of \$31.5 million (2016: \$24.5 million), including cash of \$0.5 million (2016: \$1.1 million). The Group's \$31.5 million working capital deficiency at December 31, 2017 largely results from:

- Gold purchase advance payments of \$14.1 million (2016: \$15.2 million) received from Royal Gold, AG ("Royal Gold") (see Note 14);
- Convertible loans of \$13.9 million (2016: both were classified as non-current), closed with European Bank for Reconstruction and Development ("EBRD") (the "EBRD convertible loan") and with CC Ilovitza ("CCI" a member of the CCC Group) (the "CCI convertible loan"), both mature on April 30, 2018 (see Note 13); and
- Share-based payment liabilities of \$2.6 million (2016: \$8.7 million) owing to the Group's directors and officers in lieu of cash compensation (see Note 12(d)).

These three items are classified as current liabilities as contractually repayment may be required within the next twelve months. As at the date of these consolidated financial statements no termination or repayment notice has been received from Royal Gold. Additionally, no cash payments are anticipated in connection with share based payment liabilities to any director or executive. Both convertible loans are convertible into the Company's common shares at the election of EBRD and CCI on or before April 30, 2018, and the directors' expectation is that these will be converted, refinanced or otherwise extended.

During the year ended December 31, 2017, the Group secured total gross proceeds of \$5.9 million provided by three non-brokered private placements (see Note 11).

The Company's board of directors have reviewed the Group's forecasts for the period to June 30, 2019, including all costs for obtaining all necessary permits for Ilovica-Shtuka gold-copper project in Macedonia (the "Ilovica-Shtuka Project") (including urbanisation and land acquisition activities) and engineering work that will establish a guaranteed maximum price for the Ilovica-Shtuka Project's construction.

Based on these forecasts, the directors have identified that further funding will be required to reach a construction decision. Additionally, the Group will be required to raise further debt and funding to ultimately construct and bring the Ilovica-Shtuka Project into commercial production.

Whilst the directors remain optimistic that the convertible loans will not require settlement in cash in April 2018 and the Group can raise additional debt or equity funding, this is not wholly within the Group's control. As such, this represents a material uncertainty which casts a significant doubt about the Group's continued ability to operate as a going concern and it may be unable to realise its assets and discharge its liabilities in the normal course of business.

(b) *Basis of consolidation*

(i) *Business combinations*

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. 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 profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates in accordance with IAS 39, or IAS 37, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Euromax Resources Ltd.

Notes to the consolidated financial statements

December 31, 2017 and 2016

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

3. Summary of significant accounting policies (continued)

(b) Basis of consolidation (continued)

(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 interest ("NCI")

NCI are measured at their proportional share of the acquiree's identified net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in loss of control are accounted for as 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 20.

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

(ii) Foreign operations

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

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

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

Euromax Resources Ltd.

Notes to the consolidated financial statements

December 31, 2017 and 2016

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

3. Summary of significant accounting policies (continued)

(d) *Discontinued operation*

A discontinued operation is a component of the Group's business, whereby the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate operating sector or geographic area of operations.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI/L is restated as if the operation had been discontinued from the start of the comparative year.

(e) *Revenue recognition*

Rendering of services

Revenue from exploration services is recognised on the basis of actual work performed at contracted rates. Revenue is only recognised where it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of any sales taxes or duties.

During the year ended December 31, 2017, the Group disposed of its only operating segment that generated revenue (see Note 6 and 7).

(f) *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.

(g) *Financial income and financial costs*

The Group's finance income and finance costs include:

- interest income;
- interest expense; and
- net gain or loss on financial liabilities designated at fair value through profit or loss (see Note 3(u)).

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

(h) *Borrowing costs*

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of the asset until the asset is substantially ready for its intended use. Other borrowing costs, including those related to the Group's unproven mineral right interests, are recognised as an expense in the period incurred.

(i) *Leases*

Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

Euromax Resources Ltd.

Notes to the consolidated financial statements

December 31, 2017 and 2016

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

3. Summary of significant accounting policies (continued)

(j) *Income taxes*

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

(i) *Current tax*

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

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

(ii) *Deferred tax*

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, unused tax credits and unused tax losses, to the extent that it is probable that future taxable profits will be available against which they can be used. 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.

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.

(k) *Property, plant and equipment*

(i) *Recognition and measurement*

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

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

(ii) *Subsequent expenditure*

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

(iii) *Depreciation*

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

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

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

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3. Summary of significant accounting policies (continued)

(k) Property, plant and equipment (continued)

(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.

(l) Intangible assets

(i) Recognition and measurement

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only if it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

(iii) Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual value using the straight line method over their estimated useful lives, and is recognised in profit or loss.

The estimated useful life of the Group's intangible assets is up to two years.

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

(m) Unproven mineral right interests

The Group capitalises into unproven mineral right interests all costs, net of any recoveries, of acquiring, exploring and evaluating an unproven 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 unproven 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.

(n) Financial instruments

The Group classifies non-derivative financial assets as loans and receivables; while non-derivative financial liabilities are classified into the following categories: financial liabilities at fair value through profit or loss and other financial liabilities.

(i) Non-derivative financial assets and financial liabilities – Recognition and derecognition

The Group initially recognises loans and receivables on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument.

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3. Summary of significant accounting policies (continued)

(n) Financial instruments (continued)

(i) Non-derivative financial assets and financial liabilities – Recognition and derecognition (continued)

The Group derecognises a financial asset when the contractual right to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial asset that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligation are discharged or cancelled, or expire.

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

(ii) Non-derivative financial assets and financial liabilities – Measurement

Loans and receivables are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less any provision for impairment.

Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, including any interest expense, are recognised in profit or loss. All directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

(iii) 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.

(o) 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.

(p) 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.

(q) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible notes denominated in Canadian dollars that can be converted to ordinary shares at the option of the holder, whereby the number of 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 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.

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3. Summary of significant accounting policies (continued)

(q) *Compound financial instruments (continued)*

Subsequent to initial recognition, the liability component of a compound financial instrument is classified as other financial liabilities, measured at amortised cost using the effective interest method. The equity component is not re-measured.

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.

(r) *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 non-executive 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.

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 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.

