Euromax
RESOURCES

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2018 and 2017

Expressed in Canadian dollars

NOTICE OF NO AUDIT OR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

Euromax Resources Ltd.

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

(Expressed in Canadian dollars)

	Note	Three months ended September 30, 2018	2017	Nine months ended September 30, 2018	2017
		$000s	$000s	**$000s**	$000s
Continuing operations					
Operating expenses					
Accounting, legal and professional		**(78)**	(46)	**(337)**	(313)
Depreciation	**6**	**(26)**	(53)	**(102)**	(121)
Amortisation	**6**	**-**	(1)	**(2)**	(2)
Office and general		**(54)**	(71)	**(181)**	(238)
Regulatory, filing and transfer agent		**-**	(21)	**(34)**	(78)
Rent		**(36)**	(79)	**(179)**	(236)
Salaries, director and consultant fees		**(470)**	(707)	**(1,697)**	(1,962)
Share-based payments recovery		**177**	1,388	**319**	3,702
Investor and public relations		**(59)**	(37)	**(199)**	(171)
Travel		**(22)**	(29)	**(77)**	(197)
Exploration and evaluation costs		**-**	(31)	**(2)**	(98)
(Loss)/gain on foreign exchange		**150**	1,086	**(837)**	2,249
Operating (loss)/profit		**(418)**	1,399	**(3,328)**	2,535
Finance expense	**6**	**(848)**	(671)	**(3,628)**	(2,115)
Fair value (loss)/gain on financial liabilities	**10 (b)**	**242**	829	**(357)**	4,060
Net finance (loss)/income		**(606)**	158	**(3,985)**	1,945
Other items					
Other income		**22**	-	**29**	5
(Loss)/profit from continuing operations before tax		**(1,002)**	1,557	**(7,284)**	4,485
Income tax expense		**(5)**	(3)	**(6)**	(15)
(Loss)/profit from continuing operations		**(1,007)**	1,554	**(7,290)**	4,470
Discontinued operation					
Loss from discontinued operation, net of tax	**7**	**-**	-	**-**	(406)
(Loss)/profit for the year		**(1,007)**	1,554	**(7,290)**	4,064
Other comprehensive (loss)/income, net of tax:					
Items that are or may be reclassified subsequently to profit or loss					
Cumulative translation adjustment on foreign subsidiaries		**(603)**	(135)	**(97)**	692
Recycling of exchange losses on disposal of foreign subsidiaries		**-**	-	**-**	15
Total other comprehensive (loss)/income, net of tax		**(603)**	(135)	**(97)**	707
Total comprehensive (loss)/income for the period		**(1,610)**	1,419	**(7,387)**	4,771
(Loss)/earnings per common share					
Basic (loss)/earnings per common share	**5**	**(0.01)**	0.01	**(0.05)**	0.03
Diluted (loss)/earnings per common share	**5**	**(0.01)**	0.00	**(0.05)**	0.01
Weighted average number of common shares outstanding					
Basic weighted average number of common shares outstanding	**5**	**166,742,080**	121,747,641	**154,683,625**	119,928,230
Diluted weighted average number of common shares outstanding	**5**	**166,742,080**	162,033,601	**154,683,625**	164,403,655

See accompanying notes to the condensed consolidated interim financial statements.

Euromax Resources Ltd.

Condensed consolidated interim statements of financial position - unaudited

(Expressed in Canadian dollars)

	Note	As at **September 30, 2018** **$000s**	December 31, 2017 $000s
ASSETS			
Current			
Cash and cash equivalents		**1,483**	524
Trade and other receivables		**20**	42
Other current assets		**48**	124
Contingent consideration		**468**	455
Total current assets		**2,019**	1,145
Non-current assets			
Property, plant and equipment		**148**	240
Intangible assets		**2**	4
Unproven mineral right interests	**8**	**38,305**	38,149
Total assets		**40,474**	39,538
LIABILITIES			
Current			
Trade and other payables		**645**	1,466
Gold purchase advance payments	**11**	**14,515**	14,119
Working capital loan	**12 (d)**	**414**	617
Loans and borrowings	**10**	**18,111**	13,883
Share-based payment liabilities	**12 (c)**	**1,028**	2,559
Total liabilities		**34,713**	32,644
EQUITY			
Share capital	**9 (a)**	**74,266**	70,260
Equity reserve		**10,982**	9,452
Convertible loan reserve		**762**	762
Currency translation reserve		**3,942**	4,039
Accumulated losses		**(84,191)**	(77,619)
Total equity		**5,761**	6,894
Total liabilities and equity		**40,474**	39,538
Nature of operations	**1**		
Subsequent events	**14**		

Approved on behalf of the Board of Directors

Signed "Varshan Gokool"

Varshan Gokool, Director

"Tim Morgan-Wynne"

Tim Morgan-Wynne, Director

See accompanying notes to the condensed consolidated interim financial statements.

