Euromax RESOURCES

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2014 and 2013

Expressed in Canadian dollars

Euromax Resources Ltd.

December 31, 2014 and 2013

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Independent auditor's report to the shareholders of Euromax Resources Ltd

We have audited the consolidated financial statements of Euromax Resources Ltd for the years ended December 31, 2014 and December 31, 2013 which comprise the consolidated statements of comprehensive loss, the consolidated statements of financial position, the consolidated statements of changes in equity, the consolidated statements of cash flows and the related notes 1 to 18.

This report is made solely to the Company's shareholders, as a body, in accordance with Policy 3.1 of the TSX Venture Exchange. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent possible by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and for such internal controls as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on financial statements
In our opinion the consolidated financial statements present fairly in all material respects, the financial position of Euromax Resources Ltd. as at December 31, 2014 and December 31, 2013, and its financial performance and its cash flows for the years then ended in accordance with IFRSs as issued by the IASB.

Emphasis of matter – going concern
Without qualifying our opinion, we draw attention to Note 3(a) in the consolidated financial statements concerning the Company's ability to continue as a going concern. Management has prepared cash flow forecasts which indicate the Company will require additional funding within the next 12 months. As described in Note 3(a), management has a contractual agreement in place with Royal Gold Inc. for the provision of this funding subject to the completion of certain conditions precedent which are not fully within the Group's control.

Accordingly in these circumstances, management has concluded that this represents a material uncertainty which may cause significant doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

Deloitte LLP
Chartered Accountants and Statutory Auditor
London, UK
March 23, 2015

Euromax Resources Ltd.

Consolidated statements of comprehensive loss

(Expressed in Canadian dollars)

	Note	Years ended December 31, 2014 $000s	2013 $000s
Revenue	8	**2,695**	-
Direct costs	8	**(2,251)**	-
Gross profit		**444**	-
Operating expenses			
Accounting, legal and professional		**(575)**	(865)
Depreciation		**(126)**	(99)
Amortisation		**(21)**	(11)
Office and general		**(362)**	(518)
Regulatory, filing and transfer agent		**(41)**	(60)
Rent		**(312)**	(299)
Salaries, director and management fees		**(1,899)**	(2,211)
Share-based payments	11(d)	**(3,038)**	(975)
Shareholder communications and investor relations		**(398)**	(579)
Travel		**(202)**	(538)
Exploration and evaluation costs		**(19)**	(75)
Gain/(loss) on foreign exchange		**36**	41
Operating loss		**(6,513)**	(6,189)
Finance income		**-**	6
Finance expense		**(127)**	(23)
Net finance expense		**(127)**	(17)
Other items			
Loss on disposal of Euromax Services EOOD	9	**(949)**	-
Gain on sale of unproven mineral right interests	7	**-**	1,025
Gain on sale of royalty right		**-**	201
Impairment of unproven mineral rights interests	7	**(3,237)**	(3,074)
Other income		**4**	9
Loss before tax		**(10,822)**	(8,045)
Income tax expense	13	**(25)**	(30)
Loss for the period		**(10,847)**	(8,075)
Other comprehensive income, net of tax:			
Items that have been or may subsequently be reclassified to the income statement			
Net exchange differences on translation of foreign subsidiaries		**(961)**	2,664
Net exchange differences on disposal of foreign subsidiaries	9	**762**	-
Total other comprehensive (loss)/income, net of tax		**(199)**	2,664
Comprehensive loss for the period		**(11,046)**	(5,411)
Loss per common share			
Basic and diluted	5	**(0.13)**	(0.10)
Weighted average number of common shares outstanding			
Basic and diluted	5	**85,347,340**	82,649,022

See accompanying notes to the condensed consolidated interim financial statements.

Euromax Resources Ltd.