(s) *Impairment*

(i) *Non-derivative financial assets*

Financial assets measured at amortised cost are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired include:

- default or delinquency by a debtor;
- restructuring of an amount due to the Group on terms that the Group would not consider otherwise;

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3. Summary of significant accounting policies (continued)

(s) Impairment (continued)

(i) Non-derivative financial assets (continued)

- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers; or
- observable data including that there is a measurable decrease in the expected cash flows from a group of financial assets.

The Group considers evidence of impairment of these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified.

Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

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

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

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

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

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

(iii) Unproven mineral right interests

The Group reviews the carrying amounts of mineral rights annually or when there are indicators of impairment and recognises an impairment charge based upon current exploration results, plans for further activity and, where projects are sufficiently progressed, an assessment of the probability of profitable exploitation or sale of the rights. An indication of impairment on a specific licence/permit may include but is not limited to: the expiration of the Group's right to explore; 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.

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3. Summary of significant accounting policies (continued)

(t) 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 unproven 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.

(u) Fair value measurement

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

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

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

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

The 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 entirety in the same level of fair value hierarchy as the lowest level input that is significant to the entire measurement.

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3. Summary of significant accounting policies (continued)

(u) Fair value measurement (continued)

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 estimates

In preparing these consolidated financial statements, management has made estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. The estimates viewed by management as having the most significant impact on these consolidated financial statements are discussed below:

(a) Recoverability of unproven mineral right interests (Note 8)

The Group reviews the carrying value of its unproven 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 recoverable amount where calculated 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.

(b) Equity-settled share-based payment arrangements (Note 12)

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.

(c) Recognition and measurement of convertible loans (Note 13)

The EBRD convertible loan is accounted for as a financial liability at fair value through profit or loss and its fair value 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 valuation methodology.

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

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5. Earnings/(loss) per share

	Years ended December 31,	
	2017	2016
	\$000s	\$000s
Net profit/(loss) for the year after tax attributable to owners of the Company		
- from Continuing operations	3,258	(18,916)
- from Discontinued operation	(406)	383
Total net profit/(loss) for the year after tax attributable to owners of the Company	2,852	(18,533)
Basic weighted average number of common shares	123,878,626	116,842,737
Basic earnings/(loss) per share	0.02	(0.16)
Basic earnings/(loss) per share - from Continuing operations	0.02	(0.16)
Diluted net profit/(loss) for the year after tax attributable to owners of the Company		
- from Continuing operations	803	(18,916)
- from Discontinued operation	(406)	383
Total diluted net loss for the year after tax attributable to owners of the Company	397	(18,533)
Diluted weighted average number of common shares	169,716,120	116,842,737
Diluted earnings/(loss) per share	0.00	(0.16)
Diluted earnings/(loss) per share - from Continuing operations	0.00	(0.16)

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

		2017	2016
	Note		
Issued common shares at January 1		116,842,737	116,842,737
Effect of common shares issued (weighted average number)	11 (a)	6,968,742	-
Effect of Restricted Share Units ("RSUs") exercised	11 (a)	67,147	-
Basic weighted average number of common shares at December 31		123,878,626	116,842,737
	Note		
Basic weighted average number of common shares at December 31		123,878,626	116,842,737
Effect of share options and warrants		11,896,269	-
Effect of conversion of convertible loans	13	33,941,225	-
Diluted weighted average number of common shares at December 31		169,716,120	116,842,737

For the year ended December 31, 2016, because there would be further reduction in loss per share resulting from the assumption that share options, warrants and convertible loan are exercised or converted, all these instruments are considered as anti-dilutive and are ignored in the computation of loss per share. As there were no other instruments that may have a potential dilutive impact, the basic and diluted loss per share were the same for year ended December 31, 2016.

6. Operating segments

The Group's principal business is the exploration and development of mineral right interests, and its secondary business was provision of exploration services to third party resource companies, however this was disposed of during year ended December 31, 2017 (see below and Note 7). The Group's board of directors (the Group's Chief Operating Decision Maker) has arranged the Group's operating segments by both type of business and by geographic region. No operating segments have been aggregated in arriving at the reportable segments of the Group.

The Group's reportable segments are as follows:

Reportable segments	Operations	Geographic location
Macedonia	Exploration and development of mineral right interests	Macedonia
Serbia	Exploration and development of mineral right interests	Serbia
Exploration Services	Exploration and evaluation services to third parties	Bulgaria
Corporate	Corporate operations	Canada and UK

On June 27, 2017 the Group disposed of its Exploration Services reportable segment ("Euromax Exploration Services EOOD" or "EES") (see Note 7). On September 29, 2016 disposed of its Serbian reportable segment ("South Danube Metals d.o.o. Beograd" or "SDM") (See Note 8).

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6. Operating segments (continued)

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

For the years ended <i>In thousands \$</i>	Macedonia		Serbia		Exploration Services (Discontinued - see Note 7)		Corporate		Total	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
External revenues	-	-	-	-	686	5,473	-	-	686	5,473
Finance income	-	17	-	-	-	-	-	2	-	19
Finance expense	(1)	(3)	-	(1)	(3)	(7)	(2,807)	(1,563)	(2,811)	(1,574)
Depreciation	(158)	(157)	-	(1)	(20)	(36)	(4)	(7)	(182)	(201)
Amortisation	(3)	(3)	-	-	(2)	(6)	-	-	(5)	(9)
Segment (loss)/profit before tax	(1,198)	(2,765)	-	(38)	(401)	429	4,480	(16,107)	2,881	(18,481)

As at <i>In thousands \$</i>	Macedonia		Serbia		Exploration Services		Corporate		Total	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Segment assets	38,470	35,002	-	-	-	1,047	1,068	877	39,538	36,926
Segment liabilities	529	786	-	-	-	91	32,115	40,818	32,644	41,695

7. Discontinued operation

(a) Results of discontinued operations

On June 27, 2017 the Group disposed of its Bulgarian exploration service company, EES, for total consideration of €0.124 million (\$0.185 million) of which €0.027 million (\$0.040 million) involved offsetting of existing payables that the Group owed EES, whilst the remaining €0.097 million (\$0.143 million) was received on October 13, 2017.

A loss on disposal of \$0.436 million was recognised for year ended December 31 2017.

The Exploration Services reportable segment had not been previously classified as held-for-sale or as a discontinued operation, and accordingly the comparative consolidated statement of profit or loss and other comprehensive income or loss has been restated to reflect the discontinued operation separately from Group's continuing operations.

