Euromax
RESOURCES

MANAGEMENT'S DISCUSSION & ANALYSIS

For the three months ended March 31, 2016

INTRODUCTION

The following Management's Discussion and Analysis ("MD&A") of Euromax Resources Ltd. ("Euromax" or "Company") and its subsidiary companies (collectively, the "Group") is prepared as of May 16, 2016 and should be read in conjunction with the Group's unaudited condensed consolidated interim financial statements and related notes for the three months ended March 31, 2016 ("Q1-2016") and audited consolidated financial statements and related notes for the year ended December 31, 2015 ("FY15"), 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 TSX Venture Exchange ("TSX-V") under the trading symbol "EOX".

CORPORATE STRATEGY

The Group's ambition is to become the leading gold and base metal mining company in Europe. The Group operates in two sectors in the mining industry: 1) the exploration and development of mineral right interests; and, 2) the provision of exploration and evaluation services. 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 the Ilovica gold-copper project in Macedonia ("Ilovica Project") into production within the next three years and grow the value of our business by maximising the potential of the Ilovica 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.

Q1 2016 HIGHLIGHTS

Ilovica Feasibility Study

On January 6, 2016, the Group announced the results of the Feasibility Study ("FS") for the Ilovica Project, which was prepared in compliance with National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101"). A copy of it is available on SEDAR.

The FS supports the economic robustness of the Ilovica Project previously indicated by the Pre-Feasibility Study ("PFS") and, through the optimisation of the processing flow sheet and a more precise level of costing, demonstrates significant reductions in both capex and operating costs, and a consequential increase in the IRR.

The highlights of the FS are summarised

Financial

- Pre-tax NPV(5%) of US$513.0 million and Post-tax NPV(5%) of US$440.1 million[1];
- Pre-tax IRR of 19.8% and Post-tax IRR of 17.8%; and
- Initial Capex US$474.3 million including contingency.

Reserves & Resources

- Total Measured and Indicated Resources of 256.8 million tonnes sulphide material containing:
    - 2.60 million ounces of gold at an average grade of 0.32 g/t Au; and
    - 1,208.5 million pounds (548 thousand tonnes) of copper at an average grade of 0.21% Cu.
- Total Proven & Probable Mineral Reserve of 198.1 million tonnes containing:
    - 2.01 million ounces of gold at an average grade of 0.32 g/t Au; and
    - 898.9 million pounds (408 thousand tonnes) of copper at an average grade of 0.21% Cu.

[1] *Based on Analyst Consensus Long Term Price Forecasts of US$1,220.00/oz Au, US$2.90/lb Cu and US$18.00/oz Ag*

Q1 2016 HIGHLIGHTS - CONTINUED

Ilovica Feasibility Study - continued

Operational

- Average annual payable production of 83,000 ounces of gold and 16,000 tonnes of copper;
- Throughput of 10 million tonnes per annum and mine life of 20 years;
- Conventional open pit with strip ratio of 1:1;
- Process comprises flotation to a copper-gold concentrate and doré production via Carbon-in-Leach ("CIL") on cleaner-scavenger tailings; and
- Average overall process recoveries of 83.3% gold and 81.3% copper.

The FS further develops and increases the level of engineering for the Ilovica Project from the PFS, announced on June 5, 2014, and as per the Amended Technical Report, filed on SEDAR on December 22, 2014.

Granted Exploitation Concession on Ilovica 11

On January 13, 2016, the Exploitation Concession on Ilovica 11 was granted to the Group under the rules and regulations of the Minerals Law in Macedonia. The Exploitation Concession on Ilovica 11 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.

Appointment of additional Non-Executive Director

On March 21, 2016, Euromax announce that Raymond Threlkeld has been appointed as an additional Non-Executive Director of Euromax. Raymond Threlkeld has over 30 years of mineral industry experience, and he is currently the Non-Executive Chairman of Newmarket Gold Inc. and a Non-Executive Director of New Gold, Inc.

US$30 million Financial Package and formation of strategic relationship with Consolidated Contractors Company ("CCC Group") for the Ilovica Project

Subsequent to period end, on April 8, 2016, Euromax signed a term sheet (the "CCC Financing") for an investment of up to US$30.0 million and a strategic alliance with CC Mining S.A. ("CCM") which is related to CCC Group, in exchange for support of certain construction activities for the Ilovica Project.

