



Euromax Resources Ltd.

Unaudited Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2014

NOTICE OF NO AUDIT OR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

Euromax Resources Ltd.

Condensed consolidated interim statements of comprehensive loss - unaudited

(Expressed in Canadian dollars)

	Note	Three months ended March 31	
		2014 \$000s	2013 \$000s
Expenses			
Accounting, legal and professional		(149)	(202)
Depreciation		(31)	(19)
Amortisation		(5)	-
Office and general		(104)	(194)
Regulatory, filing and transfer agent		(11)	(36)
Rent		(83)	(71)
Salaries, director and management fees		(470)	(615)
Share-based payments		(125)	(177)
Shareholder communications and investor relations		(116)	(56)
Travel		(54)	(108)
Exploration and evaluation costs		(6)	-
Gain/(loss) on foreign exchange		(35)	(37)
Operating loss		(1,189)	(1,515)
Finance income		-	3
Finance expense		(6)	(4)
Net finance expense		(6)	(1)
Other items			
Other income		2	-
Loss before tax		(1,193)	(1,516)
Income tax expense		(16)	(19)
Loss after tax		(1,209)	(1,535)
Other comprehensive income, net of tax:			
<i>Items that are or may be reclassified subsequently to profit or loss</i>			
Cumulative translation adjustment on foreign subsidiaries		500	19
Total other comprehensive income, net of tax		500	19
Comprehensive loss for the period		(709)	(1,516)
Loss per common share:			
Basic and diluted	6	(0.01)	(0.02)
Weighted average number of common shares outstanding			
Basic and diluted	6	85,347,340	74,404,161

See accompanying notes to the condensed consolidated interim financial statements.

Euromax Resources Ltd.

Condensed consolidated interim statements of financial position - unaudited

(Expressed in Canadian dollars)

		As at	
	Note	March 31, 2014 \$000s	December 31, 2013 \$000s
ASSETS			
Current			
Cash and cash equivalents		233	1,335
Trade and other receivables		595	609
Prepayments and deposits		463	391
Assets held for sale	9	3,923	3,955
Total current assets		5,214	6,290
Non-current assets			
Restricted cash		73	71
Property, plant and equipment		268	305
Intangible assets		25	29
Unproven mineral right interests	7	18,663	17,609
Total assets		24,243	24,304
LIABILITIES			
Current			
Trade and other payables		1,722	1,170
Liabilities held for sale	9	9	38
Total liabilities		1,731	1,208
EQUITY			
Share capital	10	58,896	58,896
Equity reserve		6,806	6,681
Currency translation reserve		2,596	2,096
Accumulated losses		(45,786)	(44,577)
Total equity		22,512	23,096
Total liabilities and equity		24,243	24,304
Nature of operations	1		
Subsequent events	14		
Approved on behalf of the Board of Directors			
"Steve Sharpe"			
Steve Sharpe, Director			
"Tim Morgan-Wynne"			
Tim Morgan-Wynne, Director			

See accompanying notes to the condensed consolidated interim financial statements.

Euromax Resources Ltd.

Condensed consolidated interim statements of changes in equity - unaudited

(Expressed in Canadian dollars)

For the three months ended March 31, 2014 and 2013

	Note	Share capital Number of shares	Amount \$000s	Equity reserve \$000s	Currency translation reserve \$000s	Accumulated losses \$000s	Total Equity \$000s
Balance on January 1, 2013		70,340,858	50,840	5,905	(568)	(36,503)	19,674
Common shares issued for:							
Financing, net of issue costs	10	14,814,815	7,913	-	-	-	7,913
Exercise of share options		191,667	143	(68)	-	-	75
Share-based payments		-	-	177	-	-	177
Comprehensive loss for the period		-	-	-	19	(1,535)	(1,516)
Balance on March 31, 2013		85,347,340	58,896	6,014	(549)	(38,038)	26,323
Balance on January 1, 2014		85,347,340	58,896	6,681	2,096	(44,577)	23,096
Common shares issued for:							
Financing, net of issue costs		-	-	-	-	-	-
Exercise of share options		-	-	-	-	-	-
Share-based payments		-	-	125	-	-	125
Comprehensive loss for the period		-	-	-	500	(1,209)	(709)
Balance on March 31, 2014		85,347,340	58,896	6,806	2,596	(45,786)	22,512

See accompanying notes to the condensed consolidated interim financial statements.

Euromax Resources Ltd.