Subsequent to its disposal, the Group had not purchased exploration services from its discontinued operation.

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7. Discontinued operation (continued)

(a) Results of discontinued operations (continued)

	Years ended December 31,	
	2017	2016
	\$000s	\$000s
External revenues	686	5,473
External expenses	(651)	(5,044)
Results from operating activities	35	429
Income tax	(5)	(46)
Results from operating activities, net of tax	30	383
Loss on disposal of discontinued operation	(436)	-
(Loss)/profit from discontinued operation, net of tax	(406)	383
Basic (loss)/earnings per share	(0.00)	0.00
Diluted (loss)/earnings per share	(0.00)	0.00

The loss from the discontinued operation of \$0.406 million for the year ended December 31, 2017 (2016: profit of \$0.383 million), were attributable entirely to the owners of the Company.

(b) Cash flows (used in)/provided by discontinued operations

	Years ended December 31,	
	2017	2016
	\$000s	\$000s
Net cash (used in)/provided by operating activities	(133)	381
Net cash used in investing activities	(115)	(46)
Net cash (used)/provided for the year	(248)	335

Net cash used in investing activities of \$0.115 million in the year ended December 31, 2017 (2016: \$0.046 million) was principally due to \$0.114 million of net cash and cash equivalents disposed of (see Note 7(c)).

(c) Effects of disposal on the financial position of the Group

	June 26, 2017
	\$000s
Deferred consideration*	145
Net assets disposed of:	
Property, plant and equipment	(61)
Intangible assets	(4)
Trade and other receivables	(398)
Other current assets	(35)
Cash and cash equivalents	(114)
Trade and other payables	31
Net assets and liabilities	(581)
Loss on disposal of discontinued operation	(436)

* \$0.143 million at October 13, 2017

	Years ended December 31, 2017
Consideration received	143
Net of cash disposed of	(114)
Net proceeds from disposal of discontinued operation	29

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8. Unproven mineral right interests

Macedonia

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

The Ilovica-Shtuka Project consists of two adjacent properties, Ilovica 6 and Ilovica 11. The Group was granted a Concession for exploitation of mineral resources (the "Exploitation Concession") for Ilovica 6 under the rules and regulations of the Minerals Law in Macedonia. The Ilovica 6 Exploitation Concession has an initial term of 30 years and is subject to a state royalty of 2% of the market value of metals contained in concentrate. The Ministry of Environment and Physical Planning in Macedonia (the "MoEPP") has formally approved the Environmental Impact Assessment Study (the "EIA") for Ilovica 6 under the Environmental Law in Macedonia.

On January 6, 2016 the Group announced the Feasibility Study (the "FS") for the Ilovica-Shtuka Project, prepared in compliance with National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101").

The Exploitation Concession on Ilovica 11 was granted on January 13, 2016 under the rules and regulations of the Minerals Law in Macedonia. This Exploitation Concession on Ilovica 11 has the same conditions as those of Ilovica 6, i.e. an initial term of 30 years and a state royalty of 2% of the market value of metals contained in concentrate.

On July 22, 2016, following the submission of a Main Mining Project, an application for the Exploitation Permit for the Ilovica-Shtuka Project was submitted for approval.

During 2017, a Strategic Environmental Impact Assessment was approved by the MoEPP (required for urbanisation process of the mine footprint); the Ministry of Economy approved the merger of the Group's two exploitation concessions subject to Macedonian Government ratification; and a commission within the MoEPP issued a Compliance Report for the EIA on Ilovica 11, and recommended the formal approval to be granted by the MoEPP. Additionally, the ESIA, produced under international standards, was completed to facilitate the financing of the Ilovica-Shtuka Project's construction as well as meets the requirements of various project stakeholders.

Serbia

On September 29, 2016, the third party optionee exercised its one year option under the option agreement to acquire the Group's remaining 96% interest in SDM that owns 100% of the Karavansalija Mineralised Centre ("KMC") exploration permit, for \$0.650 million (US\$0.500 million).

On disposal, the Group had recognised a loss of \$0.569 million for the year ended December 31, 2016, which mainly represents the recycling of the related currency translation reserve losses to the income statement in accordance with accounting standards.

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8. Unproven mineral right interests (continued)

A summary of changes to the Group's unproven mineral right interests in the years ended December 31, 2017 and 2016 is set out below.

	Macedonia <i>Ilovica-Shtuka</i>	Serbia <i>KMC</i>	Total
	\$000s	\$000s	\$000s
Balance, January 1, 2016	27,901	673	28,574
Exploration expenditures:			
Assays and analysis	451	-	451
Drilling	544	-	544
Feasibility costs	5,941	-	5,941
Social & environmental costs	981	-	981
Other	620	-	620
	36,438	673	37,111
Other items:			
Impairment of mineral properties	-	(642)	(642)
Foreign exchange movements	(1,974)	(31)	(2,005)
Balance, December 31, 2016	34,464	-	34,464
Balance, January 1, 2017	34,464	-	34,464
Exploration expenditures:			
Feasibility costs	1,407	-	1,407
Social & environmental studies	108	-	108
Other	82	-	82
	36,061	-	36,061
Other items:			
Foreign exchange movements	2,088	-	2,088
Balance, December 31, 2017	38,149	-	38,149

9. Property, plant & equipment

The Group's property, plant and equipment at December 31, 2017 and 2016 are as follows:

	Vehicles	Office equipment	Field equipment	Leasehold improvements	Total
	\$000s	\$000s	\$000s	\$000s	\$000s
Cost					
Balance at January 1, 2016	534	231	336	120	1,221
Acquisitions	32	32	24	2	90
Disposals	(15)	-	(3)	-	(18)
Foreign exchange movements	(34)	(24)	(21)	(10)	(89)
Balance at December 31, 2016	517	239	336	112	1,204
Acquisitions	-	1	-	-	1
Disposals	(295)	(21)	(90)	-	(406)
Foreign exchange movements	27	12	19	6	64
Balance at December 31, 2017	249	231	265	118	863
Accumulated depreciation					
Balance at January 1, 2016	286	106	191	30	613
Depreciation	72	41	52	36	201
Disposals	(15)	-	(3)	-	(18)
Foreign exchange movements	(20)	(17)	(12)	(5)	(54)
Balance at December 31, 2016	323	130	228	61	742
Depreciation	61	42	45	34	182
Disposals	(248)	(15)	(81)	-	(344)
Foreign exchange movements	18	7	14	4	43
Balance at December 31, 2017	154	164	206	99	623
Carrying amount					
At December 31, 2016	194	109	108	51	462
At December 31, 2017	95	67	59	19	240

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9. Property, plant & equipment (continued)

All disposals in 2017 were related to the Exploration Services operating segment, while disposals in 2016 were related to the Exploration Services (\$0.012 million) and the Serbia (\$0.006 million) operating segments.

