MANAGEMENT'S DISCUSSION & ANALYSIS

For the three and nine months ended September 30, 2017

INTRODUCTION

The following Management's Discussion and Analysis ("MD&A") of Euromax Resources Ltd. ("Euromax" or "Company") and its subsidiary companies (collectively, "Group") is prepared as of November 8, 2017 and should be read in conjunction with the Group's unaudited condensed consolidated interim financial statements and related notes for the three and nine months ended September 30, 2017 ("Q3-2017" and "9M-2017", respectively) ("consolidated interim financial statements") and audited consolidated financial statements and related notes for the year ended December 31, 2016 ("FY16"), which are prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). The accounting policies applied are consistent with those adopted and disclosed in the previous reporting periods. The Group's functional and reporting currency is the Canadian dollar and all figures in this MD&A are in Canadian dollars unless otherwise indicated.

Some of the statements in this MD&A are forward-looking statements that are subject to risk factors set out in the cautionary note contained herein.

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

CORPORATE STRATEGY

The Group's ambition is to become the leading gold and base metal mining company in Europe.

In addition, we will strive to set the standard for developing mines in Europe by using best industry practices at our operations and implementing the highest standard for environmental management and managing health and safety in the work place.

The Group mission is to bring an Ilovica-Shtuka gold-copper project in Macedonia ("Ilovica-Shtuka Project") into production within two years (once permitting and construction funding has been arranged) and grow the value of our business by maximising the potential of the Ilovica-Shtuka Project as our flagship asset. Delivery of value for our shareholders is key and we intend to pursue a suite of financing alternatives such that we may grow our business without diminishing value for shareholders.

As part of all our activities we will engage with and empower communities to be part of our projects and we will look to create mutually beneficial opportunities for all our stakeholders including local businesses, communities and employees.

Our Business during 9M-2017

During 9M-2017 the Group operates in the following sectors:

- Exploration and development of mineral right interests - ***continuing operations***:

  The Group's wholly owned Macedonian subsidiary Euromax Resources DOO Skopje holds two 30-years exploitation concessions for the Ilovica-Shtuka Project in Macedonia, which the Group has plans to bring it into construction and ultimately commercial production.

- Provision of exploration and evaluation services to third parties – ***discontinued operation***:

  On June 27, 2017 the Group disposed of its 100% interest in Euromax Exploration Services EOOD ("EES"), which represented the Group's Exploration Services reportable segment, disclosed in Note 6 of the consolidated interim financial statements.

Upon disposal of Exploration Services reportable segment, the Group has not generated further revenue, since that discontinued operation represented the only operating segment that generated revenue for the Group (for further details refer to "Selected interim financial information for 9M-2017", "Results of continuing operations" and "Results of discontinued operation" sections below).

9M-2017 HIGHLIGHTS

Non-brokered private placements

During 9M-2017 the following non-brokered private placements were closed:

On March 14, 2017 the Company closed a non-brokered private placement of 3,325,582 common shares at a price of $0.43 per common share to a consortium of investors for gross proceeds of $1.43 million ("March 2017 Private Placement"). The Company also issued 166,279 common shares to a third party as commission relating to the private placement. The Company intends to use the proceeds to develop the Ilovica-Shtuka Project and for general working capital purposes.

9M-2017 HIGHLIGHTS – CONTINUED

Non-brokered private placements – continued

On August 23, 2017 the Company closed a non-brokered private placement of 1,666,666 common shares at a price of $0.30 per common share for gross proceeds of $0.5 million ("August 2017 Private Placement"). The Company also issued 1,666,666 common shares purchase warrants ("warrants") that are exercisable into one Company's common share at a price of $0.33 during the following three years. The Company intends to use these proceeds for further development of the Ilovica-Shtuka Project as well as for general working capital purposes.

On September 25, 2017 the Company announced that it has entered into two separate non-brokered private placement offerings ("Transaction"), as follows:

- A placement of 14,666,667 units ("Units") consisting of (i) one common share and (ii) one common share purchase warrant ("Warrant") at an offering price of $0.30 per Unit for aggregate gross proceeds of $4.4 million. The Warrants will each be exercisable for the purchase of one common share for a period of three years following closing of the Transaction at a an exercise price of $0.33 ("Unit Offering"); and
- A placement of 10,000,000 Company's common shares at an offering price of $0.35 per common share for aggregate gross proceeds of $3.5 million ("Share Offering").

The first tranche of the Unit Offering consisting of 13,333,333 Units for gross proceeds of $4 million closed on September 25, 2017. The remaining portion of the Unit Offering is expected to close on a future date to be determined by the Company.

Pursuant to the requirements of the TSX, the Company will seek shareholder approval to complete the Share Offering, and closing of that portion of the Transaction is expected to occur following receipt of such approval. The Transaction has been conditionally approved by the TSX, subject to receipt of customary post-closing documentation.

The proceeds from both the Unit Offering and the Share Offering will be used to progress the design and engineering for the Ilovica-Shtuka Project.

Signed Memorandum of Understanding ("MoU") with an Engineering, Procurement and Construction ("EPC") contractor

As announced on February 23 and September 25, 2017, the Company has agreed to a binding MoU with Ausenco Engineering Canada Inc. ("Ausenco") for further initial detailed engineering and design and a framework to allow Ausenco to proceed through a two-step process to ultimately provide the Company with a Lump Sum Turnkey Price for the construction of the process plant and related infrastructure for the Ilovica-Shtuka Project.

Ausenco commenced its work in October 2017, and the first step is to provide the Company, on an open book basis, with a Guaranteed Maximum Price ("GMP") based on an agreed scope of work within 90 days of commencing work. Following the delivery of the GMP, provided only that the GMP is at or below the Ilovica-Shtuka Project's capital expenditure as per the Feasibility Study for the Ilovica-Shtuka Project ("FS"), Ausenco would proceed with the second step in preparing and negotiating with the Company a Lump Sum Turnkey EPC contract for the development of the Ilovica-Shtuka Project, the substantial terms of which are included in the MoU.

As per the MoU, the cost of Ausenco's work to deliver the GMP will be settled through the issuance of 10,000,000 Company's common shares to Ausenco.

Management restructure

On August 16, 2017 the Group announced a management restructuring to facilitate the timely and efficient development of Ilovica-Shtuka Project, whereby Martyn Konig, previously the Group's Non-Executive Chairman, became the Group's Executive Chairman and assumed management responsibility for the overall day-to-day activities of the Group. This allowed the management team to concentrate on permitting, construction preparation and financing activities.

On November 6, 2017 the Group announced that Varshan Gokool, previously the Group Chief Financial Officer ("CFO"), became the Group's President and Chief Executive Officer ("CEO"), while Nikola Gulev was appointed as Group's CFO. Steve Sharpe, the former Group's President and CEO, will continue with his involvement in Euromax as a Non-Executive Director.

9M-2017 HIGHLIGHTS – CONTINUED

Ilovica-Shtuka Project permitting

Exploitation concessions

During 9M-2017, the merger of both Exploitation Concessions held by the Group, Ilovica 6 and Ilovica 11, was approved by Ministry of Economy and submitted to the Government of the Republic of Macedonia for its ratification.

Environmental and social impact assessments

An Environmental and Social Impact Assessment ("ESIA") produced by Golder Associates under International standards including European Bank for Reconstruction and Development ("EBRD") Performance Requirements and International Finance Corporation ("IFC") Equator Principles was prepared and a final version was released during March 2017. This expands on Macedonian Environmental Impact Assessment Study ("EIA") and will facilitate the project financing as well as meets the requirements of various project stakeholders.