Under the CCC Financing, CCM will provide financing to Euromax of up to US$30.0 million in three tranches for funding and development of the Ilovica Project:

- Primary Convertible Loan Tranche: CCM will subscribe $5.2 million for a convertible loan note to be issued by Euromax with an interest rate of 9% per annum, which matures on April 30, 2018 and may be converted into common shares of Euromax at a price of $0.40 per share.

  On April 29, 2016 Euromax signed a convertible debenture agreement with CCM.
- Secondary Equity Tranche: On or prior to December 31, 2016, CCM will at its discretion subscribe for a minimum of US$5.0 million in common shares of Euromax at a subscription price equal to 90% of the lower of (i) the then prevailing market price, or (ii) the 20 day volume weighted average price ("VWAP") prior to the date of the announcement of the Secondary Equity Tranche.
- Third Subordinated Loan Tranche: Together with the Secondary Equity Tranche, CCM has provided an in-principle commitment to provide at its discretion a 10-year subordinated, secured loan facility of up to US$20.0 million at an interest rate of 6 month LIBOR plus 8% per annum.

  The Secondary Equity Tranche and the Third Subordinated Loan Tranche commitments are conditional on the Ilovica Project development and CCM board approval at that time.

In addition, upon subscription of the Primary Convertible Loan Tranche and for so long as CCM beneficially owns more than 5% of the outstanding Euromax common shares (and for these purposes, any remaining portion of the Primary Convertible Loan Tranche then outstanding will be deemed to have been converted in full into common shares pursuant to the terms of the Primary Convertible Loan Tranche):

- CCM shall be entitled to nominate a director to the board of Euromax (subject to satisfying the qualification requirements under the TSX-V and Euromax's governing statute and articles and being approved by the board and shareholders of Euromax); and
- CCM shall also be entitled to appoint a member to Euromax's Technical Committee.

Q1 2016 HIGHLIGHTS - CONTINUED

Convertible loan provided by European Bank for Reconstruction and Development ("EBRD")

Subsequent to period end, on April 29, 2016, Euromax announced that it had entered into convertible loan agreement ("EBRD Convertible Loan" or "EBRD Financing") with EBRD for an investment of US$5.0 million ("Principle Amount") in respect of funding of the Ilovica Project.

The EBRD Convertible Loan has a stated maturity of April 30, 2018, or if earlier, upon an equity raise of an agreed amount. Upon maturity of the EBRD Convertible Loan, in addition to repayment of the Principle Amount, Euromax will be required to pay an amount of US$1.420 million ("Redemption Amount"). The EBRD Convertible Loan also contains provisions whereby, in the event that Euromax has not secured sufficient financing commitments for the construction and development of the Ilovica Project by December 31, 2016, a fee of US$0.150 million ("Fee") will become payable and interest will be accrued on the loan from January 1, 2017 until maturity at an interest rate of 3 months LIBOR plus 7% per annum ("Interest").

The EBRD Convertible Loan will be convertible in whole or in part at any time following disbursement, at the election of EBRD; the Principle Amount will be converted at $0.40 per share whereas the Redemption Amount, as well as, if applicable, the Fee and Interest, will be convertible at the lower of (i) the market price of the of the common shares of Euromax on the last day prior to EBRD serving a conversion notice; and (ii) the 20-day VWAP of the common shares preceding such date, in each case discounted as permitted by the TSX-V. Conversion of any part of the Principal Amount, the Redemption Amount, the Interest and the Fee will always remain at the EBRD's full discretion subject to the above provisions.

Disbursement of the EBRD Convertible Loan is conditional on, amongst other things, receipt of written shareholder consent by no later than June 30, 2016 from the holders of at least 50% of the outstanding common shares of the Company, other than those common shares held by EBRD, of the terms of the loan agreement, and for the EBRD to become a "control person" (as defined under the rules of the TSX-V).

Granted permit and Option Agreement for Karavansalija Mineralised Complex ("KMC")

On March 16, 2016 the KMC exploration permit was successfully renewed for a further two years.

During October 2015, the Group entered into an option agreement ("Option Agreement") whereby a third party ("Optionee") was granted a one-year option ("Option") to acquire Euromax's 96% shareholding in South Danube Metals d.o.o. Beograde ("SDM") which owns 100% of the KMC exploration permit for a cash payment of US$0.500 million.