Euromax Resources Ltd.

Condensed consolidated interim statements of changes in equity - unaudited

(Expressed in Canadian dollars)

For the nine months ended September 30, 2018 and 2017

	Note	Share capital Number of shares	Amount $000s	Equity reserve $000s	Convertible loan reserve $000s	Currency translation reserve $000s	Accumulated losses $000s	Total equity $000s
Balance on January 1, 2017		*116,842,737*	*65,975*	*9,886*	*762*	*2,839*	*(84,231)*	*(4,769)*
Total comprehensive income for the year								
Profit for the year			-	-	-	-	4,064	4,064
Other comprehensive income for the year			-	-	-	707	-	707
Total comprehensive income for the year			-	-	-	*707*	*4,064*	*4,771*
Transactions with owners of the Company								
Financing, net of issue costs	**9**	18,491,860	4,144	1,714	-	-	-	5,858
Equity-settled share-based payments			-	301	-	-	-	301
Total transactions with owners of the Company			*4,144*	*2,015*	-	-	-	*6,159*
Balance on September 30, 2017		135,334,597	70,119	11,901	762	3,546	(80,167)	6,161
Balance on January 1, 2018		***135,815,163***	***70,260***	***9,452***	***762***	***4,039***	***(77,619)***	***6,894***
Total comprehensive loss for the year								
Loss for the year			**-**	**-**	**-**	**-**	**(7,290)**	**(7,290)**
Other comprehensive loss for the year			**-**	**-**	**-**	**(97)**	**-**	**(97)**
Total comprehensive loss for the year			**-**	**-**	**-**	***(97)***	***(7,290)***	***(7,387)***
Transactions with owners of the Company								
Financing, net of issue costs	**9**	**29,000,000**	**3,612**	**1,429**	**-**	**-**	**-**	**5,041**
Exercised equity-settled share-based payments	**9**	**1,926,917**	**394**	**(394)**	**-**	**-**	**-**	**-**
Equity-settled share-based payments			**-**	**463**	**-**	**-**	**-**	**463**
Conversion of cash-settled into equity-settled share-based payments	**9 (a)**		**-**	**555**	**-**	**-**	**-**	**555**
Cancellation of share-based payments	**9 (a)**		**-**	**(219)**	**-**	**-**	**414**	**195**
Transfer of expired share options	**9 (a)**		**-**	**(304)**	**-**	**-**	**304**	**-**
Total transactions with owners of the Company			***4,006***	***1,530***	**-**	**-**	***718***	***6,254***
Balance on September 30, 2018		**166,742,080**	**74,266**	**10,982**	**762**	**3,942**	**(84,191)**	**5,761**

See accompanying notes to the condensed consolidated interim financial statements.

Euromax Resources Ltd.

Condensed consolidated interim statements of cash flows - unaudited

(Expressed in Canadian dollars)

		Nine months ended September 30,	
		2018	2017
	Note	**$000s**	$000s
OPERATING ACTIVITIES			
(Loss)/profit before tax		**(7,284)**	4,084
Add back:			
Depreciation	**6**	**102**	141
Amortisation	**6**	**2**	4
Finance expense	**6**	**3,628**	2,118
Share-based payments recovery		**(319)**	(3,702)
Unrealised foreign exchange loss/(gain)		**862**	(2,342)
Fair value loss/(gain) on financial liabilities	**10 (b)**	**357**	(4,060)
Loss on disposal of discontinued operations, net of tax	**7 (a)**	**-**	436
Gain on sold property, plant and equipment		**(11)**	-
Changes in non-cash working capital items:			
Decrease/(increase) in trade and other receivables and prepayments and deposits		**98**	(98)
(Decrease)/increase in trade and other payables		**(531)**	1,132
Income tax paid		**(12)**	-
Cash used in operating activities		**(3,108)**	(2,287)
INVESTING ACTIVITIES			
Expenditures on unproven mineral right interests		**(543)**	(1,111)
Proceeds from sold property, plant and equipment		**4**	-
Purchases of property, plant and equipment and intangible assets		**(2)**	(5)
Disposal of discontinued operation, net of cash disposed of	**7 (c)**	**-**	(114)
Cash used in investing activities		**(541)**	(1,230)
FINANCING ACTIVITIES			
Proceeds from share issue	**9 (a)**	**5,220**	5,930
Share issue costs	**9 (a)**	**(221)**	(9)
Proceeds from working capital loan	**12 (d)**	**-**	534
Repayment of working capital loan	**12 (d)**	**(213)**	-
Interest paid		**(5)**	(10)
Cash provided by financing activities		**4,781**	6,445
Effect of exchange rate changes on cash		**(173)**	54
Net change in cash and cash equivalents		**1,132**	2,928
Cash and cash equivalents, beginning of the period		**524**	1,063
Cash and cash equivalents, end of the period		**1,483**	4,045