Additionally, a Strategic Environmental Impact Assessment was approved by Ministry of Environment and Physical Planning in Macedonia ("MoEPP") (required for the urbanisation process of the mine footprint); while a commission within the MoEPP issued a Compliance Report for the EIA on Ilovica 11, and recommended its formal approval to be granted by the MoEPP.

Discontinued operation – disposal of EES

On June 27, 2017 the Group disposed of EES for total consideration of $0.185 million (€0.124 million), of which $0.040 million (€0.027 million) involved offsetting of existing payables that the Group owed EES, whilst the remaining $0.143 million (€0.097 million) were collected on October 13, 2017.

The Group has recognised loss on disposal of $0.436 million in 9M-2017 (for further details refer to Note 7 of the consolidated interim financial statements).

The results of EES are reflected as a discontinued operation and are disclosed separately from continuing operations within the consolidated statement of profit or loss and other comprehensive income or loss. In addition, EES 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 the Group's continuing operations. The effect of the discontinued operation is disclosed in "Selected interim financial information for 9M-2017" and "Results of discontinued operation" sections below.

PROJECTS

This section outlines the exploration activities carried out in the nine months ended September 30, 2017. Patrick Forward, Chief Operating Officer, is the Qualified Person responsible for the review of the technical information contained in this section of the Group's MD&A.

Ilovica Project – Macedonia

EPC

Ausenco commenced its work in October 2017 under the signed MoU, whereby once initial detailed engineering and design and a framework is done, Ausenco will proceed with a two-step process to provide the Group with a Lump Sum Turnkey Price for the construction of the process plant and related infrastructure for the Ilovica-Shtuka Project.

The first deliverable from Ausenco will be due in the three months ended March 31, 2018, and will provide the Company, on an open book basis, with a GMP based on an agreed scope of work..

Refer to "9M-2017 Highlights" section above for further details.

SELECTED INTERIM FINANCIAL INFORMATION FOR 9M-2017

(Expressed in thousands of Canadian dollars except per common share amounts)

Quarter ended	September 30, 2017	June 30, 2017	March 31, 2017 Restated*	December 31, 2016 Restated*	September 30, 2016 Restated*	June 30, 2016 Restated*	March 31, 2016 Restated*	December 31, 2015 Restated*
Profit/(loss) from continuing operations attributable to the Owners of the Company								
Net profit/(loss) after tax	1,554	(784)	3,700	(7,175)	(6,586)	(2,411)	(2,744)	(1,706)
Basic earnings/(loss) per share	0.01	(0.01)	0.03	(0.06)	(0.06)	(0.02)	(0.02)	(0.01)
Diluted earnings/(loss) per share	0.00	(0.01)	0.02	(0.06)	(0.06)	(0.02)	(0.02)	(0.01)
Profit/(loss) attributable to the Owners of the Company								
Net profit/(loss) after tax	1,554	(1,107)	3,617	(7,069)	(6,259)	(2,282)	(2,923)	(1,894)
Basic earnings/(loss) per share	0.01	(0.01)	0.03	(0.06)	(0.05)	(0.02)	(0.03)	(0.02)
Diluted earnings/(loss) per share	0.00	(0.01)	0.01	(0.06)	(0.05)	(0.02)	(0.03)	(0.02)

* Restatment of interim financial information to reflect the discontinued operation separately from Group's continuing operations

All figures presented above are prepared in accordance with IFRS, as well as the accounting policies were applied on a consistent basis for all presented periods. In addition, the Exploration Services reportable segment had not been previously classified as held-for-sale or as a discontinued operation, and accordingly the interim financial information for the previous six quarters have been restated to reflect the discontinued operation separately from the Group's continuing operations.

The Group's primary focus is the exploration and development of mineral right interests and its principal project is the Ilovica-Shtuka Project. The Ilovica-Shtuka Project is not in production and therefore the Group has incurred losses and will continue to incur losses until the Ilovica-Shtuka Project is brought into commercial production.

Apart from the Group's regular operational activities, that are relatively constant on a period by period basis, net profit/(loss) attributable to the Owners has been influenced by fluctuations in:

- the Company's common share price, which is a key assumption in fair valuing of (1) share-based payment liabilities and (2) fair value of a convertible loan from EBRD ("EBRD convertible loan"); and
- foreign currency exchange rates.

In addition, the following one-off items were included in net profit/(loss) attributable to the Owners in respective quarters:

- the loss on disposal of Group's Serbian subsidiary (South Danube Metals d.o.o. Beograd or "SDM"), largely owing to recycling of currency translation reserve losses to the income statement, was reflected in the quarter ended September 30, 2016 ("Q3-2016"); and
- in the quarter ended June 30, 2017 ("Q2-2017"), the loss on disposal of EES was recognised by the Group (see "9M-2017 Highlights" section above for more details).

Discontinued operation

The selected interim financial information of the Exploration Services discontinued operation is presented below:

Quarter ended	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015
Total revenue	-	473	213	1,720	2,336	1,321	96	1,066
Profit/(loss) attributable to the Owners of the Company	-	(323)	(83)	106	327	129	(179)	(188)
Basic earnings/(loss) per share	-	(0.00)	(0.00)	0.00	0.00	0.00	(0.00)	(0.00)
Diluted earnings/(loss) per share	-	(0.00)	(0.00)	0.00	0.00	0.00	(0.00)	(0.00)

All revenue generated by the Exploration Services discontinued operation, from the provision of exploration services to third parties, was seasonally weighted to the second, third and fourth quarters of each calendar year.

The loss in Q2-2017 included the loss on disposal of $0.436 million from the sale of EES.

RESULTS OF CONTINUING OPERATIONS

KEY POINTS

- *9M-2017 operating profit of $2.535 million (the nine months ended September 30, 2016 ("9M-2016"): restated[1] operating loss of $8.017 million)*
- *9M-2017 operating cash costs[2] from continuing operations (operating profit/(loss) excluding depreciation, amortisation, share-based payments and unrealised foreign exchange gain) reduced significantly to $3.386 million (9M-2016: $4.827 million)*
- *9M-2017 profit after tax from continuing operations attributable to the Owners of the Company of $4.470 million (9M-2016: loss of $11.741 million)*
- *Q3-2017 profit after tax from continuing operations attributable to the Owners of the Company of $1.554 million (Q3-2016: loss of $6.586 million)*