On exercise of the Option, the Net Smelter Returns Royalty Agreement between Euromax and Freeport-McMoran Exploration Company will be assigned to the Optionee.

Euromax Exploration Services EOOD ("EES")

During Q1-2016, EES delivered exploration services on the KMC, under the agreed 2016 work programme with the Optionee, and accordingly recognised a revenue of $0.096 million and generated a gross profit of $0.016 million which contributed to reducing the Group's cost base.

The 2016 work programme on the Babjak and Zlataritza properties are expected to be agreed with its customer shortly, and the related exploration services will be delivered during the following months.

Additionally, EES management continues to pursue additional contracts with other mineral exploration companies operating in Europe.

PROJECTS

This section outlines the exploration activities carried out in the quarter ended March 31, 2016. 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

In December 2015 technical work on the Group's Ilovica Project culminated in the finalisation of the FS for the Ilovica Project. The results of the FS were announced on January 6, 2016 (see "Q1 Highlights" section "Ilovica Feasibility Study" subsection for further details).

PROJECTS - CONTINUED

Ilovica Project – Macedonia - continued

Since announcing the results of the FS, technical work has focussed on the following key areas:

- Value Engineering to optimise certain areas of the FS;
- Advancing the project Front-End Engineering and Design ("FEED");
- Finalising the implementation plan and contracting arrangements for the construction of the project; and
- Finalising the required technical and environmental documents under the Minerals Law in Macedonia for obtaining an Exploration Permit for the Ilovica Project.

These activities are expected to be completed during the third quarter of 2016.

KMC Gold-Copper Project – Serbia

On March 16, 2016, the KMC exploration permit was successfully renewed for a further two years (see "Q1 Highlights" section "Granted permit and Option Agreement for KMC" subsection for further details).

SELECTED INTERIM FINANCIAL INFORMATION FOR Q1-2016

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

Quarter ended	March 31, 2016	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015	December 31, 2014	September 30, 2014	June 30, 2014
Total revenue	96	1,066	2,360	1,285	18	94	1,335	1,266
Net loss after tax attributable to the Owners of the Company	(2,923)	(1,894)	(2,191)	(2,678)	(3,526)	(4,682)	(2,279)	(2,677)
Loss per share	(0.03)	(0.02)	(0.02)	(0.02)	(0.03)	(0.05)	(0.03)	(0.03)

All figures presented above are prepared in accordance with IFRS, and the accounting policies were applied on a consistent basis for all presented periods.

All revenue is generated in the Exploration Services operating segment from the provision of exploration services performed by EES which commenced operations on April 1, 2014. EES's revenue is seasonally weighted to the second and third quarters of each calendar year which span the months most suitable to carrying out exploration work in south-eastern Europe. Additionally, during the quarter ended December 31, 2015 ("Q4-2015"), EES performed exploration services on behalf of the Optionee of SDM, for the purpose of fulfilling the minimum work of requirements to apply for extension of the KMC exploration permit.

The Group's primary focus is the exploration and development of mineral right interests and its principal project is the Ilovica Project. The Ilovica Project is not in production and therefore the Group has incurred losses and will continue to incur losses until the Ilovica Project is brought into commercial production. Additionally, the losses incurred during the quarters ended December 31, 2014 ("*Q4-2014"*) and September 30, 2015 ("*Q3-2015"*) are increased by impairment losses incurred on disposing of the Group's Bulgarian mineral right interests and the KMC project in Serbia.

RESULTS OF OPERATIONS

KEY POINTS

- *Q1-2016 operating loss of $2.921 million (quarter ended March 31, 2015 ("Q1-2015"): $3.354 million)*
- *Q1-2016 operating cash costs[2] (operating loss excluding depreciation, amortisation, share-based payments and unrealised foreign exchange gain/(loss)) decreased to $1.217 million (Q1-2015: $1.767 million)*
- *Q1-2016 loss after tax attributable to the Owners of the Company reduced to $2.923 million (Q1-2015: $3.526 million)*

[2] Non-GAAP Measure. Please refer to page 8 for further details.