See accompanying notes to the condensed consolidated interim financial statements.

1. Nature of operations

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

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

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

These condensed consolidated interim financial statements were authorised for issue by the Company's board of directors on November 9, 2018.

2. Basis of preparation and statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34 Interim Financial Reporting. These condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2017, which were prepared in accordance with IFRS as issued by the IASB.

The Group has applied the same accounting policies and methods of computation in these condensed consolidated interim financial statements as it did in the audited consolidated financial statements for the year ended December 31, 2017. From January 1, 2018, IFRS 9 Financial Instruments has become effective in full, but related provisions do not have a material effect on the Group's financial statements.

3. Going concern

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

At September 30, 2018, the Group had net assets of $5.8 million (December 31, 2017: $6.9 million) and a net working capital deficiency of $32.7 million (December 31, 2017: $31.5 million), including cash of $1.5 million (December 31, 2017: $0.5 million). The Group's $32.7 million working capital deficiency at September 30, 2018 largely results from:

- Convertible loans of $18.1 million (at December 31, 2017: $13.9 million), 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 December 31, 2018 (see Note 10);
- Gold purchase advance payments of $14.5 million (December 31, 2017: $14.1 million) received from Royal Gold, AG ("Royal Gold") (see Note 11); and
- Share-based payment liabilities of $1 million (December 31, 2017: $2.6 million) owing to the Group's directors and officers in lieu of cash compensation (see Note 12(c)).

These three items are classified as current liabilities as contractually repayment may be required within the next twelve months. Both convertible loans are convertible into the Company's common shares at the election of EBRD and CCI on or before December 31, 2018. As at the date of these condensed consolidated interim 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.

3. Going concern (continued)

On April 12, 2018, the Group closed a non-brokered private placement (the "April 2018 Private Placement") for gross proceeds of $5.2 million (see Note 9 (a)).

The Company's board of directors have reviewed the Group's forecasts for the period to December 31, 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).

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 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.

4. Critical accounting judgements and key sources of estimation uncertainty

The preparation of these condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements for the year ended December 31, 2017.

5. (Loss)/earnings per share

	Three months ended September 30,		**Nine months ended September 30,**	
	2018	2017	**2018**	2017
	$000s	$000s	**$000s**	$000s
Net (loss)/profit for the period after tax	**(1,007)**	1,554	**(7,290)**	4,064
Basic weighted average number of common shares	**166,742,080**	121,747,641	**154,683,625**	119,928,230
Basic (loss)/earnings per share	**(0.01)**	0.01	**(0.05)**	0.03
Diluted net loss for the period after tax	**(1,007)**	763	**(7,290)**	855
Diluted weighted average number of common shares	**166,742,080**	162,033,601	**154,683,625**	164,403,655
Diluted (loss)/earnings per share	**(0.01)**	0.00	**(0.05)**	0.01

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

		Three months ended September 30,		**Nine months ended September 30,**	
		2018	2017	**2018**	2017
	Note				
Basic weighted average number of common shares		**166,742,080**	121,747,641	**154,683,625**	119,928,230
Effect of share options and warrants		**-**	3,611,670	**-**	10,534,200
Effect of conversion of convertible loans	**10**	**-**	36,674,290	**-**	33,941,225
Diluted weighted average number of common shares		**166,742,080**	162,033,601	**154,683,625**	164,403,655

For the three and nine months period ended September 30, 2018, 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 the three and nine months period ended September 30, 2018.