	Quarter ended September 30		Nine months ended September 30	
in thousands $	**2017 (Unaudited)**	2016 (Unaudited) Restated*	**2017 (Unaudited)**	2016 (Unaudited) Restated*
Continuing operations				
Accounting, legal and professional	**(46)**	(333)	**(313)**	(1,051)
Depreciation	**(53)**	(41)	**(121)**	(125)
Amortisation	**(1)**	(1)	**(2)**	(3)
Office and general	**(71)**	(130)	**(238)**	(325)
Regulatory, filing and transfer agent	**(21)**	(111)	**(78)**	(190)
Rent	**(79)**	(112)	**(236)**	(359)
Salaries, director and consultant fees	**(707)**	(601)	**(1,962)**	(2,010)
Share-based payments recovery/(expense)	**1,388**	(1,445)	**3,702**	(3,492)
Investor and public relations	**(37)**	(293)	**(171)**	(406)
Travel	**(29)**	(230)	**(197)**	(433)
Exploration and evaluation costs	**(31)**	(30)	**(98)**	(64)
Expense recoveries	**-**	84	**-**	171
Gain on foreign exchange	**1,086**	44	**2,249**	270
Operating profit/(loss)	**1,399**	(3,199)	**2,535**	(8,017)
Finance income	**-**	2	**-**	19
Finance expense	**(671)**	(508)	**(2,115)**	(845)
Fair value gain/(loss) on financial liabilities	**829**	(2,303)	**4,060**	(2,303)
Net finance income	**158**	(2,809)	**1,945**	(3,129)
Other income	**-**	-	**5**	-
Loss on disposal of subsidiary	**-**	(569)	**-**	(569)
Profit/(loss) before tax	**1,557**	(6,577)	**4,485**	(11,715)
Income tax expense	**(3)**	-	**(15)**	(20)
Profit/(loss) from continuing operations	**1,554**	(6,577)	**4,470**	(11,735)
Profit/(loss) from continuing operations attributable to:				
Owners of the Company	**1,554**	(6,586)	**4,470**	(11,741)
Non-controlling interest	**-**	9	**-**	6
Discontinued operation				
Profit/(loss) from discontinued operation, net of tax	**-**	327	**(406)**	277
Profit/(loss) for the period	**1,554**	(6,250)	**4,064**	(11,458)
Profit/(loss) attributable to:				
Owners of the Company	**1,554**	(6,259)	**4,064**	(11,464)
Non-controlling interest	**-**	9	**-**	6

* Restatment of comparative consolidated statement of profit or loss and other comprehensive income or loss to reflect the discontinued operation separately from Group's continuing operations

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[1] The comparative consolidated statement of profit or loss has been restated to reflect the discontinued operation separately from the Group's continuing operations

[2] Non-GAAP Measure. Please refer to pages 10 and 11 for further details.

RESULTS OF CONTINUING OPERATIONS – CONTINUED

DETAILED ANALYSIS OF THE NINE MONTHS ENDED SEPTEMBER 30, 2017 COMPARED TO THE NINE MONTHS ENDED SEPTEMBER 30, 2016

The Group recorded a net profit after tax from continuing operations attributable to the Owners of the Company of $4.470 million or $0.04 earnings per share undiluted in 9M-2017, compared to a net loss of $11.741 million or $0.10 loss per share in 9M-2016.

The 9M-2017 profit compared to the 9M-2016 loss was mainly due to the following:

- A share-based payments recovery of $3.702 million in 9M-2017 compared to an expense of $3.492 million in 9M-2016 was owing to a decrease in the Company's common share price during 9M-2017 and its increase during 9M-2016. As explained in prior periods, the Company's Deferred Phantom Units ("DPUs") are marked-to-market at the Company's period-end common share price, so a fall in the common share price results in a fall in the Group's share-based payment liabilities and a credit to the income statement.
- A favourable movement of the EBRD convertible loan's fair value produced a fair value gain of $4.060 million in 9M-2017, compared to a fair value loss of $2.303 million for 9M-2016. As explained in prior periods, this is principally caused by the Company's common share price falling during 9M-2017 and rising during Q3-2016 (at June 30, 2016 no fair value adjustment was reflected due to its close proximity to its closing date, May 24, 2016).
- An increase in the Group's gain on foreign exchange by $1.979 million occurred due to:
    - A gain on foreign exchange on the EBRD convertible loan denominated in US dollars due to a strengthening of the Canadian dollar against the US dollar during 9M-2017 compared to the prior period; and
    - A favourable movement of the Euro and the Macedonian denar against the US dollar during 9M-2017 compared to 9M-2016, as a substantial portion of the Group's liabilities are denominated in US dollars and held within subsidiaries that have either Euro or Macedonian denar as their functional currency.
- A decrease in accounting, legal and professional fees of $0.738 million owing to legal fees incurred in 9M-2016 for signing and closing of the EBRD convertible loan, not repeated in 9M-2017, and tight cost control during 9M-2017, whilst additional equity funding is being arranged.
- The loss on sale of SDM of $0.569 million recognised during 9M-2016, not incurred in 9M-2017, which relates primarily to the recycling of currency translation reserve losses to the income statement.
- Investor and public relations expenses, together with travel expenses, decreased in total by $0.471 million, as intensive investor relationship activities that were taken during 9M-2016 toward enhancement of the Group's profile and marketability with institutional and retail investors, were not repeated in 9M-2017.
- A decrease in the Group's rent of $0.123 million due to dilapidations on the Group's former London office, vacated during the 9M-2016, not being repeated in 9M-2017. The London office was relocated to a smaller serviced office with reduced rent and office and general expenses.
- Regulatory, filing and transfer agent expense decreased by $0.112 million due to graduating to the TSX and relisting on the OTCQX in the United States during 9M-2016, which was not repeated in 9M-2017.

Partially offset by:

- Finance expenses increased by $1.270 million as result of interest accrued on the two convertible loans, both closed during May 2016 (refer to Note 10(b) of the consolidated interim financial statements) and interest accrued on the working capital loan closed during 9M-2017 (refer "Related party transactions" section below).
- Under the option agreement, before the disposal of SDM, the Group had recovered $0.171 million of exploration and administrative expenses that had been incurred during the 9M-2016, on behalf of the third party optionee.

DETAILED ANALYSIS OF THE QUARTER ENDED SEPTEMBER 30, 2017 COMPARED TO QUARTER ENDED SEPTEMBER 30, 2016

The Group recorded a net profit after tax from continuing operations attributable to the Owners of the Company of $1.554 million or $0.01 profit per share undiluted in Q3-2017, compared to net loss of $6.586 million or $0.06 loss per share in Q3-2016. This favourable movement on quarter by quarter basis was mainly due to the following:

RESULTS OF CONTINUING OPERATIONS – CONTINUED

DETAILED ANALYSIS OF THE QUARTER ENDED SEPTEMBER 30, 2017 COMPARED TO QUARTER ENDED SEPTEMBER 30, 2016 – CONTINUED

- A favourable movement of the EBRD convertible loan's fair value resulted in a fair value gain of $0.829 million recognised in Q3-2017, compared to a fair value loss of $2.303 million for Q3-2016, principally caused by the Company's common share price falling during Q3-2017 and rising during Q3-2016.
- A share-based payments recovery of $1.388 million in Q3-2017 compared to an expense of $1.445 million in Q3-2016 was owing to a decrease in the Company's common share price during Q3-2017 and its increase during Q3-2016. As explained above, a fall in the common share price results in a reduction of the Group's share-based payment liabilities and a corresponding credit to the income statement.
- An increase in the Group's gain on foreign exchange of $1.042 million occurred due to:
  - A gain on foreign exchange on the EBRD convertible loan denominated in US dollars, due to a favourable movement of the Canadian dollar against the US dollar during Q3-2017 compared to Q3-2016; and
  - A favourable movement of the Euro and the Macedonian denar against the US dollar during Q3-2017 compared to Q3-2016, as a substantial portion of the Group's liabilities are denominated in US dollars and held within subsidiaries that have either Euro or Macedonian denar as their functional currency.
- The loss on sale of SDM of $0.569 million recognised during Q3-2016, did not recur in Q3-2017.
- Investor and public relations expense, together with travel expenses, decreased in total by $0.457 million as intensive investor relationship activities that were taken during Q3-2016 toward enhancement of the Group's profile and marketability with institutional and retail investors, were not repeated in Q3-2017.
- A decrease in accounting, legal and professional fees of $0.287 million owing to tight cost control during Q3-2017, whilst additional equity funding is being arranged.

Partially offset by:

- Finance expenses increased by $0.163 million as result of higher accrued interest on the EBRD convertible loan in Q3-2017 compared to Q3-2016.