RESULTS OF OPERATIONS - CONTINUED

	Quarter ended March 31	
in thousands	**2016 (Unaudited)**	**2015 (Unaudited)**
Revenue	**96**	18
Direct costs	**(80)**	(27)
Gross (loss)/profit	**16**	(9)
Expenses		
Accounting, legal and professional	**(284)**	(302)
Depreciation	**(52)**	(33)
Amortisation	**(3)**	(5)
Office and general	**(120)**	(134)
Regulatory, filing and transfer agent	**(14)**	(11)
Rent	**(90)**	(81)
Salaries, director and consultant fees	**(535)**	(786)
Share-based payments	**(2,284)**	(1,478)
Investor and public relations	**(56)**	(100)
Travel	**(121)**	(100)
Exploration and evaluation costs	**(5)**	(14)
Gain/(loss) on foreign exchange	**627**	(301)
Operating loss	**(2,921)**	(3,354)
Finance income	**13**	1
Finance expense	**(5)**	(171)
Net finance income/(expense)	**8**	(170)
Other income	**-**	1
Loss before tax	**(2,913)**	(3,523)
Income tax expense	**(13)**	(3)
Loss after tax	**(2,926)**	(3,526)
Loss attributable to:		
Owners of the Company	**(2,923)**	(3,526)
Non-controlling interest	**(3)**	-

DETAILED ANALYSIS OF THE QUARTER ENDED MARCH 31, 2016 COMPARED TO QUARTER ENDED MARCH 31, 2015

The Group recorded a net loss after tax attributable to the Owners of the Company of $2.923 million or $0.03 per share in the quarter ended March 31, 2016, compared to $3.526 million or $0.03 per share in the quarter ended March 31, 2015.

The decreased quarter on quarter loss was mainly due to the following:

- An increase in the Group's gain on foreign exchange of $0.928 million was mainly due to the strengthening Canadian Dollar against the US Dollar and British Pound during the quarter. Additionally, during Q1-2015, foreign currency translation reserve losses of $0.222 million were recycled to the income statement as result of the liquidation of a subsidiary.
- Salaries, director and consultant fees decreased by $0.251 million resulting from the redundancies undertaken in Q1-2015 whereby a number of functions were moved to Skopje from London. No redundancy related costs have been incurred in 2016.
- Finance expenses decreased by $0.166 million mainly due to the amortised transaction costs relating to the closing of the Gold Purchase and Sale Agreement ("GPSA") with Royal Gold, AG ("Royal Gold") recognised in Q1-2015, not repeated in Q1-2016.

Offset by:

- Share-based payment expense increased by $0.806 million primarily due to the Company's increasing share price during Q1-2016 as the Company's Deferred Phantom Units ("DPUs") are marked-to-market to the Company's quarter end share price.

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2016 the Group had cash and cash equivalents of $0.872 million, trade and other receivables of $0.313 million and trade and other payables totalling $1.986 million. In addition to this the Group had gold purchase advance payments totalling $14.651 million and share-based payment liabilities amounting to $5.318 million for which significant cash payments are not anticipated to occur in the foreseeable future. Refer to the "Related Party Transaction" section for further details relating to the share-based payment liabilities.

The Group is in the exploration and evaluation stage of the mining life cycle and has limited recurring sources of operating cash flow. The Group's ability to continue operations is contingent on its ability to obtain additional financing and progress the Ilovica Project into commercial production. Refer to Note 3 of the Group's unaudited condensed consolidated interim financial statements and related notes for Q1-2016, for further details.

Operating Activities

	Quarter ended March 31	
	2016	**2015**
in thousands	**(Unaudited)**	**(Unaudited)**
OPERATING ACTIVITIES		
Loss before tax	**(2,913)**	(3,523)
Add back:		
Depreciation	**52**	33
Amortisation	**3**	5
Finance income	**(13)**	(1)
Finance expense	**5**	171
Share-based payments, net of DPUs settled	**2,284**	1,291
Loss on disposal of property, plant and equipment	**-**	2
Unrealised foreign exchange (gain)/loss	**(635)**	71
Changes in non-cash working capital items:		
Decrease/(increase) in trade and other receivables and prepayments and deposits	**749**	(408)
(Decrease)/increase in trade and other payables	**(395)**	91
Cash used in operating activities	**(863)**	(2,268)

Cash used in operations in Q1-2016 was $0.863 million compared to $2.268 million in Q1-2015. This $1.405 million reduction in cash used in operating activities is principally driven by one-off redundancy and transaction costs incurred during Q1-2015 and $0.671 million of favourable working capital movements relating to operating activities in Q1-2016 compared to Q1-2015.