10. Contingent consideration

On April 28, 2014 the Group announced the sale of Euromax Services EOOD and after receipt of all upfront consideration of \$3.023 million control passed to the purchaser on May 9, 2014. Further, contingent consideration amounting to US\$0.816 million (\$1.108 million) was receivable from the purchaser subject to no claims arising under the warranties of the sale and purchase agreement.

On December 22, 2015 US\$0.453 million (\$0.605 million) was received from the purchaser. The remaining amount of US\$0.363 million (\$0.455 million) (2016: \$0.488 million) is contractually due to be received by December 31, 2018 and has been recognised as a current receivable at December 31, 2017.

11. Share capital and reserves

(a) Share capital

At December 31, 2017, Euromax's share capital consisted of an unlimited number of common shares without par value. All issued common shares are fully paid.

	2017		2016	
	Number of shares	Amount \$000s	Number of shares	Amount \$000s
Balance on January 1	116,842,737	65,975	116,842,737	65,975
Common shares issued, net of issue costs	18,491,860	4,132	-	-
RSUs exercised	480,566	153	-	-
Balance on December 31	135,815,163	70,260	116,842,737	65,975

During the year ended December 31, 2017 the following non-brokered private placements were closed:

- On March 14, 2017 the Company issued 3,325,582 common shares at a price of \$0.43 to a consortium of investors for proceeds of \$1.430 million.
- On August 23, 2017 the Company issued 1,666,666 common shares at a price of \$0.30 for proceeds of \$0.500 million and 1,666,666 share purchase warrants exercisable at a price of \$0.33 until August 23, 2020.
- On September 25, 2017 the Company issued 13,333,333 common shares at a price of \$0.30 for proceeds of \$4.000 million and 13,333,333 share purchase warrants exercisable at a price of \$0.33 until September 25, 2020.

In connection to all these placements, the Company incurred share issue costs of \$0.163 million, of which \$0.071 million were compensated by issuing 166,279 common shares at a price of \$0.43, whilst the remaining \$0.092 million is payable in cash, of which \$0.009 million has been paid during the period. These share issue costs were allocated to share capital and to share purchase warrants via the equity reserve on a pro-rata basis.

In addition, 480,566 RSUs fully vested and were exercised into 480,566 common shares (see Note 12) (2016: no RSUs were exercised), by a former executive of the Company. An amount of \$0.153 million being of the share-based payment cost of these RSUs was accordingly transferred to share capital from equity reserve.

During the year ended December 31, 2017 and 2016 no share options and no share purchase warrants were exercised.

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11. Share capital and reserves (continued)

(b) Share Purchase Warrants

During the year ended December 31, 2017, 14,999,999 share purchase warrants were issued, all exercisable to acquire one common share of the Company at a price of at a price of \$0.33 (see Note 11(a)). The fair value of the share purchase warrants issued was estimated at \$1.714 million net of share issues cost of \$0.024 million (weighted average value of \$0.1159 per share purchase warrant at the grant date) using the Black-Scholes option pricing model.

The weighted average assumptions used for calculating the fair value of the share purchase warrants issued during the year ended December 31, 2017 are presented in the following table:

Year ended	December 31, 2017
Risk free interest rate	1.61%
Expected life	3 years
Expected volatility	50.00%
Expected dividend per share	\$Nil

During the year ended December 31, 2016, no share purchase warrants were issued.

A summary of the outstanding warrants in 2017 and 2016 is as follows:

	2017		2016	
	Number of warrants Number	Weighted average exercise price \$	Number of warrants Number	Weighted average exercise price \$
Balance, beginning of year	20,141,835	0.41	20,141,835	0.41
Warrants granted	14,999,999	0.33	-	-
Balance, end of year	35,141,834	0.37	20,141,835	0.41

(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 12), as well as share purchase warrants. Transfers from the equity reserve to share capital are made whenever common share options or share purchase warrants are exercised or expired and when restricted share units fully vest and convert to common shares.

During 2017, a transfer amounting to \$3.760 million was made from the equity reserve to accumulated losses reflecting previous share options which have lapsed and unexercised.

(ii) Convertible Loan Reserve

The convertible loan reserve comprises the equity component of the CCI convertible loan, closed on May 20, 2016 (see Note 13(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.

12. Share-based payment arrangements

(a) Description of share-based payment arrangements

At December 31, 2017, 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.

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12. 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 15% 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.

During the year ended December 31, 2017, 2,250,000 share options were granted with an exercise price ranging from \$0.35 to \$0.41 per common share, while 2,826,663 share options expired with exercise prices ranging from \$0.60 to \$1.02 per share.

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

Grant date	Number of options as at December 31, 2017	Vesting conditions	Contractual life of options
<i>Options granted to Directors and Officers</i>			
On March 12, 2013	1,516,803	Fully vested	5 years
On December 4, 2013	240,000	Fully vested	5 years
On January 22, 2015	1,650,000	Fully vested	5 years
On January 22, 2015	2,050,000	Fully vested	5 years
On August 25, 2015	400,000	1/3 on August 25, 2016, 2017 and 2018	5 years
On July 11, 2016	3,000,000	1/3 on July 11, 2017, 2018 and 2019	5 years
On July 5, 2017	500,000	1/2 on July 5, 2017 and January 5, 2018	3 years
On October 23, 2017	1,400,000	1/3 on October 23, 2018, 2019 and 2020	5 years
On October 23, 2017	350,000	1/3 on October 23, 2017, 2018 and 2019	5 years
<i>Options granted to Consultants</i>			
On October 23, 2014	150,000	Fully vested	5 years
On March 24, 2015	100,000	Fully vested	3 years
Total share options	11,356,803		

(ii) Restricted Share Unit Plan (Equity settled)

On March 11, 2013 Euromax established a Restricted Share Unit Plan (the "RSU Plan") under which directors and executive officers of the Group are eligible to receive RSUs. The purpose of the RSU Plan is to assist and encourage directors and executive officers to work towards and participate in the growth and development of the Group. The RSU Plan is an equity settled share-based payment arrangement.