Condensed consolidated interim statements of cash flows - unaudited

(Expressed in Canadian dollars)

	Note	Three months ended March 31,	
		2014	2013
		\$000s	\$000s
OPERATING ACTIVITIES			
Loss before tax		(1,193)	(1,516)
<i>Add back:</i>			
Depreciation		31	19
Amortisation		5	-
Finance income		-	(3)
Finance expense		6	4
Share-based payments		125	177
<i>Changes in non-cash working capital items:</i>			
Decrease/(increase) in trade and other receivables and prepayments and deposits		(14)	814
Increase in trade and other payables		255	137
Cash used in operating activities		(785)	(368)
INVESTING ACTIVITIES			
Expenditures on unproven mineral right interests		(366)	(523)
Purchases of property, plant and equipment and intangible assets		-	(27)
Decrease/(Increase) in restricted cash deposits		4	(27)
Interest received		-	3
Cash used in investing activities		(362)	(574)
FINANCING ACTIVITIES			
Issue of common shares for cash, net of issue costs	10	-	7,913
Exercise of share options		-	75
Interest paid		(6)	(4)
Cash provided by financing activities		(6)	7,984
Effect of exchange rate changes on cash		51	18
Net change in cash and cash equivalents		(1,153)	7,042
Cash and cash equivalents, beginning of the period		1,335	1,762
Cash and cash equivalents, end of the period		233	8,822

Supplemental cash flow information (Note 12)

See accompanying notes to the condensed consolidated interim financial statements.

Euromax Resources Ltd.

Notes to the condensed consolidated interim financial statements - unaudited

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

1. Nature of operations

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

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

Euromax's common shares are listed on the TSX Venture Exchange under the trading symbol "EOX". Euromax's share options and warrants are not listed.

These condensed consolidated interim financial statements were authorised for issue by the board of directors on May 22, 2014.

2. Basis of preparation and statement of compliance

The Group is following the same accounting policies and methods of computation in these condensed consolidated interim financial statements as it did in the audited consolidated financial statements for the year ended December 31, 2013, except as disclosed in Note 5.

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. These condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2013, which have been prepared in accordance with IFRS as issued by the IASB.

3. Going concern

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

At March 31, 2014, the Group has net current assets of \$3.483 million which is inclusive of assets and liabilities classified as held for sale at year end and no borrowing facilities that require repayment. Subsequent to period end, the Group successfully completed the sale of its subsidiary Euromax Services EOOD ("Euromax Services") for an initial cash payment of US\$2.7 million with deferred payments of US\$0.5 million and US\$0.3 million payable in 2015 and 2018. Refer to Note 14 for further details.

Notwithstanding the proceeds from the sale of Euromax Services, the Directors have reviewed Group cash flow budgets and forecasts and have identified that further funding is required to advance the exploration and development of the Group's mineral right interests through to production and revenue generation. The board of directors remain optimistic that additional funding will be secured as the Group is presently in discussions with equity and debt providers and the Group has a track record of successfully arranging funding to continue operating in the normal course of business.

Although Euromax has been successful in raising funds in the past, there can be no assurance Euromax will be able to raise sufficient funds in the future, in which case the Group may be unable to meet its obligations as they come due in the normal course of business. Accordingly in these circumstances, the Directors have concluded that this represents a material uncertainty which may cause significant doubt about the Group's ability to continue as a going concern.

4. Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements for the year ended December 31, 2013.

Euromax Resources Ltd.

Notes to the condensed consolidated interim financial statements - unaudited

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

5. Accounting policies

New and forthcoming accounting standards

Effective January 1, 2014, the following new and revised standards, along with any consequential amendments, have become effective. The nature and the impact of each new standard or amendment is described below:

- a) **Investment Entities – Amendments to IFRS 10, IFRS 12 and IAS 27:** These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 *Consolidated Financial Statements*. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the Group.
- b) **Offsetting Financial Assets and Financial Liabilities – Amendment to IAS 32:** These amendments clarify the meaning of ‘currently has a legally enforceable right to set-off’ and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These amendments have no impact on the Group.
- c) **Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39:** These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments have no impact on the Group.
- d) **Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36:** These amendments remove the unintended consequences of IFRS 13 *Fair Value Measurement* on the disclosures required under IAS 36 *Impairment of Assets*. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which an impairment loss has been recognised or reversed during the period. These amendments have no impact on the Group.
- e) **IFRIC 21 Levies:** This new standard to be applied retrospectively is applicable to all levies imposed by governments under legislation, other than outflows that are within the scope of other standards (e.g. IAS 12 *Income Taxes*) and fines or other penalties for breaches of legislation. These amendments have no impact on the Group.