RESULTS OF DISCONTINUED OPERATION

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	**2017**	2016
	$000s	$000s	**$000s**	$000s
Revenue	-	2,336	**686**	3,753
Direct costs	-	(1,885)	**(390)**	(3,013)
Gross profit	-	451	**296**	740
Operating expenses	-	(130)	**(261)**	(468)
Operating profit	-	321	**35**	272
Finance expense	-	(2)	**(3)**	(3)
Other income	-	8	**3**	8
Results from operating activities	-	327	**35**	277
Income tax	-	-	**(5)**	-
Results from operating activities, net of tax	-	327	**30**	277
Loss on disposal of discontinued operation	-	-	**(436)**	-
Profit/(loss) from discontinued operation, net of tax	-	327	**(406)**	277
Basic earnings/(loss) per share	-	0.00	**(0.00)**	0.00
Diluted earnings/(loss) per share	-	0.00	**(0.00)**	0.00

The Group recorded a net loss after tax from its discontinued operation of $0.406 million in 9M-2017 (9M-2016: net profit of $0.277 million). The most significant component of this result was the loss on sale of discontinued operation of $0.436 million recognised in 9M-2017.

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2017 the Group has following contractual obligations:

Contractual obligations			**Payments due by Period**		
	Total	**Less than 1 year**	**1 - 3 years**	**4 - years**	**After 5 years**
	$000s	**$000s**	**$000s**	**$000s**	**$000s**
Debt					
Trade and other payables	3,291	3,291	-	-	-
Working capital loan	621	621	-	-	-
Gold purchase advance payments	14,011	14,011	-	-	-
Loans and borrowings	13,061	13,061	-	-	-
Share-based payment liabilities	4,656	4,656	-	-	-
Total Debt	*35,640*	*35,640*	-	-	-
*Operating leases**	*147*	*147*	-	-	-
Total Contractual Obligations	**35,787**	**35,787**	**-**	**-**	**-**

* operating leases represent a minimum required rental lease payments, as presented in "Contractual commitments" section

At September 30, 2017 the Group had cash and cash equivalents of $4.045 million, trade and other receivables of $0.047 million, other current assets of $0.201 million and current contingent consideration of $0.143 million. However, as presented above, the Group had gold purchase advance payments of $14.011 million, financial liabilities regarding two convertible loans (refer to Note 10 of the consolidated interim financial statements) totalling $13.061 million, share-based payment liabilities amounting to $4.656 million, trade and other payables of $3.291 million and a working capital loan of $0.621 million, meaning that the Group had a net working capital deficiency of $31.204 million.

The three key contributors to the Group's working capital deficiency position at September 30, 2017 are the gold purchase advance payments received from Royal Gold, AG ("Royal Gold"), financial liabilities regarding two convertible loans and share-based payment liabilities owing to the Group's directors and officers in lieu of cash compensation.

Firstly, the Royal Gold advance payments are classified within current liabilities because Royal Gold has the contractual capacity to issue a termination notice that may require the Group to repay the outstanding advance payments within 60 days of receiving such notice. Refer to Note 11 of the consolidated interim financial statements. As at the date of this MD&A, no termination notices have been received by the Group.

Secondly, the current financial liabilities, composed of the EBRD convertible loan of $7.608 million and a convertible debenture with CC Ilovitza ("CCI convertible loan") of $5.453 million, are classified as current liabilities since both convertible loans mature on April 30, 2018. Both convertible loans are convertible into the Company's common shares at the election of EBRD and CCI on or before April 30, 2018. Refer to Note 10 of the consolidated interim financial statements.

Lastly, the share-based payment liabilities are also classified within current liabilities as in the event a director or officer of the Company leaves the Group, a cash payment in respect of all vested DPUs will be required within 90 days of such an event under the terms of the Group's Deferred Phantom Unit Plan. Refer to Note 12(c) of the consolidated interim financial statements. As at the date of this MD&A, no cash payments are anticipated to any director or executive.

As the Group is in the exploration and evaluation stage of the mining life cycle, and since the disposal of Exploration Services operating segment, the Group does not generate cash inflow from its operating activities. The Group's ability to continue operations is contingent on its ability to obtain additional financing and progress the Ilovica-Shtuka Project into commercial production. Refer to Note 3 of the consolidated interim financial statements.

LIQUIDITY AND CAPITAL RESOURCES – CONTINUED

Operating Activities

	Nine months ended September 30	
	2017	2016
in thousands $	**(Unaudited)**	(Unaudited)
OPERATING ACTIVITIES		
Profit/(loss) before tax	**4,084**	(11,438)
Add back:		
Depreciation	**141**	151
Amortisation	**4**	7
Finance income	**-**	(19)
Finance expense	**2,118**	848
Other income	**-**	(8)
Share-based payments (recovery)/expense	**(3,702)**	3,492
Unrealised foreign exchange gain	**(2,342)**	(430)
Loss on disposal of subsidiary	**-**	569
Expensed transaction costs associated with convertible loans	**-**	312
Fair value (gain)/loss on financial liabilities	**(4,060)**	2,303
Loss on disposal of discontinued operations, net of tax	**436**	-
Cash used in operating activities before changes in working capital items	**(3,321)**	(4,213)
Changes in non-cash working capital items:		
Increase in trade and other receivables and prepayments and deposits	**(98)**	(26)
Increase in trade and other payables	**1,132**	209
Cash used in operating activities	**(2,287)**	(4,030)
Cash used in operating activities from continuing operations	**(2,154)**	(4,121)
Cash used in operating activities from discontinued operation*	**(133)**	91

* disclosed in Note 7(b) of the consolidated interim financial statements

Cash used in operating activities from continuing operations during 9M-2017 was $2.154 million compared to $4.121 million in 9M-2016. This $1.967 million overall reduction in cash used is due to tight cost control during 9M-2017 whilst additional equity funding is being arranged (as explained in "Results of continuing operations" section above), and primarily consists of a $0.892 million reduction in cash payments, with an increase in operating trade and other payables of $1.132 million during 9M-2017 compared to a $0.209 million increase during 9M-2016 providing a further favourable movement.

Financing Activities

	Nine months ended September 30	
	2017	2016
in thousands $	**(Unaudited)**	(Unaudited)
FINANCING ACTIVITIES		
Proceeds from share issue	**5,930**	-
Proceeds from working capital loan	**534**	-
Share issue costs	**(9)**	-
Proceeds from convertible loans	**-**	11,765
Transaction costs associated with convertible loans	**-**	(779)
Interest paid	**(10)**	(18)
Cash provided by financing activities	**6,445**	10,968

During 9M-2017, the Group closed three non-brokered private placements and issued total 18,491,860 common shares for total proceeds of $5.930 million (refer to Note 9 of the consolidated interim financial statements and to "9M-2017 Highlights" section above) as well as receiving $0.534 million from a working capital loan provided by certain directors of the Company. This was offset by share issue costs of $0.009 million and interest paid of $0.010 million.

In 9M-2016, the Group received gross proceeds of $11.765 million, (i.e. $6.565 million and $5.200 million, from the EBRD convertible loan and from the CCI convertible loan, respectively), which was offset by transactions costs paid of $0.613 million on the CCI convertible loan and $0.166 million on the EBRD convertible loan, as well as by interest paid of $0.018 million.