6. Operating segments

The Group's main business is the exploration and development of mineral right interests, while its secondary business, i.e. provision of exploration services to third party resource companies, was disposed of on June 27, 2017 (See 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	Geografic location
Macedonia	exploration and development of mineral right interests	Macedonia
Exploration Services	exploration and evaluation services	Bulgaria
Corporate	corporate operations	Canada and UK

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.

Six months ended *In thousands*	Macedonia **September 30, 2018**	 September 30, 2017	Exploration Services **September 30, 2018**	 September 30, 2017	Corporate **September 30, 2018**	 September 30, 2017	Total **September 30, 2018**	 September 30, 2017
External revenues	**-**	-	**-**	686	**-**	-	**-**	686
Finance expense	**(1)**	(1)	**-**	(3)	**(3,627)**	(2,114)	**(3,628)**	(2,118)
Depreciation	**(99)**	(118)	**-**	(20)	**(3)**	(3)	**(102)**	(141)
Amortisation	**(2)**	(2)	**-**	(2)	**-**	-	**(2)**	(4)
Segment (loss)/profit before tax	**(1,876)**	(767)	**-**	35	**(5,408)**	4,816	**(7,284)**	4,084

As at *In thousands*	Macedonia **September 30, 2018**	 December 31, 2017	Exploration Services **September 30, 2018**	 December 31, 2017	Corporate **September 30, 2018**	 December 31, 2017	Total **September 30, 2018**	 December 31, 2017
Segment assets	**38,523**	38,470	**-**	-	**1,951**	1,068	**40,474**	39,538
Segment liabilities	**257**	529	**-**	-	**34,456**	32,115	**34,713**	32,644

7. Discontinued operation

(a) Results of discontinued operations

On June 27, 2017 the Group disposed of its Bulgarian exploration service company for total consideration of $0.185 million (€0.124 million).

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

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	**2018**	2017
	$000s	$000s	**$000s**	$000s
External revenues	-	-	-	686
External expenses	-	-	-	(651)
Results from operating activities	-	-	-	35
Income tax	-	-	-	(5)
Results from discontinued operation, net of tax	-	-	-	30
Loss on disposal of discontinued operation	-	-	-	(436)
Loss from discontinued operation, net of tax	-	-	-	(406)
Basic loss per share	-	-	-	(0.00)
Diluted loss per share	-	-	-	(0.00)

(b) Cash used in discontinued operations

	Six months ended June 30,	
	2018	2017
	$000s	$000s
Net cash used in operating activities	-	(133)
Net cash used in investing activities	-	(115)
Net cash used for the period	-	(248)

(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)
Cash and cash equivalents disposed of	(114)
Net of cash disposed of	(114)

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.

8. Unproven mineral right interests (continued)

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 (“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 a formal approval to be granted by the MoEPP. Additionally, the ESIA was completed under international standards, which could facilitate the financing of the Ilovica-Shtuka Project’s construction as well as meets the requirements of various project stakeholders.

A summary of changes to the Group’s unproven mineral right interests in the nine months ended September 30, 2018 and 2017 is set out below.

	Macedonia *Ilovica-Shtuka Project*
	$000s
Balance, January 1, 2017	34,464
Exploration expenditures:	
Feasibility costs	849
Social & environmental costs	108
Other	10
	35,431
Other items:	
Exchange differences	1,204
Balance, September 30, 2017	36,635
Balance, January 1, 2018	**38,149**
Exploration expenditures:	
Feasibility costs	**212**
Social & environmental studies	**15**
Other	**73**
	38,449
Other items:	
Exchange differences	**(144)**
Balance, September 30, 2018	**38,305**

9. Share capital and reserves

(a) Share capital

At September 30, 2018 Euromax's authorised share capital consisted of an unlimited number of common shares without par value. All issued common shares are fully paid.

	2018 Number of shares	2018 Amount	2017 Number of shares	2017 Amount
		$000s		$000s
Balance on January 1	**135,815,163**	**70,260**	116,842,737	65,975
Common shares issued for:				
Financing, net of issue costs	**29,000,000**	**3,612**	18,491,860	4,144
Equity-settled share-based payments exercised	**1,926,917**	**394**	-	-
Balance on September 30	**166,742,080**	**74,266**	135,334,597	70,119

On April 12, 2018 the Company closed the April 2018 Private Placement by issuing of 29 million common shares at a price of $0.18 for proceeds of $5.220 million and 29 million share purchase warrants exercisable each at a price of $0.23 at any time before April 12, 2020.