The maximum number of RSUs reserved for issuance under the RSU Plan is equal to 8,534,734 common shares at the time of grant, provided that the combined number of share options and RSUs in issue does not exceed 15% 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 "GDJ") to be a relevant benchmark to assess the Company's share price performance. To the extent that the Company's share price underperforms the GDJ the number of RSUs vesting shall reduce on a pro-rata basis. To the extent that the Company's share price outperforms the GDJ additional RSUs shall be awarded on a proportionate basis.

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

During the year ended December 31, 2017, 5,050,569 RSUs were granted to certain executives to replace 5,050,569 DPUs which were cancelled during the year. This replacement grant was approved by the Group's Compensation Committee. Separately, 480,566 RSUs were exercised into common shares (2016: nil) (see Note 11(a) for further details).

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12. Share-based payment arrangements (continued)

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

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

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

Grant date	Number of RSUs as at December 31, 2017	Vesting conditions
<i>RSUs granted to Executive Directors and Officers</i>		
On March 11, 2013 - Bonus 2012	190,315	100% vested on December 31, 2013
On March 11, 2013 - LTIP 2013 grant	540,635	1/3 vest on December 31, 2013, 2014 and 2015 provided that the Company's share price performance has kept in line with the GDJX over each respective calendar year.
On December 4, 2013 - LTIP 2013 grant	115,467	1/3 vest on December 31, 2014, 2015 and 2016 provided that the Company's share price performance has kept in line with the GDJX over each respective calendar year.
On January 9, 2014 - GDJX outperformance in 2013	24,356	100% vested on December 31, 2014
On May 1, 2014 - LTIP 2014 grant	480,000	1/3 vest on December 31, 2014, 2015 and 2016 provided that the Company's share price performance has kept in line with the GDJX over each respective calendar year.
On January 5, 2016 - GDJX outperformance in 2015	328,504	100% vested on December 31, 2016
On November 24, 2017 - converted from DPUs	4,754,802	100% vested on December 31, 2017
Total RSUs	6,434,079	

Notwithstanding the vesting conditions stated above, the Company's board of directors has agreed with the executive officers who had RSUs due to vest until December 31, 2017 to postpone the vesting of their RSUs to at least December 31, 2018. In return the Company agreed that in the event of the termination of the executive officer's employment for any reason or death, prior to the postponed vesting date, the RSUs would vest in full, notwithstanding provisions to the contrary in the RSU Plan.

(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 to receive DPUs in lieu of cash for their fees. In September 2017 all directors, except for two, elected to receive DPUs in lieu of cash until March 31, 2018.

The Compensation Committee has determined the GDJX to be a relevant benchmark to assess the Company's share price performance. To the extent that the Company's share price outperforms the GDJX additional DPUs will be granted to executive directors and officers.

All DPUs issued only become payable in the event that a director or executive officer ceases to hold any position within the Group and can only be settled in cash.

As stated above, the Compensation Committee has approved the cancellation of 5,050,569 DPUs, and the replacement grant of 5,050,569 RSUs.

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, 2017	Vesting conditions
<i>DPUs granted to Non-Executive Directors</i>		
From March 11, 2013 to December 31, 2016	3,515,599	Fully vested
During 2017	869,737	Fully vested
<i>DPUs granted to Executive Directors and Officers</i>		
On May 1, 2014 - Bonus 2013	1,514,325	Fully vested
On May 1, 2014 - LTIP 2014 grant	696,767	Fully vested
On January 5, 2016 - GDJX outperformance in 2015	1,570,053	Fully vested
On July 11, 2016 - Bonus 2015	946,400	Fully vested
On January 6, 2017 - GDJX outperformance in 2016	27,257	Fully vested
Total DPUs	9,140,138	

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12. Share-based payment arrangements (continued)

(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.

The inputs used in measuring the grant date fair value of the share options issued are presented below:

<i>All amounts are weighted averages</i>	Year ended	Year ended
	December 31, 2017	December 31, 2016
Fair value at grant date	\$0.15	\$0.19
Share price at grant date	\$0.36	\$0.43
Exercise price	\$0.36	\$0.43
Expected volatility	50.00%	50.00%
Expected life	4.56 years	5.00 years
Expected dividend per share	\$Nil	\$Nil
Risk-free interest rate (based on Canadian government bonds)	1.66%	0.53%

Expected volatility was based on management's evaluation of the volatility of the Company's share price. The expected term was determined based on management's expectation that share options will be exercised close to their expiry.

(ii) Restricted Share Unit Plan

The fair value of RSUs granted during the period has been measured using the Company's closing share price on the day immediately prior to grant date. For those RSUs with a vesting condition relating to the Company's share price performance compared to the GDJ, this is a market performance vesting condition so at grant date it is estimated that the Company's share price performance should be consistent with the GDJ's price performance.

In respect of those RSUs granted during the year ended December 31, 2017, no GDJ market performance vesting conditions were attached, since all of those were replacements to fully vested DPUs, cancelled during the year (see Note 12(a)(iii)).

(iii) Deferred Phantom Units Plan

All DPUs granted to non-executive directors vest immediately. However for those DPUs granted to executive officers that contain a vesting condition relating to the Company's share price performance compared to the GDJ, this is a market performance vesting condition so at grant date it is estimated that the Company's share price performance should be consistent with the GDJ's price performance.

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, 2017 and 2016 were as follows:

	2017		2016	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at January 1	11,933,466	\$0.44	9,233,469	\$0.45
Granted during the year	2,250,000	\$0.36	3,000,000	\$0.43
Expired during the year	(2,826,663)	\$0.63	(300,003)	\$0.78
Outstanding at December 31	11,356,803	\$0.44	11,933,466	\$0.44
Exercisable at December 31	3,656,803	\$0.39	6,483,466	\$0.50

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12. Share-based payment arrangements (continued)

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

(i) Stock Option Plan (continued)

The options outstanding at December 31, 2017 have an exercise price in the range of \$0.18 to \$0.58 (2016: \$0.18 to \$1.02) and a weighted-average contractual life of 3.62 years (2016: 2.54 years).

