UNAUDITED CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2021 and 2020

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,		Nine months ended September 30,	
		2021	2020	**2021**	2020
		$000s	$000s	**$000s**	$000s
Operating expenses					
Accounting, legal and professional		**(166)**	(361)	**(793)**	(1,157)
Depreciation	**6**	**(19)**	(23)	**(57)**	(75)
Office and general		**(48)**	(58)	**(171)**	(245)
Salaries, director and consultant fees		**(355)**	(576)	**(1,071)**	(1,503)
Share-based payments recovery/(expense)		**(413)**	(276)	**677**	(568)
Social responsibility and other project related costs		**(219)**	(41)	**(359)**	(106)
(Loss)/gain on foreign exchange		**(633)**	746	**(657)**	364
Operating loss		**(1,853)**	(589)	**(2,431)**	(3,290)
Finance income	**6**	**-**	1	**-**	21
Finance expense	**6**	**(695)**	(625)	**(2,068)**	(1,873)
Fair value gain/(loss) on financial liabilities	**9 (b)**	**(1)**	(2)	**26**	6
Net finance loss		**(696)**	(626)	**(2,042)**	(1,846)
Loss before tax		**(2,549)**	(1,215)	**(4,473)**	(5,136)
Income tax expense		**-**	31	**-**	(1)
Loss for the period		**(2,549)**	(1,184)	**(4,473)**	(5,137)
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		**113**	492	**(1,400)**	1,659
Total other comprehensive (loss)/income, net of tax		**113**	492	**(1,400)**	1,659
Total comprehensive loss for the period		**(2,436)**	(692)	**(5,873)**	(3,478)
Loss per common share					
Basic and diluted	**5**	**(0.01)**	(0.01)	**(0.01)**	(0.02)
Weighted average number of common shares outstanding					
Basic and diluted	**5**	**331,929,522**	331,929,522	**331,929,522**	331,929,522

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, 2021 $000s	December 31, 2020 $000s
ASSETS			
Current			
Cash and cash equivalents		**137**	2,785
Other receivables		**48**	14
Other current assets		**53**	35
Total current assets		**238**	2,834
Non-current assets			
Land and property, plant and equipment		**226**	297
Mineral right interests	**7**	**38,259**	40,374
Total assets		**38,723**	43,505
LIABILITIES			
Current			
Trade and other payables		**405**	414
Gold purchase advance payments	**10**	**14,303**	14,379
Share-based payment liabilities	**11 (c)**	**1,792**	2,490
Loans and borrowings	**9**	**22,858**	22,109
Lease liability		**75**	76
Total current liabilities		**39,433**	39,468
Non-current liabilities			
Lease liability		**80**	137
Total liabilities		**39,513**	39,605
EQUITY			
Share capital	**8**	**78,544**	78,544
Equity reserve		**15,117**	16,157
Convertible loan reserve		**1,162**	1,733
Currency translation reserve		**3,871**	5,271
Accumulated losses		**(99,484)**	(97,805)
Total (deficit)/equity		**(790)**	3,900
Total liabilities and equity		**38,723**	43,505

Nature of operations	**1**
Subsequent events	**13**

Approved on behalf of the Board of Directors

Signed "Tim Morgan-Wynne"

Tim Morgan-Wynne, Director

See accompanying notes to the condensed consolidated interim financial statements.

Euromax Resources Ltd.

Condensed consolidated interim statements of changes in equity - unaudited

(Expressed in Canadian dollars)