The Company incurred share issue costs of $0.179 million for filing and legal fees, of which $0.129 million was allocated to share capital and $0.050 million to share purchase warrants via the equity reserve. Major part of these share issued costs, i.e. $ $0.138 million, were paid during the nine months ended September 30, 2018.

Additionally, during the nine months ended September 30, 2018 share issued costs of $0.083 million were paid, which were incurred for two additional private placements closed in August and September 2017 (see Note 11(a) of audited consolidated financial statements for the year ended December 31, 2017).

During the nine months ended September 30, 2018, 1,926,917 fully vested Restricted Share Units ("RSUs") were converted into the Company's common shares, of which 1,361,917 RSUs had been converted from fully vested Deferred Phantom Units ("DPUs") at fair value of $0.273 million, relating to a director who left the Company.

A further 1,483,600 DPUs at fair value of $0.282 million and 2,029,442 RSUs at fair value of $0.510 million, relating to an executive director who left the Company, were converted into 1,750,000 share options, as part of his settlement agreement, with an exercise price at $0.30 and contractual life of 3 years, vested immediately. As a result of the termination of the employment of key management personnel of the Company, 697,200 DPUs at fair value of $0.195 million and 941,920 RSUs at fair value of $0.219 million were cancelled, and accordingly $0.219 million was transferred from equity reserve to accumulated losses.

During the nine months ended September 30, 2018, 1,616,803 share options expired and accordingly related accumulated fair value of $0.304 million was transferred from equity reserve to accumulated losses.

Following non-brokered private placements were closed during the nine months ended September 30, 2017:

- 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 $0.143 million, of which $0.071 million were compensated by issuing 166,279 common shares at a price of $0.43, whilst the remaining $0.072 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.

At September 30, 2018, the Company had 10,340,000 share options outstanding (September 30, 2017: 9,173,470) with exercise prices ranging from $0.18 to $0.49 per share (September 30, 2017: from $0.18 to $0.80) and a weighted average exercise price of $0.33 (September 30, 2017: $0.38). Additionally, the Company had 3,977,717 RSUs (September 30, 2017: 1,864,076) outstanding at September 30, 2018.

9. Share capital and reserves (continued)

(b) Share purchase warrants

As part of the April 2018 Private Placement the Company issued 29 million share purchase warrants exercisable each at a price of $0.23 at any time before April 12, 2020. In addition to that, during the nine months ended September 30, 2017, 15 million share purchase warrants, were issued as part of the August 2017 Private Placement and the September 2017 Private Placement, exercisable each at a price of $0.33 for a period of three years following the closing of these placements in 2017.

The aggregate fair market value of the share purchase warrants and the shares issued in the April 2018 Private Placement, the August 2017 Private Placement and the September 2017 Private Placement was distributed on a pro-rata basis between share capital and equity reserve.

The fair value of the share purchase warrants issued in the April 2018 Private Placement was estimated at $0.051 per share purchase warrant, or in total of $1.479 million for issued 29 million share purchase warrants, at the grant date. The fair value of share purchase warrants issued during the nine months ended September 30, 2017 was estimated at $0.191 million ($0.11482 per share purchase warrant) for the August 2017 Private Placement and at $1.547 million ($0.11601 per share purchase warrant) for the September 2017 Private Placement. The fair value of share purchase warrants has been determined by using the Black-Scholes option pricing model.

The weighted average assumptions used for calculating the fair value of the issued share purchase warrants are presented in the following table:

	Nine months ended September 30,	
	2018	2017
Risk free interest rate	**1.88%**	1.29%
Expected life	**2 years**	3 years
Expected volatility	**50.00%**	50.00%
Expected dividend per share	**$Nil**	$Nil

At September 30, 2018, the Company had 64,141,834 share purchase warrants (September 30, 2017: 35,141,834) with exercise prices ranging from $0.23 to $0.41 per share (September 30, 2017: $0.33 to $0.41) and a weighted average exercise price of $0.31 per common share (September 30, 2017: $0.37).

During the nine months ended September 30, 2018 no share purchase warrants were exercised.