No share options were exercised in 2017 and 2016.

(ii) Restricted Share Unit Plan

The number and weighted-average grant prices of the RSUs as at December 31, 2017 and 2016 were as follows:

	2017		2016	
	Number of RSUs	Weighted average grant price	Number of RSUs	Weighted average grant price
Outstanding at January 1	1,864,076	\$0.26	1,535,572	\$0.26
Granted during the year	5,050,569	\$0.27	328,504	\$0.24
Exercised during the year	(480,566)	\$0.33	-	-
Outstanding at December 31	6,434,079	\$0.26	1,864,076	\$0.26
Exercisable at December 31	6,434,079	\$0.26	1,864,076	\$0.26

(d) Expense recognised in profit or loss

The total equity-settled share-based payment expense for the year ended December 31, 2017 was \$1.773 million (2016: \$0.283 million).

The total cash-settled share-based payment recovery in the year ended December 31, 2017 was \$6.099 million (2016: expense of \$5.592 million) and as at December 31, 2017, the share-based payment liability was \$2.559 million (2016: \$8.659 million). Cash-settled share-based payments are revaluated at the Company's share price at year-end, and a 10% increase/decrease in Company's share price would result in a decrease/increase of approximately \$0.256 million in the Group's profit for the year (2016: increase/decrease of \$0.866 million in the Group's loss).

13. Loans and borrowings

	December 31, 2017	December 31, 2016
	\$000s	\$000s
EBRD convertible loan	8,107	11,187
CCI convertible loan	5,776	4,551
	13,883	15,738

(a) Terms and conditions

The terms and conditions of outstanding loans are as follows:

	Currency	Nominal interest rate	Year of maturity	December 31, 2017		December 31, 2016	
				Face value	Carrying amount	Face value	Carrying amount
				\$000s	\$000s	\$000s	\$000s
EBRD convertible loan	US\$	14.20%	2018	6,277	8,107	6,734	11,187
CCI convertible loan	\$	9.00%	2018	5,200	5,776	5,200	4,551
				11,477	13,883	11,934	15,738

EBRD convertible loan

On May 24, 2016 the Company closed the EBRD convertible loan with EBRD and received proceeds of US\$5.0 million (\$6.277 million) (the "Principal Amount").

The EBRD convertible loan matures on April 30, 2018 or earlier, upon an equity financing of at least US\$50 million ("Maturity"). Upon Maturity, the Company will be required to pay or convert the Principal Amount, an amount of US\$1.420 million (\$1.783 million) (the "Redemption Amount"), a finance delay fee of US\$0.150 million (\$0.188 million) (the "Fee") and a finance delay interest (the "Interest") that has been accrued from January 1, 2017 on the Principal Amount at the rate of 3-month LIBOR plus 7% per annum, compounded quarterly.

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13. Loans and borrowings (continued)

(a) Terms and conditions (continued)

EBRD convertible loan (continued)

The EBRD convertible loan is convertible into the Company's common shares in whole or in part at the election of EBRD. The Principal Amount will be converted at \$0.40 per common share, whereas the Redemption Amount, the Fee and the Interest, will be convertible at the lower of (i) the market price of the Company's common shares on the last day prior to the EBRD serving a conversion notice; and (ii) the 20-day volume weighted average price ("VWAP") of the Company's common shares preceding such date, in each case discounted as permitted by the TSX, and subject to TSX approval.

CCI convertible loan

On May 20, 2016 the Company closed a convertible loan with CCI and received proceeds of \$5.2 million.

The CCI convertible loan matures on April 30, 2018 and incurs a fixed interest rate of 9% per annum compounded daily and which is repayable at maturity.

At maturity, CCI can elect to receive cash repayment or convert the CCI convertible loan into the Company's common shares at a conversion price of \$0.40 per common share. CCI can also elect to settle accrued interest on the CCI convertible loan in cash or convert such amount into the Company's common shares at the prevailing share price on the maturity date, subject to approval by the TSX.

(b) Recognition and measurement of convertible loans

EBRD convertible loan

EBRD convertible loan	2017	2016
	\$000s	\$000s
Carrying amount at January 1	11,187	-
Proceeds received from convertible loan	-	6,565
Adjustments recorded during the year:		
Accrued interest	1,466	823
Fair value adjustment	(3,985)	3,612
Foreign exchange movements	(561)	187
Carrying amount at December 31	8,107	11,187

The EBRD convertible loan is classified as a financial liability at fair value through profit or loss, whereby all attributable transaction costs of \$0.312 million, together with accrued interest, foreign exchange movements and fair value adjustments are recognised 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 estimate of the likelihood of each scenario occurring. This probability weighting assumption is categorised as a level 3 non-market observable assumption under IFRS 13 and hence results in the EBRD convertible loan valuation being a level 3 valuation.

The fair value of the EBRD convertible loan at December 31, 2017 was assessed at \$8.107 million (US\$6.460 million) (2016: \$11.187 million (US\$8.307 million)), representing a reduction in the liability, and which resulted in fair value gain of \$3.985 million (2016: fair value loss of \$3.612 million) being recognised in profit or loss.

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13. Loans and borrowings (continued)

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

CCI convertible loan

CCI convertible loan	2017	2016
	\$000s	\$000s
Carrying amount at January 1	4,551	-
Proceeds received from convertible debenture notes	-	5,200
Transaction costs	-	(613)
<i>Net proceeds received</i>	4,551	4,587
<i>Amount classified as equity</i> <i>(2016: net of transaction costs of \$0.101 million)</i>	-	(762)
Accrued interest	969	555
Amortisation of transaction costs	256	171
<i>Adjustments recorded during the year</i>	1,225	726
Carrying amount at December 31	5,776	4,551

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 of \$4.337 million was measured by fair valuing the convertible loan using a relevant market interest rate that would apply to an equivalent loan that did not contain an equity conversion option. The remaining amount of \$0.863 million was recognised as the equity element.

Transaction costs of \$0.613 million incurred for closing of the CCI convertible loan were allocated on a proportional basis to the liability component (\$0.512 million) and equity element (\$0.101 million). Transaction costs allocated to the liability component will be fully amortised until April 30, 2018.

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

14. Gold purchase advance payments

On October 20, 2014 the Group entered into a Gold Purchase and Sale Agreement (the "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, Royal Gold will pay US\$175 million to the Group as an advance payments on the purchase price of Ilovica-Shtuka Project's future gold production.