For the nine months ended September 30, 2021 and 2020

	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, 2020		*331,929,522*	*78,544*	*16,756*	*1,733*	*3,544*	*(91,083)*	*9,494*
Total comprehensive loss for the period								
Loss for the period			-	-	-	-	(5,137)	(5,137)
Other comprehensive income for the period			-	-	-	1,659	-	1,659
Total comprehensive loss for the period			-	-	-	*1,659*	*(5,137)*	*(3,478)*
Transactions with owners of the Company								
Equity-settled share-based payments			-	96	-	-	-	96
Transfer of expired share options	8		-	(703)	-	-	703	-
Total transactions with owners of the Company			-	*(607)*	-	-	*703*	*96*
Balance on September 30, 2020		331,929,522	78,544	16,149	1,733	5,203	(95,517)	6,112
Balance on January 1, 2021		***331,929,522***	***78,544***	***16,157***	***1,733***	***5,271***	***(97,805)***	***3,900***
Total comprehensive loss for the period								
Loss for the period			**-**	**-**	**-**	**-**	**(4,473)**	**(4,473)**
Other comprehensive loss for the period			**-**	**-**	**-**	**(1,400)**	**-**	**(1,400)**
Total comprehensive loss for the period			**-**	**-**	**-**	***(1,400)***	***(4,473)***	***(5,873)***
Transactions with owners of the Company								
			-	**-**	**-**	**-**	**-**	**-**
Equity-settled share-based payments			**-**	**21**	**-**	**-**	**-**	**21**
Transfer of expired share options	**8**		**-**	**(1,061)**	**-**	**-**	**1,061**	**-**
Derecognition of the equity component of convertible loan	**9 (b)**		**-**	**-**	**(1,733)**	**-**	**1,733**	**-**
Equity component of convertible loan	**9 (b)**		**-**	**-**	**1,162**	**-**	**-**	**1,162**
Total transactions with owners of the Company			**-**	***(1,040)***	***(571)***	**-**	***2,794***	***1,183***
Balance on September 30, 2021		**331,929,522**	**78,544**	**15,117**	**1,162**	**3,871**	**(99,484)**	**(790)**

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,	
		2021	2020
	Note	**$000s**	$000s
OPERATING ACTIVITIES			
Loss before tax		**(4,473)**	(5,136)
Add back:			
Depreciation	**6**	**57**	75
Finance income	**6**	**-**	(21)
Finance expense	**6**	**2,068**	1,873
Share-based payments (recovery)/expense		**(677)**	523
Unrealised foreign exchange loss/(gain)		**699**	(534)
Expensed transaction costs associated with convertible loans	**9 (b)**	**63**	-
Fair value gain on financial liabilities	**9 (b)**	**(26)**	(6)
Changes in non-cash working capital items:			
(Increase)/Decrease in other receivables and other current assets		**(52)**	153
Increase/(Decrease) in trade and other payables		**35**	(240)
Income tax paid		**(43)**	(1)
Cash used in operating activities		**(2,349)**	(3,314)
INVESTING ACTIVITIES			
Purchases of land, property, plant and equipment and intangible assets		**-**	(1)
Interest received		**-**	21
Cash provided by investing activities		**-**	20
FINANCING ACTIVITIES			
Transaction costs associated with convertible loans	**9 (b)**	**(126)**	-
Payment of lease liabilities		**(56)**	(59)
Interest paid		**(4)**	(5)
Cash used in financing activities		**(186)**	(64)
Effect of exchange rate changes on cash		**(113)**	302
Net change in cash and cash equivalents		**(2,535)**	(3,358)
Cash and cash equivalents, beginning of the period		**2,785**	6,964
Cash and cash equivalents, end of the period		**137**	3,908

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 400-725 Granville Street, Vancouver, British Columbia, Canada V7Y 1G5.

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

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

These condensed consolidated interim financial statements were authorised for issue by the Company's board of directors on November 15, 2021.

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, 2020, 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, 2020.

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, 2021, the Group had net liabilities of $0.8 million (December 31, 2020: net assets of $3.9 million) and a net working capital deficiency of $39.2 million (December 31, 2020: $36.6 million), including cash of $0.1 million (December 31, 2020: $2.8 million). The Group's $39.2 million working capital deficiency at September 30, 2021 largely results from:

- Convertible loans of $22.9 million (at December 31, 2020: $22.1 million) with European Bank for Reconstruction and Development ("EBRD") (the "EBRD convertible loan") and with CC Ilovitza ("CCI" a member of the CCC Group) (the "CCI convertible loan"), both mature on February 28, 2022 and therefore classified as current liabilities (see Note 9); and
- Gold purchase advance payments of $14.3 million (December 31, 2020: $14.4 million) received from Royal Gold, AG ("Royal Gold") (see Note 10) which are repayable within 60 days of receiving a termination notice to the Gold Purchase and Sale Agreement.