Specifically, the reduction of trade and other receivables, including prepayments and deposits of $0.749 million (Q1-2015: increase of $0.408 million) was mainly due to the receipt of EES receivables of $0.522 million (Q1-2015: increase by $0.003 million) and a refund of indirect taxes amounting to $0.225 million (Q1-2015: increased by $0.271 million). This was partly offset by a reduction of $0.395 million in operating trade and other payables in Q1-2016 (Q1-2015: increased by $0.091 million).

Financing Activities

	Quarter ended March 31	
	2016	**2015**
in thousands	**(Unaudited)**	**(Unaudited)**
INVESTING ACTIVITIES		
Expenditures on unproven mineral right interests	**(1,768)**	(1,801)
Purchases of property, plant and equipment and intangible assets	**(10)**	(264)
Proceeds from sale to non-controlling interest in advance	**-**	100
Proceeds from restricted cash deposits	**73**	-
Interest received	**13**	1
Cash used in investing activities	**(1,692)**	(1,964)

During Q1-2015, the Group closed a non-brokered private placement issuing 31,495,397 common shares at an issue price of $0.25 per share raising gross proceeds of $7.874 million of which $1.700 million had been received in FY14. Additionally, $9.351 million of gold purchase advance payments were received from the initial tranches of funding from the GPSA with Royal Gold. Offsetting these financing proceeds was the repayment of the working capital loan facility of $0.566 million, share issue costs of $0.303 million, interest paid of $0.097 million and GPSA transaction costs of $0.071 million.

LIQUIDITY AND CAPITAL RESOURCES - CONTINUED

Investing Activities

in thousands	Quarter ended March 31 2016 (Unaudited)	2015 (Unaudited)
FINANCING ACTIVITIES		
Proceeds from share issue	-	6,174
Share issue costs	-	(303)
Proceeds from gold purchase advance payments	-	9,351
Transaction costs associated with gold purchase advance payments	-	(71)
Repayment of working capital loan	-	(566)
Interest paid	**(5)**	(97)
Cash (used in)/provided by financing activities	**(5)**	14,488

Cash used in investing activities in Q1-2016 amounted to $1.692 million which includes $1.768 million of capital expenditures on unproven mineral right interests, predominately on the Ilovica Project and purchases of property, plant and equipment and intangible assets of $0.010 million. This was offset by the released restricted cash of $0.073 million and $0.013 million for the interest received during Q1-2016.

The Group used cash of $1.964 million in investing activities in Q1-2015 which includes $1.801 million of capital expenditures on unproven mineral right interests, predominately on the Ilovica Project and purchases of property, plant and equipment and intangible assets of $0.264 million, offset by $0.100 million proceeds received from the sale of a 4% interest in KMC.

The table below summarises the expenditures incurred on the Group's key projects during Q1-2016 and Q1-2015.

	Macedonia *Ilovica*	**Serbia** *KMC*	**Total**
	$000s	$000s	$000s
Balance, January 1, 2015	13,655	2,332	15,987
Exploration expenditures:			
Assays and analysis	149	-	149
Drilling	863	87	950
Feasibility costs	386	25	411
Social & environmental costs	395	-	395
Other	170	-	170
	15,618	2,444	18,062
Other items:			
Exchange differences	(462)	(41)	(503)
Balance, March 31, 2015	15,156	2,403	17,559
Balance, January 1, 2016	**27,901**	**673**	**28,574**
Exploration expenditures:			
Assays and analysis	**142**	**7**	**149**
Drilling	**174**	**-**	**174**
Geophysical contractors	-	**2**	**2**
Feasibility costs	**962**	**-**	**962**
Social & environmental studies	**225**	**-**	**225**
Other	**248**	**-**	**248**
	29,652	**682**	**30,334**
Other items:			
Exchange differences	**(796)**	**(26)**	**(822)**
Balance, March 31, 2016	**28,856**	**656**	**29,512**

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 ability to conserve cash resources. 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.

The following table provides a reconciliation of the operating cash costs for Q1-2016 and Q1-2015.

	Quarter ended March 31	
in thousands	**2016**	**2015**
Operating loss - per financial statements	**(2,921)**	**(3,354)**
Add/(Less):		
Share-based payments	2,284	1,478
Depreciation	52	33
Amortisation	3	5
Unrealised foreign exchange (gain)/loss	(635)	71
Total Operating cash costs	**(1,217)**	**(1,767)**

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

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

	Three months ended March 31,	
	2016	**2015**
	$000s	$000s
Project management fees	**81**	-
	81	-

At March 31, 2016, the Group owed Trentside Projects Limited $ 0.036 million (December 31, 2015: $0.029 million) for services rendered.