10. Loans and borrowings

During May 2016, the Company closed two convertible loans, as presented below:

	September 30, 2018	December 31, 2017
	$000s	$000s
EBRD convertible loan	**9,999**	8,107
CCI convertible loan	**8,112**	5,776
	18,111	13,883

(a) Terms and conditions

The terms and conditions of outstanding loans are as follows:

	Currency	Nominal interest rate*	Year of maturity	**September 30, 2018** Face value	**September 30, 2018** Carrying amount	December 31, 2017 Face value	December 31, 2017 Carrying amount
				$000s	**$000s**	$000s	$000s
EBRD convertible loan	US$	20.00%	2018	**6,451**	**9,999**	6,277	8,107
CCI convertible loan	$	20.00%	2018	**5,200**	**8,112**	5,200	5,776
				11,651	**18,111**	11,477	13,883

* as per amendments of convertible loans, see below, nominal interest rates are set at 20.0% per annum, while before that nominal interest rates were 14.2% and 9.0% for EBRD and CCI convertible loans, respectively

10. Loans and borrowings (continued)

(a) Terms and conditions (continued)

EBRD convertible loan

On May 24, 2016 the Company closed the EBRD convertible loan with EBRD and received proceeds of US$5.0 million ($6.451 million) (the "Principal Amount"), and amended on April 12, 2018 (the "Amendment of the EBRD convertible loan").

The EBRD convertible loan matures on December 31, 2018 (extended from 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 ($1.832 million) (the "Redemption Amount"),
- a finance delay fee of US$0.150 million ($0.194 million) (the "Fee"),
- a finance delay interest (the "Interest") accrued from January 1, 2017 until April 30, 2018 on the Principal Amount at the rate of 3 months LIBOR plus 7% per annum, compounded quarterly, and
- a finance interest (the "Interest on Extension") accrued from May 1, 2018 to December 31, 2018 on collectively the Principle Amount, the Redemption Amount, the Fee and the Interest at April 30, 2018 at a rate of 20% per annum, compounded annually.

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 $0.23 per common share (reduced from $0.40), whereas the Redemption Amount, the Fee, the Interest, and the Interest on Extension 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 Principal Amount"), and amended on April 12, 2018 (the "Amendment of the CCI convertible loan").

Based on the Amendment of the CCI convertible loan, the CCI matures on December 31, 2018 (extended from April 30, 2018) and incurred a fixed interest rate of 20% per annum, compounded annually (changed from interest rate of 9% per annum, compounded daily) which has to be applied retrospectively from May 20, 2016, repayable at maturity.

At maturity, CCI can elect to receive cash repayment or convert the CCI Principal Amount into the Company's common shares at a conversion price of $0.23 per common share (reduced from $0.40). 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	**2018**	2017
	$000s	$000s
Carrying amount at January 1	**8,107**	11,187
Adjustments recorded during the period:		
Accrued interest	**1,286**	1,100
Fair value adjustment	**357**	(4,060)
Foreign exchange movements	**249**	(619)
Carrying amount at September 30	**9,999**	7,608

The EBRD convertible loan is classified as a financial liability at fair value through profit or loss, whereby all attributable transaction costs, together with any accrued interest, foreign exchange movements and fair value adjustments are recognised in profit or loss.

10. Loans and borrowings (continued)

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

EBRD convertible loan (continued)

As per provisions of IFRS 9, the effect of the change of the credit risk should be presented in other comprehensive income or loss, i.e. to be transferred from profit or loss. However, related adjustment for the EBRD convertible loan is immaterial, and therefore not reflected in these condensed consolidated interim financial statements.

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

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

The fair value of the EBRD convertible loan at September 30, 2018 was assessed at $9.999 million (US$7.750 million) (September 30, 2017: $7.608 million or US$6.109 million), representing a decrease of the liability at June 30, 2018 that resulted in fair value gain of $0.242 million for the three months ended September 30, 2018 (2017: $0.829 million), and an increase of the liability at December 31, 2017 that resulted in fair value loss of 0.357 million for the nine months ended September 30, 2018 (2017: gain of $4.060 million).

CCI convertible loan

CCI convertible loan	**2018**	2017
	$000s	$000s
Carrying amount at January 1	**5,776**	4,551
Adjustments recorded during the period:		
Accrued interest	**2,251**	710
Amortisation of transaction costs	**85**	192
Carrying amount at September 30	**8,112**	5,453

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

Transaction costs incurred for closing of the CCI convertible loan during 2016, were allocated on a proportional basis to the liability component and equity element. Transaction costs allocated to the liability component were fully amortised at April 30, 2018.