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

3. Going concern (continued)

On September 22, 2021, the Group announced a non-brokered private placement (the "2021 Private Placement") for gross proceeds of $1.196 million (see Note 8 for more details), which was closed subsequent to September 30, 2021, once all conditions, including the approval from TSX, were satisfied.

The Company's board of directors has reviewed the Group's forecasts for the period ended December 31, 2022, in which are included all committed costs for maintaining the Ilovica-Shtuka copper project (the "Ilovica-Shtuka Project") in the Republic of North Macedonia ("Macedonia" or the "Country"), and are prepared based on the following major assumptions:

- the convertible loans which have potential contractual cash outflows at February 28, 2022 of $24.1 million will either be converted into the Company's common shares or further extended to mature beyond the forecast period; and
- neither termination nor repayment notices will be received from Royal Gold for the period ended December 31, 2022.

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

- cover the committed costs for maintaining the Ilovica-Shtuka Project from Q1 2022 and going forward, including covering the local legal costs for the ongoing administrative process related to the termination of the exploitation concession for Ilovica 6 ("Termination of Ilovica 6");
- cover any costs associated with international arbitration (should management pursue this) in respect of the Termination of Ilovica 6;
- repay the gold purchase advance payments, if termination or repayment notice is received from Royal Gold;
- repay both convertible loans, if neither are further extended in 2022 or converted into the Company's common shares; and
- ultimately construct and bring the Ilovica-Shtuka Project into commercial production.

The directors note that the level of funding required is dependent on both the outcome and duration of the legal matter as disclosed in Note 7 in respect of the Termination of Ilovica 6.

Given the above factors, the Group will need to raise additional funds in Q1 2022 either through equity (supported by existing shareholders or new shareholders) or by further debt. The directors also note that the current coronavirus (COVID-19) pandemic could have an impact upon the timing for resolving the administrative process related to the Termination of Ilovica 6 in the Country, and also impact on the ability of the Group to raise further funds as and when are required.

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

4. Critical accounting judgements and key sources of estimation uncertainty

The preparation of these condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these judgements and estimates. In preparing these condensed consolidated interim financial statements, the significant judgements and estimates made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements for the year ended December 31, 2020.

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

5. Loss per share

	Three months ended September 30, 2021	2020	Nine months ended September 30, 2021	2020
	$000s	$000s	**$000s**	$000s
Net loss for the period after tax	**(2,549)**	(1,184)	**(4,473)**	(5,137)
Basic weighted average number of common shares	**331,929,522**	331,929,522	**331,929,522**	331,929,522
Basic and diluted loss per share	**(0.01)**	(0.01)	**(0.01)**	(0.02)

For the three and nine months ended September 30, 2021 and 2020, because there would be further reduction in loss per share resulting from the assumption that share options and convertible loans are exercised or converted, all these instruments are considered as anti-dilutive and are ignored in the computation of loss per share. As there were no other instruments that may have a potential dilutive impact, the basic and diluted loss per share were the same for the three and nine months ended September 30, 2021 and 2020.

6. Operating segments

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

The Group's reportable segments are as follows:

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

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

	Macedonia		Corporate		Total	
Nine months ended	**September 30,**	September 30,	**September 30,**	September 30,	**September 30,**	September 30,
In thousands	**2021**	2020	**2021**	2020	**2021**	2020
Finance income	**-**	-	**-**	21	**-**	21
Finance expense	**(1)**	(1)	**(2,067)**	(1,872)	**(2,068)**	(1,873)
Depreciation	**(57)**	(75)	**-**	-	**(57)**	(75)
Segment loss before tax	**(1,771)**	(244)	**(2,702)**	(4,892)	**(4,473)**	(5,136)

	Macedonia		Corporate		Total	
As at	**September 30,**	December 31,	**September 30,**	December 31,	**September 30,**	December 31,
In thousands	**2021**	2020	**2021**	2020	**2021**	2020
Segment assets	**38,656**	40,734	**67**	2,771	**38,723**	43,505
Segment liabilities	**340**	386	**39,173**	39,219	**39,513**	39,605

7. Mineral right interests

Macedonia

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

The Ilovica-Shtuka Project consists of two adjacent properties, Ilovica 6 and Ilovica 11. The Group was granted 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").