(b) Key management personnel compensation

The remuneration of directors and other members of key management personnel during the quarters ended March 31, 2016 and 2015 was as follows:

		Three months ended March 31,	
	Note	**2016**	**2015**
		$000s	$000s
Short-term employee benefits		**422**	296
Post-employment benefits	(i)	**27**	28
Redundancy payments	(ii)	**-**	93
Share-based payments	(iii)	**2,284**	1,415
		2,733	1,832

(i) Executive directors and some key management personnel receive pension contributions equal to 10% of their salary to their individual pension plans;

(ii) The Company's VP Legal Affairs and Corporate Secretary was made redundant on January 31, 2015;

(iii) 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) Deferred Phantom Unit Plan

In March 2013 Euromax introduced a DPU Plan for its directors and key management personnel. Under the terms of the plan the Company's non-executive directors elected to convert their outstanding unpaid directors' fees into DPUs in lieu of a cash payment. Since April 2013, non-executive directors have made semi-annual elections to receive DPUs in lieu of cash for their fees. In March 2016 all non-executive directors, except for one, elected to receive DPUs in lieu of cash until September 30, 2016.

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

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

The total DPUs in issue at March 31, 2016 is 11,891,804 (March 31, 2015: 9,598,967) inclusive of DPUs granted to the Company's non-executive directors. Share-based payment liabilities of $5.318 million (December 31, 2015: $3.067 million) are recognised as current at March 31, 2016. The DPU expense for the three months ended March 31, 2016 is $2.251 million (2015: $1.215 million).

Resulting from the redundancy of the VP Legal Affairs and Corporate Secretary on January 31, 2015, cash payments of $0.186 million was made in respect of vested DPUs.

(d) Working capital loan

During the three months ended March 31, 2015, the Company repaid $0.650 million (including interest of $0.084 million) to certain directors in respect of the working capital loan provided during 2014.

Director	Principal	Interest	Total repaid
	$000s	$000s	$000s
Martyn Konig	180	26	206
Randal Matkaluk	200	30	230
Timothy Morgan-Wynne	186	28	214
Total	**566**	**84**	**650**

COMMITMENTS FOR CAPITAL EXPENDITURES

The Group had the following future contractual obligations as at March 31, 2016:

	up to 1 year	1-5 years	Over 5 years	Total
	$000s	$000s	$000s	**$000s**
Operating lease obligations	78	-	-	**78**
Other contractual obligations	9	-	-	**9**
Total contractual obligations	**87**	**-**	**-**	**87**

CRITICAL ACCOUNTING ESTIMATES

The Group's significant accounting policies are summarised in Note 3 of its audited consolidated financial statements for FY15. 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 and judgements 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.

Examples of significant estimates include:

- Carrying values of unproven mineral right interests, and property, plant & equipment; and
- Valuation of share-based payment arrangements.

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 the United States 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.

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 mineralization based on superficial analysis;
- availability of prospective land;
- availability of government-granted exploration and exploitation permits;
- the quality of management and 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.

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 fair value, 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 that 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.

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 has a number of exploration and development projects which will involve significant capital expenditure to progress.

OPERATIONAL AND OTHER BUSINESS RISKS AND UNCERTAINTIES – CONTINUED

Capital and Operating Cost Risks - continued

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.

Currency Risk

The Group maintains most of its working capital in US dollars. The Group currently operates in Bulgaria, Macedonia and Serbia and its operating costs are incurred in a combination of Bulgarian Levs, Macedonian Denars, Serbian Dinars, 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.

Global Economic Conditions

Global financial conditions in recent years have been characterised by volatility and several financial institutions have either gone into bankruptcy or have had to be rescued by governmental authorities. Access to financing has been negatively impacted by many factors as a result of the global financial crisis. This may impact the Group's ability to obtain financing in the future at all, or on reasonable terms. Additionally, global economic conditions may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses.

Economic and Political Instability in Foreign Jurisdictions

The Group currently operates in Bulgaria, Macedonia and Serbia. There are risks to conducting business in foreign countries. 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 nationalization or expropriation without fair compensation.

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.

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.

OPERATIONAL AND OTHER BUSINESS RISKS AND UNCERTAINTIES – CONTINUED

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.