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

The retrospective application of increased fixed rate of 20% per annum, compounded annually, (see Note 10(a)), resulted in additional interest expense of $1.252 million recognised for the nine months ended September 30, 2018.

11. Gold purchase advance payments

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

11. Gold purchase advance payments (continued)

Upon expiry of the 40 year term of the GPSA any balance remaining unpaid relating to the advance payment 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 payment has been credited against gold deliveries.

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 September 30, 2018 and 2017:

	2018	2017
	$000s	$000s
Balance on January 1	**14,119**	15,150
Adjustments recorded during the period:		
Foreign exchange movements	**396**	(1,139)
Balance on September 30	**14,515**	14,011

12. 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 parties are Trentside Projects Limited and Wheatley Project Services, both are private companies owned by one of the Group's current key management personnel. Project managerial services to the Ilovica-Shtuka Project has been provided by both companies, whereby Trentside Projects Limited for the period from July 2015 to April 2018 and Wheatley Project Services from May 2018.

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

	Nine months ended September 30,	
	2018	2017
	$000s	$000s
Project management fees	**103**	223
	103	223

At September 30, 2018, the Group owed Wheatley Project Services $0.006 million (December 31, 2017: Trentside Projects Limited – $0.013 million) for services provided in September 2018.

12. Related party transactions (continued)

(b) Key management personnel compensation

The remuneration of directors and other members of key management personnel during the nine months ended September 30, 2018 and 2017 was as follows:

	Note	Nine months ended September 30, 2018	2017
		$000s	$000s
Short-term employee benefits		**714**	1,065
Post-employment benefits	(i)	**44**	68
Redundancy payments	(ii)	**103**	-
Share-based payments recovery	(iii)	**(501)**	(3,754)
		360	(2,621)

(i) Some executive directors and some key management personnel receive pension contributions ranging from 5% to 10% of their salary to their individual pension plans.

(ii) A key management personnel was made redundant on February 28, 2018.

(ii) Share-based payments are the cost of share options, RSUs and deferred phantom unites (“DPUs”) granted to directors and key management personnel.

(c) Deferred Phantom Unit Plan

In March 2013 Euromax introduced a DPU Plan for its directors and key management personnel. Under the terms of the plan the Company’s directors elected to convert their outstanding unpaid directors’ fees into DPUs in lieu of a cash payment. Since 2013, directors who have elected to convert their fees into DPUs, have been making a semi-annual elections for issuing of DPUs in lieu of cash. In September 2018 these directors elected to receive DPUs in lieu of cash until March 31, 2019.

All DPUs granted to directors vest immediately. However, those DPUs granted to executive officers, that contain a vesting condition relating to the Company’s common share price performance compared to the Market Vectors Junior Gold Mines ETF (“GDXJ”), have a market performance vesting condition, so at grant date it is estimated that the Company’s common share price performance should be at least consistent with the GDXJ’s price performance.

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

The total DPUs in issue at September 30, 2018 was 6,852,921 (September 30, 2017: 13,898,695). Share-based payment liabilities of $1.028 million (December 31, 2017: $2.559 million) are recognised as current at September 30, 2018. The DPU recovery for the three and nine months ended September 30, 2018 was $0.259 million (2017: $1.440 million) and $0.782 million (2017: $3.754 million), respectively.

(d) Working capital loan

During the nine months ended September 30, 2017, the Group arranged and closed a working capital loan from certain directors of the Company as presented below:

	2018	2017
	$000s	$000s
Balance on January 1	**617**	-
Proceeds received from working capital loan	**-**	534
Non-cash contribution	**-**	13
Repayment of working capital loan	**(213)**	-
Accrued interest	**-**	106
Foreign exchange movements	**10**	(32)
Balance on September 30	**414**	621

During the nine months ended September 30, 2018, the Group repaid $0.213 million of the working capital loan to two directors that left the Company. Subsequently to September 30, 2018, additional $0.077 million of the working capital loan was paid.

The remaining balance of $0.337 million is unsecured and repayable in full on or before December 31, 2018, and it incurs a one off interest rate of 20% that was fully accrued for the year ended December 31, 2017.

13. Contingencies and commitments

The Group had the following future contractual obligations as at September 30, 2018:

	up to 1 year	1-5 years	Over 5 years	Total
	$000s	$000s	$000s	**$000s**
Operating lease obligations	11			**11**
Total contractual obligations	**11**	**-**	**-**	**11**

14. Subsequent events

There have been no reportable events occur subsequent to September 30, 2018.