6. Loss per share

	Three months ended March 31,	
	2014	2013
	\$000s	\$000s
Net loss for the period after tax	(1,209)	(1,535)
Basic weighted average number of common shares	85,347,340	74,404,161
Basic & dilutive loss per share	(0.01)	(0.02)

For the three months ended March 31, 2014 and 2013, because there is a reduction in loss per share resulting from the assumption that share options and warrants are exercised, the share options and warrants are considered anti-dilutive and are ignored in the computation of loss per share. As there are no other instruments that may have a potential dilutive impact, the basic and dilutive loss per share is the same.

Euromax Resources Ltd.

Notes to the condensed consolidated interim financial statements - unaudited (Expressed in Canadian dollars, except number of shares and per share amounts)

7. Unproven mineral right interests

The Group is currently engaged in exploring mineral properties in Macedonia, Bulgaria and Serbia.

Macedonia

On July 11, 2007, the Group acquired an option to earn a 100% interest in the Ilovitza gold-copper project in Macedonia. After completing an agreed exploration programme the vendor elected not to exercise a back-in right in January 2012, therefore the Group now owns a 100% interest in Ilovitza.

Ilovitza gold-copper project

The Ilovitza gold-copper project consists of two adjacent properties. On Ilovitza 6, the Group was granted a mining concession ("Concession") for the exploitation of mineral resources under the rules and regulations of the Law of Mineral Raw Materials in Macedonia. The Concession has an initial term of 30 years and will be subject to a royalty of 2% of the market value of metal contained in concentrate. The Ministry of Environment and Physical Planning in Macedonia has formally approved the Ilovitza Environmental Impact Study ("EIS") under Macedonian law for Ilovitza 6. Additionally, on March 26, 2013, the Group filed a National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101") compliant Preliminary Economic Assessment ("PEA").

On Ilovitza 11 (formerly known as Ilovitza 4) the Group has an Exploration Permit ("Permit") which is valid until February 21, 2015 with an option to extend the Permit for a further two years. In the event of an economic discovery, the Group has the right to apply for a Concession for an initial term of 30 years.

Serbia

Permits are issued by the Serbian Ministry of Energy and Mines. A Permit is valid until the end of the calendar year in which it was issued and can be extended until the end of the following calendar year by filing an annual report on the previous year's work programme and a proposed work programme for the current year. In the case of a discovery under the terms of a Permit, the transfer of the ownership rights to an exploitation licence is similar to that of Concessions in Bulgaria and Macedonia.

KMC

On June 6, 2008, the Group acquired an option to earn a 100% interest in Karavansalija Mineralised Centre ("KMC") in Serbia. Under the terms of the option agreement, the Group agreed to complete a \$1.5 million exploration programme and the vendor retained certain back-in rights. In July 2011, the option agreement was amended and the vendor agreed to forego its back-in rights in exchange for a 2% net smelter return royalty on gold, and a 1.5% net smelter return royalty on all base and precious metals other than gold, extracted from the KMC project. The Group, through a wholly owned subsidiary, now owns a 100% interest in the KMC project, subject to these royalty obligations. The KMC Exploration Permit was originally issued on July 7, 2004 with an expiry date of 31 December 2013 with the ability to extend for a further two years. On March 28, 2014 the KMC licence was successfully renewed until December 31, 2015.

Bulgaria

At March 31, 2014 the Group owned a 100% interest in Trun, Babjak and Zlataritza through its wholly owned subsidiary Euromax Services EOOD. Subsequent to period end the Group completed the sale of Euromax Services for consideration of US\$3.5 million. Refer to note 14 for further details.

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Notes to the condensed consolidated interim financial statements - unaudited
(Expressed in Canadian dollars, except number of shares and per share amounts)

7. Unproven mineral right interests (continued)

A summary of changes to the Group's unproven mineral right interests in the three months ended March 31, 2014 and 2013 is set out below.