Under the GPSA, Royal Gold will purchase the gold delivered for a cash purchase price of 25% of the London PM gold fixing price as quoted by the London Bullion Market Association on the date of delivery for each ounce delivered and shall apply the balance as a reduction against the US\$175 million advance payments.

Upon expiry of the 40 year term of the GPSA any balance remaining unpaid relating to the advance payments shall be refunded to Royal Gold. No interest shall be payable on the advance payments.

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

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14. Gold purchase advance payments (continued)

Under the GPSA, the Group is permitted to raise up to US\$215 million of senior ranking debt finance to fund mine construction and operations, as well as the ability to enter additional capital equipment leases and equipment financing customary for similar projects. On May 1, 2015 the Group executed a Mandate Letter and Term Sheet with Société Générale S.A. and UniCredit Bank AG and UniCredit Bank Austria AG to provide up to US\$215 million of Senior Secured Project Finance, subject to due diligence and all necessary approvals. The Group also executed a Mandate Letter and Term Sheet with Caterpillar Financial to arrange an equipment financing facility for up to US\$25 million, subject to due diligence and all necessary approvals.

On March 2, 2015 the Group entered into a First Amendment to the GPSA with Royal Gold and closed the initial stage of the transaction. The Group received the initial tranche of US\$7.5 million in two equal instalments of US\$3.75 million on March 2 and March 23, 2015.

On November 4, 2015 under the Second Amendment to the GPSA, the Group received part of the first anniversary payment of US\$3.75 million.

All advance payments received under the GPSA are classified as current liabilities until all conditions precedent for the third tranche have been satisfied.

Under the provisions of GPSA, in case of its termination, advance payments need to be repaid in full within 60 days of received termination notice.

The following is a summary of the changes in the GPSA advance payments as at December 31, 2017 and 2016:

	2017	2016
	\$000s	\$000s
Balance on January 1	15,150	15,596
Adjustments recorded during the year:		
Foreign exchange movements	(1,031)	(446)
Balance on December 31	14,119	15,150

15. Related party transactions

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

Transactions with key management personnel

(a) Key management personnel transactions

The Group's related party is Trentside Projects Limited, a private company owned by one of the Group's current key management personnel. Since July 2015, Trentside Projects Limited has been providing project management services to the Ilovica-Shtuka Project.

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

	Years ended December 31,	
	2017	2016
	\$000s	\$000s
Project management fees	273	300
	273	300

At December 31, 2017, the Group owed Trentside Projects Limited \$0.013 million (December 31, 2016: \$0.025 million) for services rendered in December 2017.

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15. Related party transactions (continued)

Transactions with key management personnel (continued)

(b) Key management personnel compensation

The remuneration of directors and other members of key management personnel during the years ended December 31, 2017 and 2016 was as follows:

	Note	Years ended December 31,	
		2017	2016
		\$000s	\$000s
Short-term employee benefits		1,372	2,055
Post-employment benefits	(i)	91	98
Share-based (recoveries)/payments	(ii)	(4,397)	5,875
		(2,934)	8,028

- (i) Some executive directors and key management personnel receive pension contributions ranging from 5% to 10% of their salary to their individual pension plans.
- (ii) Share-based payments/(recoveries) are the cost/(credits) of share options, RSUs and DPUs granted to directors and key management personnel.

(c) Working capital loan

During the year ended December 31, 2017, the Company arranged and closed a working capital loan from certain directors of the Company as presented below:

	2017	2016
	\$000s	\$000s
Balance on January 1	-	-
Proceeds received from working capital loan	534	-
Non-cash contribution	13	-
Accrued interest	106	-
Repayment of working capital loan	(11)	-
Foreign exchange movements	(25)	-
Balance on December 31	617	-

The working capital loan is unsecured and repayable in full on or before April 30, 2018, which incurs a one off interest rate of 20% which has been fully accrued for the year ended December 31, 2017.

16. Financial instruments

(a) Management of capital risk

The capital structure of the Group consists of both debt, comprising loans and borrowings and gold purchase advance payments, and equity, comprising share capital, various reserves and accumulated losses. 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 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 securities, raise debt finance or use other financing alternatives.

The Group is not subject to externally imposed capital requirements.

(b) Financial risk management

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

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16. Financial instruments (continued)

(b) Financial risk management (continued)

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:

December 31, 2017	Carrying amount	Contractual cash flows		
		3 months or less	3-12 months	1-2 years
	\$000s	\$000s	\$000s	\$000s
Trade and other payables	1,466	1,466	-	-
Gold purchase advance payments	14,119	14,119	-	-
Working capital loan	617	617	-	-
Loans and borrowings	13,883	-	15,195	-
	30,085	16,202	15,195	-

December 31, 2016	Carrying amount	Contractual cash flows		
		3 months or less	3-12 months	1-2 years
	\$000s	\$000s	\$000s	\$000s
Trade and other payables	2,148	2,148	-	-
Gold purchase advance payments	15,150	15,150	-	-
Loans and borrowings	15,738	-	-	15,209
	33,036	17,298	-	15,209

Under the GPSA with Royal Gold, gold purchase advance payments will be set-off against future gold sales from the Ilovica-Shtuka Project. These advance payments are classified as current liabilities until all conditions precedent for the third tranche have been satisfied, and need to be repaid within 60 days of receiving a termination notice (see Note 14 for further details). As at the date of approval of these consolidated financial statements by the Company's board of directors, no termination or repayment notice has been received from Royal Gold.

Loans and borrowings represents both the EBRD and the CCI convertible loans (their carrying amounts are disclosed in Note 13), while contractual cash payments at maturity date are \$8.970 million and \$6.225 million, respectively. In addition, contractual cash payments for the EBRD convertible loan are exposed by foreign currency fluctuations between the Canadian Dollar and the US Dollar (as disclosed in Note 16(b)(ii)), as well as by fluctuations in the 3-month LIBOR rate (as disclosed in Note 16(b)(iii)). However, related contractual cash payments may not occur if either convertible loan is converted into the Company's common shares (see Note 13(a) for further details).

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16. Financial instruments (continued)

(b) Financial risk management (continued)

(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 20).