7. Mineral right interests (continued)

Macedonia (continued)

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. During 2017, a Strategic Environmental Impact Assessment was approved by the MoEPP (required for urbanisation process of the mine footprint), and a commission within the MoEPP issued a Compliance Report for the EIA on Ilovica 11, and recommended a formal approval to be granted by the MoEPP.

Additionally, during 2017 the Environmental and Social Impact Assessment Study (the "ESIA") was completed under international standards, which could facilitate the financing of the Ilovica-Shtuka Project's construction as well as meets the requirements of various project stakeholders.

During 2017 and 2018, the MoE positively responded on the request for the merger of the Group's two exploitation concessions (the "Merger"), however the final approval was still outstanding from the Government of the Republic of North Macedonia. The approval of the Merger represents a significant trigger for further development of the Ilovica-Shtuka Project.

On July 12, 2019 Euromax announced that the Minister of Economy had unilaterally taken the decision to reject the application for an exploitation permit for the Ilovica 6 concession and this was upheld by the Government's Second Instance Commission who are responsible for ratifying certain government institution decisions. This was appealed by the Group, and on October 14, 2019 a lawsuit was submitted to the Administrative Court in Macedonia. The Administrative Court on March 31, 2020 gave a judgment fully accepting this first lawsuit submitted by the Group. On November 21, 2020, following the rejection of all appeals, the Higher Administrative Court upheld and made final the initial judgment in the Group's favour. However, on January 27, 2021, the Second Instance Commission ignored the judgement of the Court and repeated the ratification of the Minister of Economy's decision. The Group filed a third lawsuit on February 23, 2021 against this repeated decision.

On December 16, 2019 based on the Ministry's rejection of the permit application, the process for termination of Ilovica 6 was completed by the Government of the Republic of North Macedonia. On January 8, 2020 Euromax Resources filed a second lawsuit to the Administrative Court challenging this termination. The Administrative Court on October 21, 2020 rejected the second lawsuit, but on July 8, 2021 the Higher Administrative Court accepted the Group's appeal and annulled that decision of the Administrative Court, and then returned the case for ruling by the Administrative Court. Subsequent to September 30, 2021, the Administrative Court has ignored the instructions of the Higher Administrative Court and rejected again the second lawsuit. The case has now been appealed to the Higher Administrative Court for a second time (see Note 13 for more details).

As at the date of these condensed consolidated interim financial statements, the exploitation concession for Ilovica 11 is considered as valid, whilst the administrative process for Termination of Ilovica 6 is in dispute and in a legal process in the administrative courts in the Country. There are further steps for recovering the investment and potential damages from the Ilovica-Shtuka Project if the administrative courts in the Country confirm the Termination of Ilovica 6 as final, such as an option of initiating an international arbitration under the arbitration rules of the International Centre of the Settlement of Investment Disputes ("ICSID") in Washington D.C., USA. This is subject to raising additional funds by the Group either through equity (supported by existing shareholders or new shareholders) or by further debt as outlined in Note 3.

Based on independent legal advice that demonstrate that the Group is legally compliant with respect to the dispute, at September 30, 2021 the Group is of the view that it has a strong legal position, and accordingly has a reasonable expectation that the administrative process related to the Termination of Ilovica 6 will be resolved in the Group's favour in line with the local Macedonian laws that would enable further progress towards the development of the Ilovica-Shtuka Project. Otherwise, the negative outcome of the administrative process related to Termination of Ilovica 6 would lead to losing the legal rights over Ilovica 6.