LIQUIDITY AND CAPITAL RESOURCES – CONTINUED

Investing Activities

in thousands $	Nine months ended September 30 2017 (Unaudited)	2016 (Unaudited)
INVESTING ACTIVITIES		
Expenditures on unproven mineral right interests	**(1,111)**	(6,174)
Purchases of property, plant and equipment and intangible assets	**(4)**	(44)
Proceeds from disposal of subsidiary	**-**	650
Proceeds from restricted cash deposits	**-**	73
Interest received	**-**	19
Disposal of discontinued operation		
net of cash disposed of	**(114)**	-
purchases of property, plant and equipment and intangible assets	**(1)**	(38)
Cash used in investing activities	**(1,230)**	(5,514)

In 9M-2017, the Group used cash of $1.115 million in investing activities from continuing operations, including $1.111 million of capital expenditures on unproven mineral right interests on the Ilovica-Shtuka Project, and purchases of property, plant and equipment and intangible assets of $0.004 million. Additional outflows of $0.115 million was caused by the disposal of EES, whereby $0.114 million of net cash and cash equivalents was disposed of and $0.001 million used for purchased property, plant and equipment and intangible assets in EES during six months ended June 30, 2017.

Cash used in investing activities in 9M-2016 amounted to $5.514 million which includes $6.174 million of capital expenditures on unproven mineral right interests, predominately on the Ilovica-Shtuka Project and purchases of property, plant and equipment and intangible assets totalling of $0.082 million, of which $0.038 million were purchased by EES during 9M-2016. This was offset by proceeds of $0.650 million received for disposal of SDM, a release of restricted cash of $0.073 million and $0.019 million for the interest received during 9M-2016.

The table below summarises the expenditures incurred on the Group's key projects during 9M-2017 and 9M-2016.

	Macedonia *Ilovica*	Serbia *KMC*	Total
	$000s	$000s	$000s
Balance, January 1, 2016	27,901	673	28,574
Exploration expenditures:			
Assays and analysis	403	-	403
Drilling	351	-	351
Feasibility costs	4,554	-	4,554
Social & environmental costs	525	-	525
Other	422	-	422
	34,156	673	34,829
Other items:			
Disposal of unproven mineral rights	-	(642)	(642)
Exchange differences	(834)	(31)	(865)
Balance, September 30, 2016	33,322	-	33,322
Balance, January 1, 2017	**34,464**	**-**	**34,464**
Exploration expenditures:			
Feasibility costs	**849**	**-**	**849**
Social & environmental studies	**108**	**-**	**108**
Other	**10**	**-**	**10**
	35,431	**-**	**35,431**
Other items:			
Exchange differences	**1,204**	**-**	**1,204**
Balance, September 30, 2017	**36,635**	**-**	**36,635**

NON-GAAP MEASURES

The Company has included a non-GAAP performance measure, namely operating cash costs, in this document. Mineral exploration companies are reliant on continuously sourcing funding until commercial production is reached and hence minimising cash outflows from administrative costs is a key objective. In addition to conventional measures prepared in accordance with GAAP, the Company and certain investors use this information to evaluate the Company's cash-burn rate. This non-GAAP measure is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

NON-GAAP MEASURES – CONTINUED

The following table provides a reconciliation of the operating cash costs for the three and nine months ended September 30, 2017 and 2016.

	Quarter ended September 30		Nine months ended September 30	
	2017	2016	**2017**	2016
in thousands $	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
Operating profit/(loss) from continuing operations	**1,399**	(3,199)	**2,535**	(8,017)
Add/(Less) items from continuing operations:				
Share-based payments (recovery)/expense	**(1,388)**	1,445	**(3,702)**	3,492
Depreciation	**53**	41	**121**	125
Amortisation	**1**	1	**2**	3
Unrealised foreign exchange (gain)/loss	**(1,200)**	(100)	**(2,342)**	(430)
Total Operating cash costs from continuing operations	**(1,135)**	(1,812)	**(3,386)**	(4,827)

RELATED PARTY TRANSACTIONS

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

(a) Key management personnel transactions

The Group's only related party is Trentside Projects Limited, a private company controlled by the Group's Vice President, Project & Construction Manager. Since July 2015, the Group has contracted Trentside Projects Limited to provide project management services on the Ilovica-Shtuka Project in Macedonia for an agreed annual fee, paid in monthly instalments. The contracted annual fee was set based on advice from third party human resource consultants as being a fair market price for such services.

The Group incurred the following fees and expenses in the normal course of operations in connection with Trentside Projects Limited. Expenses incurred by Trentside Projects Limited are reimbursed by the Group at their original cost.

	Nine months ended September 30,	
	2017	2016
	(Unaudited)	(Unaudited)
	$000s	$000s
Project management fees	**223**	226
	223	226

At September 30, 2017, the Group owed Trentside Projects Limited $0.095 million (December 31, 2016: $0.025 million) for services rendered from June to September 2017.

(b) Key management personnel compensation

The remuneration of directors and other members of key management personnel during the nine months ended September 30, 2017 and 2016 was as follows:

		Nine months ended September 30,	
	Note	**2017**	2016
		(Unaudited)	(Unaudited)
		$000s	$000s
Short-term employee benefits		**1,065**	1,682
Post-employment benefits	(i)	**68**	75
Share-based payments (recovery)/expense	(ii)	**(3,754)**	3,492
		(2,621)	5,249

(i) 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 relate to vesting of share options, Restricted Share Units ("RSUs") and DPUs granted to directors and key management personnel in current and prior periods.

RELATED PARTY TRANSACTIONS – CONTINUED

(C) Key management personnel compensation

During 9M-2017, the Company arranged and closed a working capital loan from its directors. The working capital loan is unsecured and repayable in full on or before November 30, 2017, which incurs a fixed interest rate of 20% that has been fully accrued in 9M-2017. More details of this working capital loan are presented below:

Director (Unaudited)	Proceeds received	Non-cash contribution	Accrued interest	Foreign exchange movements	Total
	$000s		$000s	$000s	$000s
Martyn Konig [1]	88	-	17	(5)	100
Timothy Morgan-Wynne [2]	97	-	20	**(5)**	112
Randal Matkaluk [2]	94	-	18	(7)	105
Raymond Threlkeld [2]	68	-	13	(6)	75
Steve Sharpe [1]	87	-	17	(4)	100
Varshan Gokool [1]	100	-	19	(5)	114
Patrick Forward [1]	-	13	2	-	15
Total	**534**	**13**	**106**	**(32)**	**621**

1) working capital loan denominated in British pounds
2) working capital loan denominated in US dollars

Under the closed working capital loan, the Group received proceeds of $0.534 million.

CONTRACTUAL COMMITMENTS

The Group had the following future contractual obligations as at September 30, 2017:

(Unaudited)	up to 1 year	1-5 years	Over 5 years	Total
	$000s	$000s	$000s	**$000s**
Operating lease obligations	147	-	-	**147**
Total contractual obligations	**147**	**-**	**-**	**147**

CRITICAL ACCOUNTING ESTIMATES

The Group's significant accounting policies are summarised in Note 3 of its audited consolidated financial statements for FY16. The preparation of consolidated financial statements in accordance with IFRS as issued by the IASB which requires management to select accounting policies and make estimates that may have a significant impact on the consolidated financial statements.

The Group regularly reviews its estimates; however, actual amounts could differ from the estimates used and, accordingly, materially affect the results of operations.

The Group's significant estimates include:

- *Carrying values of unproven mineral right interests*

  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.

- *Valuation of share-based payment arrangements*

  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.

CRITICAL ACCOUNTING ESTIMATES – CONTINUED

- *Measurement of EBRD convertible loan*

  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.