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.

OPERATIONAL AND OTHER BUSINESS RISKS AND UNCERTAINTIES – CONTINUED

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, will not adversely affect the Group's operations, or its ability to develop its properties economically.

No Dividends

The Group has never paid cash 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.

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.

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.

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.

Litigation Risks

All industries, including the mining industry, are subject to legal claims, with and without merit. 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

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.

FORWARD-LOOKING STATEMENTS

This document contains statements that are forward-looking, such as those relating to the Company's strategic and financing plans; property search, exploration and development plans; potential expansion and upgrading of known mineralization 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 Company'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 Company 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 Company 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 U.S. dollars and Canadian dollars, 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

Subsequent to March 31, 2016 the following reportable events have occurred:

CCC Financing

On April 8, 2016, Euromax entered into a term sheet for an investment of up to US$30.0 million and a strategic alliance with CCM, in respect for supporting of certain construction activities for the Ilovica Project. Under the CCC Financing, CCM will provide financing to Euromax of up to US$30.0 million in three tranches for funding and development of the Ilovica Project:

- Primary Convertible Loan Tranche: CCM will subscribe $5.2 million for a convertible loan note to be issued by Euromax with an interest rate of 9% per annum, which matures on May 30, 2018 and may be converted into common shares of Euromax at a price of $0.40 per share.

  On April 29, 2016 Euromax signed a convertible debenture agreement with CCM.
- Secondary Equity Tranche: On or prior to December 31, 2016, CCM will at its discretion subscribe for a minimum of US$5.0 million in common shares of Euromax at a subscription price equal to 90% of the lower of (i) the then prevailing market price, or (ii) the 20 day VWAP price prior to the date of the announcement of the Secondary Equity Tranche.

SUBSEQUENT EVENTS – CONTINUED

CCC Financing - continued

- Third Subordinated Loan Tranche: Together with the Secondary Equity Tranche, CCM has provided an in-principle commitment to provide at its discretion a 10-year subordinated, secured loan facility of up to US$20.0 million at an interest rate of 6 month LIBOR plus 8% per annum.

  The Secondary Equity Tranche and the Third Subordinated Loan Tranche commitments are conditional on the Ilovica Project development and CCM board approval at that time.

EBRD Financing

On April 29, 2016, Euromax announced that it had entered into convertible loan agreement with EBRD for an investment of US$5.0 million in respect of funding of the Ilovica Project.

The EBRD Convertible Loan has a stated maturity of April 30, 2018, or if earlier, upon an equity raise of an agreed amount. Upon maturity of the EBRD Convertible Loan, in addition to repayment of the Principle Amount, Euromax will be required to pay the Redemption Amount of US$1.420 million. The EBRD Convertible Loan also contains provisions whereby, in the event that Euromax has not secured sufficient financing commitments for the construction and development of the Ilovica Project by December 31, 2016, the Fee of US$0.150 million will become payable and Interest will be accrued on the loan from January 1, 2017 until maturity at an interest rate of 3 months LIBOR plus 7% per annum.

The EBRD Convertible Loan will be convertible in whole or in part at any time following disbursement, at the election of EBRD; the Principle Amount will be converted at $0.40 per share whereas the Redemption Amount, as well as, if applicable, the Fee and Interest, will be convertible at the lower of (i) the market price of the of the common shares of Euromax on the last day prior to EBRD serving a conversion notice; and (ii) the 20-day VWAP of the common shares preceding such date, in each case discounted as permitted by the TSX-V. Conversion of any part of the Principal Amount, the Redemption Amount, the Interest and the Fee will always remain at the EBRD's full discretion subject to the above provisions.

Disbursement of the EBRD Convertible Loan is conditional on, amongst other things, receipt of written shareholder consent by no later than June 30, 2016 from the holders of at least 50% of the outstanding common shares of the Company, other than those common shares held by EBRD, of the terms of the loan agreement, and for the EBRD to become a "control person" (as defined under the rules of the TSX-V).

OTHER MD&A REQUIREMENTS

As of May 16, 2016, the Group had outstanding 116,842,737 common shares, 20,141,835 share purchase warrants, 8,933,466 share options, with exercise prices ranging from $0.18 to $1.02 per share and 1,864,076 restricted share units. Additional information is available on SEDAR at www.sedar.com and at the Group's website www.euromaxresources.com.