	Bulgaria			Macedonia	Serbia	Total
	Trun	Babjak	Zlataritzza	Ilovitza	KMC	
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Balance, January 1, 2013	4,552	105	181	7,219	4,670	16,727
Exploration expenditures:						
Assays and analysis	-	33	-	93	-	126
Drilling	-	-	-	263	-	263
Geological consulting	81	5	17	51	41	195
Other	96	-	1	86	-	183
	4,729	143	199	7,712	4,711	17,494
Other items:						
Exchange differences	(75)	(2)	(3)	48	40	8
Balance, March 31, 2013	4,654	141	196	7,760	4,751	17,502
Balance, January 1, 2014	-	-	-	11,552	6,057	17,609
Exploration expenditures:						
Assays and analysis	-	-	-	104	8	112
Feasibility costs	-	-	-	312	-	312
Social & environmental studies	-	-	-	108	-	108
Other	-	-	-	80	7	87
	-	-	-	12,156	6,072	18,228
Other items:						
Exchange differences	-	-	-	255	180	435
Balance, March 31, 2014	-	-	-	12,411	6,252	18,663

8. Operating Segments

The Group has three operating segments being Bulgaria, Serbia, and Macedonia with the corporate function operating in both Canada and the United Kingdom. The following is an analysis of the Group's assets by operating segment and reconciled to the Group's condensed consolidated interim financial statements:

	March 31, 2014	December 31, 2013
	\$000s	\$000s
Assets by geographic segment, at cost		
Bulgaria		
Current assets	59	81
Assets held for sale	3,923	3,955
Property, plant & equipment	26	59
Intangible assets	25	29
	4,033	4,124
Serbia		
Current assets	28	128
Property, plant & equipment	3	3
Unproven mineral right interests	6,252	6,057
	6,283	6,188
Macedonia		
Current assets	707	641
Non current restricted cash	73	71
Property, plant & equipment	196	194
Unproven mineral right interests	12,411	11,552
	13,387	12,458
Corporate (UK & Canada)		
Current assets	497	1,485
Property, plant & equipment	43	49
	540	1,534
Total Assets	24,243	24,304

Euromax Resources Ltd.

Notes to the condensed consolidated interim financial statements - unaudited

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

8. Operating Segments (continued)

None of the Group's segments are revenue generating and the majority of the Group's operating expenses are incurred at the corporate level in Canada and the United Kingdom. The Group's depreciation expense of \$30,718 (2013: \$18,661) for the three months ended March 31, 2014 consists of \$10,171 in Bulgaria (2013: \$13,269), \$13,332 in Macedonia (2013: \$1,176), \$7,038 in the United Kingdom (2013: \$4,216), and \$177 in Serbia (2013: \$nil).

The Group's amortisation expense of \$5,392 (2012: \$nil) for the three months ended March 31, 2014 was solely incurred in Bulgaria.

9. Disposal group held for sale

During the year ended December 31, 2013 management committed to a plan to sell its existing Bulgarian subsidiary Euromax Services which holds title to the Trun project and the Babjak and Zlataritzza prospects in Bulgaria to an unrelated private company with a non-binding Memorandum of Understanding signed in November 2013 with the assets and liabilities being classified as held for sale at that point.

The Group announced the sale of Euromax Services on April 28, 2014. Refer to Note 14 for further details.

Assets and liabilities of disposal group held for sale

At March 31, 2014 the disposal group was stated at fair value less costs to sell and comprised the following assets and liabilities:

	March 31, 2014	December 31, 2013
	\$000	\$000
Receivables	-	33
Prepayments and deposits	10	22
Restricted cash	127	133
Property, plant and equipment	27	-
Unproven mineral right interests	3,759	3,767
Assets held for sale	3,923	3,955
	March 31, 2014	December 31, 2013
	\$000	\$000
Payables	9	38
Liabilities held for sale	9	38

10. Share capital

At March 31, 2014 Euromax's authorized share capital consisted of an unlimited number of common shares without par value. All issued common shares are fully paid.

	2014		2013	
	Number of shares	Amount \$000s	Number of shares	Amount \$000s
Balance on January 1	85,347,340	58,896	70,340,858	50,840
Common shares issued for:				
Financing, net of issue costs	-	-	14,814,815	7,913
Exercise of share options	-	-	191,667	143
Balance on March 31	85,347,340	58,896	85,347,340	58,896

No common shares were issued or share options or warrants were exercised in the three months ended March 31, 2014.

Euromax Resources Ltd.

Notes to the condensed consolidated interim financial statements - unaudited

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

10. Share capital (continued)

In the three months ended March 31, 2013 the Company closed an \$8,000,000 non-brokered private placement for the issuance of 14,814,815 common shares of the Company at a price of \$0.54 per common share. The Company incurred cash share issue costs of \$87,295 in connection with the 2013 private placement in respect of filing and legal costs.