  To value the EBRD convertible loan, management prepared a model using market observable information assumptions both available generally and specific to the EBRD convertible loan agreement which was filed on SEDAR. These assumptions, of which the most significant is the Company's common share price, have been applied consistently to management's most likely future financing plans.

  In periods prior to six months ended September 30, 2017, a probability weighting has been applied to each scenario, developed based on future financing plans, by using management's best estimate of the likelihood of each scenario occurring. This probability weighting is categorised as a level 3 non-market observable assumption under IFRS 13 and hence results in the EBRD convertible loan valuation being a level 3 valuation.

OPERATIONAL AND OTHER BUSINESS RISKS AND UNCERTAINTIES

The following risk factors, as well as risks not currently known to the Group, could materially adversely affect the Group's future business, operations and financial position and could cause them to differ materially from the estimates described in the forward-looking statements and information contained herein. The risks set out below include those that are widespread and associated with any form of business and those that are specific risks associated with the Group's business and its involvement in the exploration and mining industry generally, and in south-eastern Europe in particular. Shareholders and prospective investors should carefully consider, in light of their own financial circumstance, the factors set out herein.

Dependence on Third Party Financing

The Group currently has no source of operational cash flow. As a result, the Group will continue to depend on third party financing to fund future working capital, capital expenditures, operating and exploration costs and other general corporate requirements. The success and the pricing of any such capital raising and/or debt financing will be dependent upon the prevailing market conditions at that time for junior exploration and development companies to attract significant amounts of debt and/or equity. There can be no assurance that such financing will be available to the Group or, if it is, that it will be offered on acceptable terms. Failure to obtain sufficient financing, as and when required, may result in a delay or indefinite postponement of exploration or development on any or all of the Group's properties.

Fluctuation of Commodity Prices

The Group's exploration and other mining activities have previously been, and may in the future be, significantly adversely affected by declines in commodity prices, particularly gold and copper. Commodity prices are volatile and are affected by numerous factors beyond the Group's control such as the sale or purchase of metals by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of US dollar and foreign currencies, global and regional supply and demand, and the political and economic conditions of major mining countries throughout the world.

Any future serious drop in commodity prices or sustained low commodity prices could adversely impact the Group's future revenues, profits and cash flows. In particular, sustained low, or further reductions in, commodity prices could:

- reduce or eliminate the Group's ability to finance the exploration of existing and future mineral projects;
- force the Group to lose its interest in, or to sell, all or some of its properties;
- halt or delay the development of existing or new projects; and
- reduce the value of the Group's securities.

Furthermore, declining or sustained low commodity prices could impact the Group's operations by requiring a reassessment of the feasibility of any existing or new projects. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

OPERATIONAL AND OTHER BUSINESS RISKS AND UNCERTAINTIES - CONTINUED

Carrying Value of Unproven Mineral Right Interests

Based on annual impairment reviews made by management, in the event that the long-term expectation is that the net carrying amount of certain capitalised development and exploration costs will not be recovered, then the carrying amount is written down to the appropriate recoverable amount, with the write-down amount charged to the income statement. These write-downs could occur if: the carrying amounts of the capitalised costs exceed the related undiscounted net cash flows of reserves and/or its fair value less costs to sell; exploration activities have ceased; exploration results are not promising such that exploration will not be planned for the foreseeable future; or insufficient funding is available to complete the development and exploration programme.

Expected future cash flows are inherently uncertain, and could materially change over time. They are significantly affected by reserve and production estimates, together with economic factors such as spot and forward gold and copper prices, discount rates, currency exchange rates, estimates of costs to produce reserves and future capital expenditures. If any of these uncertainties occur either alone or in combination, it could require management to recognise an impairment, which could adversely affect the Group's business, results of operations and financial position.

Dilution

The Group may require additional funds to fund development and exploration programmes and potential acquisitions. The Group cannot predict the size of future issuances of common shares or the issuance of debt instruments or other securities convertible into shares or the effect, if any, that future issuances and sales of the Group's securities will have on the market price of the common shares. If it raises additional funding by issuing additional equity securities, such financing may substantially dilute the interests of existing shareholders. Sales of substantial amounts of common shares, or the availability of such common shares for sale, could adversely affect the prevailing market prices for the Group's securities.

Share Price Volatility

In recent years, the world securities markets, including those in Canada, have experienced a high level of price and volume volatility and the market price of securities of many companies, including the Company, have experienced wide fluctuations in price which have not necessarily been related to operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in share price will not occur.

Permitting Requirements

Mining operations require mining and other permits from the government. These permits may not be issued on a timely basis or at all, and such permits, when issued, may be subject to requirements or conditions with which it is burdensome or expensive to comply. Furthermore, there is no assurance that delays will not occur in connection with obtaining all necessary renewals of existing permits, additional permits for any possible future changes to operations, or additional permits associated with new legislation.

Economic and Political Instability in Emerging Market Jurisdictions

The Group operated in Macedonia during 9M-2017, so there are risks to conducting business associated with emerging markets. These risks may include, among others, invalidation of governmental orders and permits, uncertain political and economic environments, sovereign risk, war, civil disturbances, arbitrary changes in laws or policies, the failure of foreign parties to honour contractual relations, delays in obtaining or the inability to obtain necessary governmental permits, authorizations and consents, limitations on foreign ownership, limitations on the repatriation of earnings, limitations on exports, instability due to economic under-development, inadequate infrastructure and increased financing costs. In addition, the enforcement by the Group of its legal rights to exploit its properties may not be recognised by any foreign government or by the court system of a foreign country. These risks may limit or disrupt the Group's operations, restrict the movement of funds or result in the deprivation of mining related rights or the taking of property by nationalisation or expropriation without fair compensation.

Specifically in Macedonia, a new coalition government was formed in June 2017, after neither political party won a clear majority in the national election held during December 2016. The Group has responded to this new political situation, by having several meetings with new government ministers in order to re-start government cooperation, including agreeing a timetable for the delivery of all permits for the Ilovica Shtuka Project.

OPERATIONAL AND OTHER BUSINESS RISKS AND UNCERTAINTIES - CONTINUED

Corruption and Bribery

As part of progressing the development of the Ilovica-Shtuka Project in Macedonia, the Group has interactions with many levels of government in Macedonia. In recent years the Government in Macedonia has introduced a law on prevention of corruption and established a State Commission for Prevention of Corruption aimed at reducing bribery or corruption in Macedonia.

Transparency International's annual Corruption Perceptions Index scores and ranks countries according to their perceived levels of public sector corruption on a scale where 0 is a country perceived to be highly corrupt to 100 depicting a country perceived as very clean. For 2016, Macedonia scored 37 ranking it 90 out of 176 countries.

The Group is required to comply with anti-bribery and corruption laws including the Canadian Corruption of Foreign Public Officials Act. Additionally, the Group has contractual commitments to comply with the standards and requirements of the EBRD. The Group has developed and adopted a Code of Business Conduct and Ethics and also an Anti-Corruption and Bribery Policy which are intended to mitigate these risks, and are enforced with the Group's employees, consultants and contractors. The Group makes every effort to ensure the Group's employees, consultants and contractors comply with all applicable laws and if found liable the Group may face significant fines or penalties.

Currency Risk

The Group maintains most of its working capital in US dollars. The Group currently operates in Macedonia and its operating costs are incurred in a combination of Macedonian denars, Canadian dollars, British pounds or Euros. Accordingly, the Group is subject to fluctuations in the rates of currency exchange between these currencies. The Group has not hedged its exposure to currency fluctuations.