The summary of the Group's exposure to currency risk as at December 31, 2017 and 2016 is as follows:

	U.S. Dollar	British Pound	Macedonian Denar	Others	Total
2017	\$000s	\$000s	\$000s		\$000s
Financial assets	493	190	79	64	826
Loans and borrowings	(8,107)	-	-	-	(8,107)
Gold purchase advance payments	(14,119)	-	-	-	(14,119)
Other financial liabilities	(437)	(837)	(492)	(33)	(1,799)
Net financial assets / liabilities	(22,170)	(647)	(413)	31	(23,199)
2016					
Financial assets	581	157	140	1,009	1,887
Loans and borrowings	(11,187)	-	-	-	(11,187)
Gold purchase advance payments	(15,150)	-	-	-	(15,150)
Other financial liabilities	(41)	(724)	(449)	(410)	(1,624)
Net financial assets / liabilities	(25,797)	(567)	(309)	599	(26,074)

Based on the above foreign currency exposures as at December 31, 2017 and assuming that all other variables remain constant, a 10% depreciation/appreciation of the Canadian Dollar would result in a decrease/increase of approximately \$2.320 million in the Group's profit for the year (2016: increase/decrease of \$2.607 million in the Group's loss).

The Group's sensitivity to foreign currency fluctuations is principally due to the gold purchase advance payments from Royal Gold (see Note 14) and the EBRD convertible loan (see Note 13), which are both denominated into US Dollars.

(iii) Interest rate risk

The Group is exposed to interest rate risk because of interest rate incur in both the EBRD convertible loan (at a fixed interest rate and an additional floating interest rate applied from January 1, 2017) and the CCI convertible loan (at a fixed interest rate). The Group's exposures to interest rates on financial liabilities are detailed in Note 13.

The Group performed sensitivity analysis based on a 50 basis point movement higher/lower in the floating interest rate applied to the EBRD convertible loan. In such a scenario, and assuming all other variables are held constant, the Group's profit for the period would decrease/increase by \$0.035 million.

(iv) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises generally from the Group's receivables from customers. The carrying amount of financial assets represents the maximum credit exposure.

Contingent consideration

At December 31, 2017 the Group had contingent consideration due of \$0.455 million (US\$0.363 million) resulting from the sale of Euromax Services EOOD in April 2014 (see Note 10). Based on Group management's ongoing discussions with the purchaser and their past payment history, no indication of impairment existed at December 31, 2017 (2016: \$nil).

Trade and other receivables

Following the disposal of the Exploration Services reportable segment on June 27, 2017 (see Note 7), the Group no longer has trade receivables for services provided to third parties, and therefore at December 31, 2017 the Group's exposure to credit risk was limited to the recovery of value added taxes from Canadian, Macedonian and UK tax authorities.

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16. Financial instruments (continued)

(c) Categories of financial instruments and measuring fair values

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

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

Financial liability	Fair value as at December 31,		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	2017 \$000s	2016 \$000s				
EBRD convertible loan	8,107	11,187	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 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, 2017, the fair value was determined by only one developed scenario (2016: two scenarios modelled ranged from \$10.7 million to \$11.3 million).

(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, 2017		December 31, 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$000s	\$000s	\$000s	\$000s
Financial liabilities held at amortised cost				
Loans and borrowings	5,776	6,051	4,551	5,551

17. Income taxes

(a) Amounts recognised in the income statement:

	Year ended December 31,	
	2017	2016
	\$000s	\$000s
<i>Recognised in the consolidated statement of profit or loss</i>		Restated*
Current tax expense	24	-
Deferred tax expense	-	-
Income tax expense on continuing operations	24	-
<i>Analysis of charge in year</i>		
Profit/(loss) from continuing operations before tax	3,282	(18,910)
Canadian statutory tax rate	26.00%	26.00%
Expected income tax credit	853	(4,917)
Changes attributable to:		
Non-taxable income/Non-deductible expenses	(1,072)	1,675
Difference in tax rates between Canada and foreign jurisdictions	138	564
Tax effect of tax losses and temporary differences not recognised	133	2,710
Used tax losses, that had not been recognised in previous years	(27)	(48)
Effect of change in future tax rates and others	(1)	16
Income tax expense on continuing operations	24	-

Tax income from discontinued operations for the year ended December 31, 2017 was \$0.005 million (2016: \$0.046 million).

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17. Income taxes (continued)

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

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

	2017		
	Tax losses - revenue	Other temporary differences	Total
<i>Expiry date</i>	\$000s	\$000s	\$000s
Within one year	-	93	93
Greater than one year, up to five years	3,629	159	3,788
Greater than five years	26,783	664	27,447
	30,412	916	31,328

	2016		
	Tax losses - revenue	Other temporary differences	Total
<i>Expiry date</i>	\$000s	\$000s	\$000s
Within one year	-	78	78
Greater than one year, up to five years	2,507	122	2,629
Greater than five years	26,790	664	27,454
	29,297	864	30,161

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, 2017 and 2016.

18. Contingencies and commitments

The Group had the following future contractual obligations as at December 31, 2017:

	up to 1 year	1-5 years	Over 5 years	Total
	\$000s	\$000s	\$000s	\$000s
Operating lease obligations	105	-	-	105
Total contractual obligations	105	-	-	105

19. Non-controlling interest

On September 29, 2016 the Group disposed of its whole 96% interest in SDM, and accordingly the related NCI of \$0.015 million was derecognised (See Note 6 and 8).

December 31, 2016	SDM	Intra-group eliminations	Total
NCI percentage until September 30, 2016	4%		
	\$000s		
Net assets at December 31, 2016	-		
Net assets attributable to NCI at December 31, 2016	-	-	-
Total comprehensive income for 9 months ended September 30, 2016	155		
Loss allocated to NCI for 9 months ended September 30, 2016	6	-	6
Net decrease in cash and cash equivalents for 9 months ended September 30, 2016	14		

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20. List of subsidiaries

Set out below is a list of material subsidiaries of the Group as at December 31, 2017 and 2016.

Subsidiaries	Principal place of business	Functional currency	Ownership	
			2017	2016
			%	%
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	Macedonia	Macedonian Denars	100	100
Euromax Exploration Services EOOD	Bulgaria	Bulgarian Levs	-	100

On June 27, 2017 the Group sold Euromax Exploration Services EOOD (see Note 6 and 7 for further details).

21. Subsequent events

There are no reportable events subsequent to December 31, 2017.