At March 31, 2014, the Company had outstanding 6,122,072 share options (March 31, 2013: 6,143,854) with exercise prices ranging from \$0.18 to \$1.05 per share and a weighted average exercise price of \$0.59 and had granted 1,222,073 restricted share units (March 31, 2013: 1,072,882).

11. Related party transactions

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

Transactions with key management personnel

a. Key management personnel transactions

The Group's related parties consist of private companies owned by the Group's current or former directors and key management personnel. These companies are as follows:

	<u>Nature of transactions</u>
Delphis Financial Strategies Inc.	Management fees
Lamar EOOD	Exploration fees

The Group incurred the following fees and expenses in connection with companies owned by directors and key management personnel. Expenses have been measured at amounts agreed between the parties.

	Three months ended March 31,	
	2014	2013
	\$000s	\$000s
Management fees	-	26
Exploration fees	-	38
	-	64

No amounts were due to private companies controlled by directors and key management personnel of the Group at the quarter end (2013: \$nil).

b. Key management personnel compensation

The remuneration of directors and other members of key management personnel during the three months ended March 31, 2014 and 2013 was as follows:

	Note	2014	2013
		\$000s	\$000s
Short-term employee benefits	(i)	279	301
Post-employment benefits	(ii)	30	20
Share-based payments	(iii)	91	92
		400	413

- (i) Short-term employee benefits also includes social security contributions, exploration and management fees disclosed in note 11(a) and expenses relating to deferred phantom units granted.
- (ii) Executive directors and other key management personnel receive pension contributions equal to 10% of their salary to their individual pension plans.
- (iii) Share-based payments are the fair-value of options granted to key management personnel which have been expensed during the period.

Euromax Resources Ltd.

Notes to the condensed consolidated interim financial statements - unaudited (Expressed in Canadian dollars, except number of shares and per share amounts)

11. Related party transactions (continued)

c. *Deferred Phantom Unit plan*

In 2013 Euromax introduced a Deferred Phantom Unit Plan ("DPU Plan") for its non-executive directors. Under the terms of the plan the non-executive directors can elect to convert their unpaid directors' fees into Deferred Phantom Units ("DPUs") in lieu of cash as payment for their directors' fees. All DPUs issued by Euromax are mark-to-market at the Company's reporting period end share price and only become payable in cash in the event that a non-executive director resigns from their position. In March 2014 all non-executive directors elected to receive DPUs in lieu of cash until September 30, 2014.

At March 31 2014, 1,492,658 DPUs are on issue with an amount payable of \$223,899 included within trade and other payables. A negative expense of \$56,018 has been incurred in the three months to March 31, 2014, and is included within the compensation of key management personnel disclosed in note 11(b) above.

12. Supplemental cash flow information

Non-cash financing activities

In the three months ended March 31, 2014 and 2013, the Group incurred the following non-cash financing transactions:

	Three months ended March 31,	
	2014	2013
	\$000s	\$000s
Transfer of equity reserve upon exercise of share options	-	68
Transfer of equity reserve upon exercise of warrants	-	-

13. Contingencies and commitments

The Group had the following future contractual obligations as at March 31, 2014:

	up to 1 year	1-5 years	Over 5 years	Total
	\$000s	\$000s	\$000s	\$000s
Operating lease obligations	135	191	-	326
Minimum exploration obligations	332	332	-	664
Total contractual obligations	467	523	-	990

14. Subsequent events

Subsequent to March 31, 2014 the following event has occurred:

On April 28, 2014 the Group announced that it had completed the sale of its Bulgarian operations through the sale of its subsidiary company Euromax Services for consideration of US\$3.5 million. Euromax Services owns 100% of the Trun project and the Babjak and Zlataritza exploration assets in Bulgaria.

US\$2.7m had been received in cash with the balance being retained by the purchaser as indemnification against any liability arising under the warranties and (assuming there are no claims under the warranties) will be paid in two separate instalments: US\$0.5m on December 31, 2015 and US\$0.3m on December 31, 2018. The Group retains a pro-rata share pledge to secure payment of the deferred instalments. As part of the agreement, the Group has also cancelled the 1.5% Net Smelter Return it held over the Breznik property, as previously reported in news releases dated May 7, 2012 and September 27, 2013.