The timing of the completion of this administrative process related to the Termination of Ilovica 6 could be influenced by and further prolonged due to the current coronavirus (COVID-19) pandemic and related uncertainties over when it will end.

7. Mineral right interests (continued)

Macedonia (continued)

Assuming a positive resolution of this administrative process related to the Termination of Ilovica 6 that would result in the continued development of the Ilovica-Shtuka Project, and as explained above, the Group believes that at September 30, 2021 there is no need for impairment of the carrying amount of the mineral right interest for the Ilovica-Shtuka Project as presented below. However, the Group also acknowledges that there is legal uncertainty and ambiguity as a result of the ongoing court cases which could result in the legal rights over Ilovica 6 being lost.

A summary of changes to the Group's mineral right interests in the nine months ended September 30, 2021 and 2020 is set out below.

	Macedonia *Ilovica-Shtuka Project*
	$000s
Balance, January 1, 2020	37,793
Other items:	
Exchange differences	2,519
Balance, September 30, 2020	40,312
Balance, January 1, 2021	**40,374**
Other items:	
Exchange differences	**(2,115)**
Balance, September 30, 2021	**38,259**

8. Share capital and reserves

At September 30, 2021 Euromax's authorised share capital consisted of an unlimited number of common shares without par value. All issued common shares are fully paid.

	2021 **Number of shares**	**Amount**	2020 Number of shares	Amount
		$000s		$000s
Balance on January 1	**331,929,522**	**78,544**	331,929,522	78,544
Balance on September 30	**331,929,522**	**78,544**	331,929,522	78,544

During the nine months ended September 30, 2021 and 2020, no new common shares were issued, and accordingly no share options and no share purchase warrants were exercised.

During the nine months ended September 30, 2021, 273,504 RSUs were granted to a senior officer of the Group.

On September 22, 2021, the Group announced that the 2021 Private Placement was agreed with its existing shareholders to issue 20,976,678 common shares at a price of $0.057075 for gross proceed of $1.196 million or US$0.948 million, and closed on October 1, 2021, once the required condition for closing of the 2021 Private Placement were satisfied.

During the nine months ended September 30, 2021, 164,649,677 share purchase warrants and 2,618,067 share options expired. The fair value of these expired 3,218,067 share options of $1.061 million was transferred from equity reserve to accumulated losses.

During the nine months ended September 30, 2020, 1,760,065 Restricted Share Units ("RSUs") were cancelled, previously granted to the executive officer who left the Company in 2020, and accordingly the value of $0.443 million for these cancelled RSUs, recognised as expense in past years, was transferred from equity reserve to the accumulated losses. Further to that, in the nine months ended September 30, 2020, 1,850,000 share options expired and their fair value of $0.260 million was transferred from equity reserve to accumulated losses.

8. Share capital and reserves (continued)

At September 30, 2021, the Company had 8,726,603 share options outstanding (September 30, 2020: 5,525,000) with exercise prices ranging from $0.03 to $0.35 per share and a weighted average exercise price of $0.06. Additionally, the Company had 2,491,155 RSUs (September 30, 2020: 2,217,651) outstanding at September 30, 2020.

The Company had 164,649,677 share purchase warrants at September 30, 2020 that expired during the nine months ended September 30, 2021. However, subsequent to September 30, 2021, as part of the 2021 Private Placement, the Company issued 20,976,678 share purchase warrants exercisable each at a price of $0.0761 at any time before October 1, 2024.