Resource Estimates

The mineral resource estimates presented herein are made by Group personnel and independent geologists. These estimates depend upon geological interpretation and statistical inferences drawn from drilling and sampling analysis, which may prove to be unreliable. There can be no assurance estimates will be accurate. The inclusion of mineral resource estimates should not be regarded as a representation that these amounts can be economically exploited and no assurances can be given that such resource estimates will be converted into reserves. Different experts may provide different interpretations of resource estimates.

Dependence on Key Personnel

The success of the Group and its ability to continue to carry on operations is dependent upon its ability to retain the services of certain key personnel. The loss of their services to the Group may have a material adverse effect on the Group. The Group does not presently have "key person" life insurance for any of its officers.

Capital and Operating Cost Risks

The Group's forecasts and technical reports are based on a set of assumptions current as at the date of completion of these forecasts and studies. The realised operating and capital costs achieved by the Group may differ substantially owing to factors outside the control of the Group, including currency fluctuations, supply and demand factors for the equipment and supplies, global commodity prices, transport and logistics costs and competition for human resources. Though the Group incorporates a level of contingency in its assumptions, these may not be adequate depending on market conditions.

The mining business is capital intensive and the development, exploration and exploitation of mineral reserves and resources and the acquisition of machinery and equipment require substantial capital expenditure. The Group's Ilovica-Shtuka Project will involve significant capital expenditure to progress.

Further, the Group relies on certain key third-party suppliers and contractors for equipment, raw materials and services used in, and the provision of services necessary for the continuing exploration and development of its projects. As a result, the Group's operations at its sites are subject to a number of risks, some of which are outside of the Group's control, including negotiating agreements with suppliers and contractors on acceptable terms, the inability to replace a supplier or contractor and its equipment, raw materials or services in the event that either party terminates the agreement, interruption of operations or increased costs in the event that a supplier or contractor ceases its business due to insolvency or other unforeseen events and failure of a supplier or contractor to perform under its agreement with the Group. The occurrence of one or more of these risks could have a material adverse effect on the Group's business, results of operations and financial position.

OPERATIONAL AND OTHER BUSINESS RISKS AND UNCERTAINTIES - CONTINUED

Government Regulation

Mineral businesses are subject to regulation and intervention by governments in such matters as the imposition of specific exploration, drilling and development obligations; environmental protection controls and control over the development and abandonment of resource (including restrictions on production). As well, governments may regulate or intervene with respect to prices, taxes, royalties and the exportation of commodities. Such regulation may be changed from time to time in response to economic or political conditions. The implementation of new regulations or the modification of existing regulations affecting the minerals industries could reduce demand for commodities produced, increase the Group's operating costs and have a material adverse impact on the Group's results of operations and financial position.

Title Matters

The Group periodically confirms the validity of its title to, or contract rights with respect to, each mineral property in which it has a material interest. However, the Group cannot guarantee that title to its properties will not be challenged. The Group's mineral properties could be subject to prior unregistered agreements, transfers or claims, and title could be affected by, among other things, undetected defects. In addition, the Group might be unable to operate its properties as permitted or to enforce its rights with respect thereto.

Operating Hazards and Other Uncertainties

The Group's business operations are subject to risks and hazards inherent in the mining industry. The exploration for and the development of mineral deposits involves significant risks, including:

- environmental hazards;
- discharge of pollutants or hazardous chemicals;
- industrial accidents;
- labour disputes and shortages;
- supply and shipping problems and delays;
- shortage of equipment and contractor availability;
- unusual or unexpected geological or operating conditions;
- fire;
- changes in the regulatory environment; and
- natural phenomena such as inclement weather conditions, floods and earthquakes.

These or other occurrences could result in damage to, or destruction of, mineral properties, personal injury or death, environmental damage, delays in mining, monetary losses and possible legal liability. The Group could also incur liabilities as a result of pollution and other casualties all of which could be very costly and could have a material adverse effect on the Group's financial position and results of operations.

Health, Safety and Community Relations

The Group's operations are subject to various health and safety laws and regulations that impose various duties on the Group's operations relating to, among other things, worker safety and surrounding communities. These laws and regulations also grant the authorities broad powers to, among other things, close unsafe operations and order corrective action relating to health and safety matters. The costs associated with the compliance of such health and safety laws and regulations may be substantial and any amendments to such laws and regulations, or more stringent implementation thereof, could cause additional expenditure or impose restrictions on, or suspensions of, the Group's operations. The Group has made, and expects to make in the future, significant expenditure to comply with the extensive laws and regulations governing the protection of the environment, waste disposal, worker safety, mine development and protection of endangered and other special status species, and, to the extent reasonably practicable, create social and economic benefit in the surrounding communities.

As a mining business, the Group may come under pressure in the jurisdictions in which it operates, or will operate in the future, to demonstrate that other stakeholders (including employees, communities surrounding operations and the countries in which they operate) benefit and will continue to benefit from the Group's commercial activities, and/or that the Group operates in a manner that will minimise any potential damage or disruption to the interests of those stakeholders. The Group currently maintains good relations with local communities in the areas in which it operates and has a demonstrable track record of promoting community and social relations activities for the benefit of local communities. However, the Group may face opposition with respect to its current and future development and exploration projects which could materially adversely affect the Group's business, results of operations and financial position.

OPERATIONAL AND OTHER BUSINESS RISKS AND UNCERTAINTIES - CONTINUED

Health, Safety and Community Relations - continued

Further, certain non-governmental organisations ("NGOs"), some of which oppose globalisation and resource development, are often vocal critics of the mining industry and its practices, including the use of hazardous substances in processing activities. Adverse publicity generated by such NGOs or others related to extractive industries generally, or the Group's operations specifically, could have an adverse effect on the Group's reputation and financial position and may impact its relationship with the communities in which it operates. The Group seeks to mitigate this risk by its commitment to operate in a socially responsible manner. However, there can be no guarantee that the Group's efforts in this respect will mitigate this potential risk.

The Group may also be held responsible for the costs of addressing contamination at the site of current or former activities and could be held liable for exposure to hazardous substances. The costs associated with such responsibilities and liabilities may be significant.

Environmental Risks

All phases of the Group's operations are subject to environmental regulation in the various jurisdictions in which it operates. There is no assurance that the Group will have or be able to obtain all necessary environmental approvals, licenses, permits or consents or be in compliance therewith or that notwithstanding its precautions, breaches of environmental laws (whether inadvertent or not) will not occur. The lack of or inability to obtain any such approvals, licences, permits or consents or any breaches of environmental laws, may result in penalties including fines or other sanctions, breach of the conditions of a mining concession or other consent or permit with possible revocation of the concession, consent or permit. In this regard, environmental hazards may exist on the properties in which the Group has an interest which are unknown to the Group at present and which have been caused by previous or existing owners or operators of the properties.

Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, won't adversely affect the Group's operations, or its ability to develop its properties economically.

Non-Canadian Assets and Management

While the Company is incorporated under the laws of British Columbia and its registered office is located in Vancouver, the Company also has offices in London and Skopje. Furthermore, its officers and directors and substantially all of the assets of the Company are located outside Canada. It may not be possible for holders of securities to effect service of process within Canada upon such officers and directors who reside outside Canada. There may be difficulty in enforcing against the Company's assets and judgments obtained in Canadian courts predicated upon the provisions of applicable Canadian provincial securities legislation may not be recognised or enforceable in jurisdictions where the Company's officers or directors reside or where the Company's assets are located.

Shortage of qualified skilled labour workers in Macedonia

An increase in worldwide demand for skilled labour may cause unanticipated cost increases and delays in delivery times, thereby impacting operating costs, capital expenditures and production schedules.