9. Loans and borrowings

	September 30, 2021	December 31, 2020
	$000s	$000s
EBRD convertible loan	**12,801**	12,254
CCI convertible loan	**10,057**	9,855
	22,858	22,109

(a) Terms and conditions

The terms and conditions of outstanding loans are as follows:

				September 30, 2021		December 31, 2020	
	Currency	**Nominal interest rate**	**Year of maturity**	**Face value**	**Carrying amount**	Face value	Carrying amount
				$000s	**$000s**	$000s	$000s
EBRD convertible loan	US$	7.00%	2022	**6,357**	**12,801**	6,392	12,254
CCI convertible loan	$	7.00%	2022	**5,200**	**10,057**	5,200	9,855
				11,557	**22,858**	11,592	22,109

EBRD convertible loan

On May 24, 2016 the Company closed the EBRD convertible loan with EBRD and received proceeds of US$5 million ($6.357 million) (the “Principal Amount”), amended on April 12, 2018 (the “2018 Amendments of the EBRD convertible loan”), amended in March 2019 (the “2019 Amendments of the EBRD convertible loan”) and amended in February 2021 (the “2021 Amendments of the EBRD convertible loan”).

The EBRD convertible loan matures on February 28, 2022, extended from February 28, 2021 as per the 2021 Amendments of the EBRD convertible loan.

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

- the Principal Amount,
- an amount of US$1.420 million ($1.805 million) (the “Redemption Amount”),
- a finance delay fee of US$0.150 million ($0.191 million) (the “Fee”),
- finance delay interest (the “Interest”) accrued from January 1, 2017 until April 30, 2018 on the Principal Amount at the rate of 3 months LIBOR plus 7% per annum, compounded quarterly, and
- finance interest (the “Interest on Extension”) accrued from May 1, 2018 to its maturity on collectively the Principle Amount, the Redemption Amount, the Fee and the Interest at April 30, 2018 at a rate of 20% per annum applied from May 1, 2018 to March 31, 2019 and 7% per annum from April 1, 2019 to its maturity, compounded annually.

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

9. Loans and borrowings (continued)

(a) Terms and conditions (continued)

CCI convertible loan

On May 20, 2016 the Company closed a convertible loan with CCI and received proceeds of $5.2 million, amended on April 12, 2018 (the "2018 Amendments of the CCI convertible loan"), amended in March 2019 (the "2019 Amendments of the CCI convertible loan") and amended in February 2021 (the "2021 Amendments of the CCI convertible loan").

The CCI convertible loan matures on February 28, 2022, extended from February 28, 2021 as per the 2021 Amendments of the CCI convertible loan.

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

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

(b) Recognition and measurement of convertible loans

EBRD convertible loan

EBRD convertible loan	**2021**	2020
	$000s	$000s
Carrying amount at January 1	**12,254**	11,687
Adjustments recorded during the period:		
Accrued interest	**627**	636
Fair value adjustment	**(26)**	(6)
Foreign exchange movements	**(54)**	275
Carrying amount at September 30	**12,801**	12,592

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

During the nine months ended September 30, 2021 transaction costs of $0.063 million were incurred for closing the 2021 Amendments of the EBRD convertible loan.

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

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

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

The fair value of the EBRD convertible loan at September 30, 2021 was assessed at $12.801 million (US$10.068 million) (September 30, 2020: $12.592 million or US$9.411 million), representing a increase of the liability from June 30, 2021 that resulted in fair value loss of $0.001 million recognised for the three months ended September 30, 2021 (2020: $0.002 million) and a decrease of the liability as disclosed at December 31, 2020, that resulted in fair value gain of $0.026 million recognised for the nine months ended September 30, 2021 (2020: $0.006 million).

9. Loans and borrowings (continued)

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

CCI convertible loan

CCI convertible loan	2021	2020
	$000s	$000s
Carrying amount at January 1	**9,855**	8,223
Adjustments recorded during the period:		
Transaction costs	**(56)**	-
Amount classified as equity	**(1,169)**	-
Accrued interest	**1,427**	1,222
Carrying amount at September 30	**10,057**	9,445

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

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. Those transaction costs, incurred in 2016 and allocated to the liability component, were fully amortised at April 30, 2018.

The significant modification of the CCI convertible loan's conditions as per the 2021 Amendments of the CCI convertible loan resulted in recognition of newly recognised financial liability in 2021, and derecognition of both the existing financial liability and related equity component of $1.733 million, whereby the equity component was transferred to Accumulated losses. Therefore, a new financial liability has been recognised at $9.001 million, while the remaining amount of that compound financial instrument of $1.169 million has been recognised as an equity component.