Competition

The Group faces strong competition from other mining companies in connection with the acquisition of properties producing, or capable of producing, precious or base metals. The majority of these companies have greater financial resources, operational experience and technical capabilities. As a result, there can be no assurance that the Group will be able to compete successfully against other companies in acquiring new prospecting, development or mining rights.

Insurance Coverage Could Be Insufficient

While the Group maintains insurance to protect against certain risks, the nature of these risks is such that liability could exceed policy limits or could be excluded from coverage. There are also risks against which the Group cannot insure or against which it may elect not to insure. Losses from these events may cause substantial delays and require significant capital outlays, adversely affecting future results of operations and financial position.

Litigation Risks

All industries, including the mining industry, are subject to legal claims. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding could have a material adverse effect on the Group's financial position and results of operations.

OPERATIONAL AND OTHER BUSINESS RISKS AND UNCERTAINTIES - CONTINUED

Tax Matters

Euromax's tax residency is affected by a number of factors, some of which are outside of its control, including the application and interpretation of the relevant tax laws and treaties. If ever Euromax was assessed to be not tax resident in Canada, it may be liable to pay additional Canadian taxes, including, but not limited to, capital gains tax based on the difference between the fair market value and tax cost of its assets at the relevant time. If such taxes were to become payable, this could have a material adverse effect on the Group's business, results of operations and financial condition. Further, the income tax consequences to holders of common shares would be different from those applicable if Euromax were tax resident in Canada.

No Dividends

The Group has never paid dividends. It currently intends to retain future earnings, if any, to fund the development and growth of its business, and may not pay any cash dividends for the foreseeable future. Furthermore, the Group may in the future become subject to contractual restrictions on, or prohibitions against, the payment of dividends. As a result, investors will have to rely on capital appreciation, if any, to earn a return on their investment in common shares in the foreseeable future. The payment of future dividends, if any, will be reviewed periodically by the Group's board of directors and will depend upon, among other things, conditions then existing including earnings, financial condition and capital requirements, restrictions in financing agreements, business opportunities and conditions and such other factors deemed by the board of directors to be relevant at the time.

Mineral Exploration

Mineral resource exploration is highly speculative, involves substantial expenditures, and is frequently unsuccessful. Few prospects that are explored are ultimately developed into producing mines. To the extent that the Group continues to be involved in exploration, the long-term success of its operations will be related to the cost and success of its exploration programmes. There can be no assurance that the Group's exploration efforts will be successful. The success of exploration is determined in part on the following factors:

- the identification of potential mineralisation based on superficial analysis;
- availability of prospective land;
- availability of government-granted exploration and exploitation permits;
- the quality of management, geological and technical expertise; and
- the capital available for exploration and development.

Substantial expenditures are required to determine if a project is economically feasible. It could take several years to establish proven and probable mineral reserves and to develop and construct mining and processing facilities. As a result of these uncertainties, there can be no assurance that current and future exploration programmes will result in the discovery of mineral reserves and the development of mines.

Conflicts of Interest

Certain of the directors and officers of the Group are directors or officers of other mineral resource companies and, to the extent that such other companies may participate in ventures in which the Group may participate, the directors of the Group may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the directors of the Group, a director who has such a conflict will abstain from voting for or against the approval of such matter. Furthermore, in appropriate cases the Group will establish a special committee of independent directors to review a matter in which several directors, or management, may have a conflict.

OFF-BALANCE SHEET ARRANGEMENTS

The Group has no off-balance sheet arrangements that are not disclosed with the "Contractual commitments" section above.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining the Group's disclosure controls and procedures ("DC&P"), including adherence to the Group's Disclosure, Confidentiality and Insider Trading Policy ("Disclosure Policy") previously adopted by the Group. The Disclosure Policy requires that all staff must keep the Group's Disclosure Officers namely, the President & Chief Executive Officer ("CEO"), the Chief Financial Officer ("CFO") and the Vice President Legal Affairs & Corporate Secretary ("VP Legal") fully apprised of the Group's developments so that they are in a position to evaluate and discuss though event that may impact on the disclosure process. The Group's board of directors must also be kept aware of all material developments and significant information disseminated to the public.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING – CONTINUED

Management is also responsible for the design of internal controls over financial reporting ("ICFR"). The Group's ICFR framework includes the policies and procedures that (i) govern the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Group; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures of the Group are being made only in accordance with authorisation of the directors and officers of the Group; and (iii) provide reasonable assurance regarding the prevention or timely detection of unauthorised acquisition, use or disposition of the Group's assets that could have a material effect on the Group's consolidated financial statements.

The CEO and CFO evaluated the effectiveness of the Group's DC&P and ICFR as required by NI 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* and they concluded that as of September 30, 2017, the Group's design and operation of its DC&P and ICFR were effective in providing reasonable assurance that all material information disclosed in this MD&A and in the consolidated interim financial statements was made known to them on a timely basis and reported as required, as well as presented fairly in all material aspects. The CEO and CFO also concluded that no material weaknesses existed in the design of the ICFR.

Due to inherent limitations, ICFR and DC&P may not prevent or detect all fraud or misstatements. Further, the effectiveness of ICFR and DC&P may become inadequate due to changes in conditions, or that the degree of compliance with policies and procedures may change. The Group will continually monitor and review the effectiveness of the Group's ICFR and DC&P and may make changes from time to time as considered necessary or desirable.

FORWARD-LOOKING STATEMENTS

This document contains statements that are forward-looking, such as those relating to the Group's strategic and financing plans; property search, exploration and development plans; potential expansion and upgrading of known mineralisation or resources; estimated levels of mineral resources and expenditures; completion of preliminary economic assessments; prefeasibility and feasibility studies; the timing and receipt of permits and other third-party approvals; and potential production on the Group's properties. Forward-looking statements are frequently characterised by words such as "plan", "expect", "project", "intend", "believe", "anticipate" and other similar words, or statements that certain events or conditions "may", "could", "would", "might" or "will" occur.

Forward-looking statements are based on the opinions and estimates of management at the dates the statements are made, including that the key assumptions and parameters on which resource estimates and drilling and geological interpretations are based are reasonable and that the Group will be able to obtain the necessary financing, supplies, equipment, personnel and permits to carry out its planned activities.

Forward-looking statements are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. Such risks include but are not limited to: risks related to international operations, including economic and political instability in foreign jurisdictions in which the Group operates; risks related to current global financial conditions; risks related to joint venture operations; actual results of current exploration activities; environmental risks; future prices of gold; possible variations or uncertainties relating to the accuracy of mineral reserves, mineral resources, grade or recovery rates; uncertainties related to feasibility studies that provide estimates of expected or anticipated costs, expenditures and economic returns from a mining project; mine development and operating risks; uncertainties related to unexpected judicial or regulatory proceedings; changes in, and the effects of, the laws, regulations and government policies affecting our exploration and development activities and mining operations, particularly laws, regulations and policies; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; exchange rates, particularly with respect to the value of the US dollar, and the continued availability of capital and financing.

The forward-looking statements contained in this document are subject to change after this date. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. Euromax disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by law.

SUBSEQUENT EVENTS

There are no reportable events subsequent to September 30, 2017.

OTHER MD&A REQUIREMENTS

As of November 8, 2017, the Group had outstanding 135,334,597 common shares, 34,141,834 share purchase warrants, 11,356,803 share options, with exercise prices ranging from $0.18 to $0.58 per share and 2,159,843 restricted share units. Additional information is available on SEDAR at www.sedar.com and at the Group's website www.euromaxresources.com.