During the nine months ended September 30, 2021 transaction costs of $0.063 million were incurred for closing the 2021 Amendments of the CCI convertible loan, which were allocated on a proportional basis to the liability component and equity element. Transaction costs allocated to the liability component will be fully amortised at February 28, 2022.

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

10. Gold purchase advance payments

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

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

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

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

10. Gold purchase advance payments (continued)

The following is a summary of the changes in the GPSA advance payments as at September 30, 2021 and 2020:

	2021	2020
	$000s	$000s
Balance on January 1	**14,379**	14,699
Adjustments recorded during the year:		
Foreign exchange movements:		
Unrealised foreign exchange loss/(gain)	**766**	(681)
Currency translation reserve movements *	**(842)**	1,035
Balance on September 30	**14,303**	15,053

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

11. 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 has the following related parties:

- Wheatley Project Services – private company owned by one of the Group's current key management personnel, for performing of project management services to the Ilovica-Shtuka Project; and
- Coast Invest Ltd and ARQX Capital DWC Ltd – private companies owned by one of the Group's directors, as additional support for the Group's Macedonian affairs, particularly engaged in the permitting process and for the development of the Ilovica-Shtuka Project, provided by both companies, whereby Coast Invest Ltd was engaged for the period ended May 31, 2021, and ARQX Capital DWC Ltd has been engaged from June 1, 2021.

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,	
	2021	2020
	$000s	$000s
Project management fees	**2**	58
Fees for Macedonian affairs and for support of the permiting process of the Ilovica-Shtuka Project	**162**	164
	164	222

At September 30, 2021, the Group fully paid all payables for the services performed by its related parties (December 31, 2020: $0.018 million owed to Coast Invest Ltd).

(b) Key management personnel compensation

The remuneration of directors and other members of key management personnel during the nine months ended September 30, 2021 and 2020 was as follows:

		Nine months ended September 30,	
	Note	**2021**	2020
		$000s	$000s
Short-term employee benefits		**466**	857
Post-employment benefits	(i)	**19**	36
Share-based payments (recovery)/expense	(ii)	**(698)**	568
		(213)	1,461

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

11. Related party transactions (continued)

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

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

All DPUs granted to directors vest immediately.

However, those DPUs granted to executive officers, that contain a vesting condition relating to the Company's common share price performance compared to the Market Vectors Junior Gold Mines ETF ("GDXJ"), have a market performance vesting condition, so at grant date it is estimated that the Company's common share price performance should be at least consistent with the GDXJ's price performance. No additional DPUs were granted for the nine months ended September 30, 2021 and 2020 under this set benchmark.

All vested DPUs are revalued at the Company's reporting period end common 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, 2021 was 23,889,326 (September 30, 2020: 19,675,631). Share-based payment liabilities of $1.792 million (December 31, 2020: $2.49 million) are recognised as current at September 30, 2021. For the three and nine months ended September 30, 2021 DPU expense was $0.413 million (2020: $0.182 million) and DPU recovery of $0.698 million (2020: DPU expense of $0.472 million), respectively.

12. Contingencies and commitments

Apart of above presented contractual obligations, in other notes of these condensed consolidated interim financial statements, the Group had no further contingencies or commitments as at September 30, 2021.

13. Subsequent events

Subsequent to September 30, 2021 following reportable events have occurred:

- On October 1, 2021 the 2021 Private Placement was closed, whereby 20,976,678 common shares and 20,976,678 share purchase warrants were issued for gross proceed of US$0.948 million or $1.196 million.
- On October 1, 2021 the Company announced a Board restructuring, whereby Patrick Forward has been appointed as Non-Executive Director, stepping down from his day to day duties as Chief Operating Officer. He will remain as a senior technical consultant as well as being a member of the Board and Technical Committee.
- During October 2021, the Administrative Court in Macedonia ignored the instructions of the Higher Administrative Court and again rejected the lawsuit challenging the termination of Ilovica 6. An appeal for the second time has been filed to the Higher Administrative Court.