Consolidated statements of financial position

(Expressed in Canadian dollars)

	Note	As at December 31, 2014 $000s	December 31, 2013 $000s
ASSETS			
Current			
Cash and cash equivalents		**2,041**	1,335
Trade and other receivables		**199**	609
Other current assets		**344**	391
Contingent consideration	**9**	**527**	-
Assets held for sale	**9**	**-**	3,955
Total current assets		**3,111**	6,290
Non-current assets			
Restricted cash		**69**	71
Contingent consideration	**9**	**422**	-
Property, plant and equipment	**6**	**224**	305
Intangible assets		**8**	29
Unproven mineral right interests	**7**	**15,987**	17,609
Total assets		**19,821**	24,304
LIABILITIES			
Current			
Trade and other payables		**1,710**	890
Share-based payment liabilities	**11**	**1,586**	280
Working capital loan	**12**	**835**	-
Subscription proceeds received in advance	**10(d)**	**1,700**	-
Liabilities held for sale	**9**	**-**	38
Total liabilities		**5,831**	1,208
EQUITY			
Share capital	**10(a)**	**58,896**	58,896
Equity reserve		**8,621**	6,681
Currency translation reserve		**1,897**	2,096
Accumulated losses		**(55,424)**	(44,577)
Total equity		**13,990**	23,096
Total liabilities and equity		**19,821**	24,304

Nature of operations	**1**
Subsequent events	**18**

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 consolidated financial statements.

Euromax Resources Ltd.

Consolidated statements of changes in equity

(Expressed in Canadian dollars)

For the years ended December 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)	(36,502)	19,675
Common shares issued for:							
Financing, net of issue costs	**10(a)**	14,814,815	7,913	-	-	-	7,913
Exercise of share options		191,667	143	(68)	-	-	75
Equity-settled share-based payments		-	-	844	-	-	844
Comprehensive loss for the year		-	-	-	2,664	(8,075)	(5,411)
Balance on December 31, 2013		85,347,340	58,896	6,681	2,096	(44,577)	23,096
Balance on January 1, 2014		**85,347,340**	**58,896**	**6,681**	**2,096**	**(44,577)**	**23,096**
Equity-settled share-based payments		-	-	**1,940**	-	-	**1,940**
Comprehensive loss for the year		-	-	-	**(199)**	**(10,847)**	**(11,046)**
Balance on December 31, 2014		**85,347,340**	**58,896**	**8,621**	**1,897**	**(55,424)**	**13,990**

See accompanying notes to the consolidated financial statements.

Euromax Resources Ltd.

Consolidated statements of cash flows

(Expressed in Canadian dollars)

		Years ended December 31,	
		2014	**2013**
	Note	**$000s**	**$000s**
OPERATING ACTIVITIES			
Loss before tax		**(10,822)**	(8,045)
Add back:			
Depreciation		**126**	99
Amortisation		**21**	11
Finance income		**-**	(6)
Finance expense		**127**	23
Share-based payments		**3,038**	844
Gain on sale of royalty right		**-**	(201)
Loss on disposal of Euromax Services EOOD	**9**	**949**	-
Gain on disposal of unproven mineral rights		**-**	(1,025)
Unrealised foreign exchange expense		**(19)**	-
Impairment on unproven mineral right interests	**7**	**3,237**	3,074
Changes in non-cash working capital items:			
Decrease in trade and other receivables and other current assets		**457**	524
Increase in trade and other payables		**392**	205
Tax paid		**(26)**	(35)
Cash used in operating activities		**(2,520)**	(4,532)
INVESTING ACTIVITIES			
Expenditures on unproven mineral right interests		**(2,009)**	(5,047)
Proceeds from sale of royalty right and other fixed assets		**-**	201
Purchases of property, plant and equipment and intangible assets		**(113)**	(185)
Proceeds from sale of Euromax Services EOOD	**9**	**3,023**	-
Proceeds from sale of unproven mineral rights	**7**	**-**	1,025
Increase in restricted cash deposits		**-**	(26)
Interest received		**-**	6
Cash provided by/(used in) investing activities		**901**	(4,026)
FINANCING ACTIVITIES			
Proceeds from subsriptions received in advance	**10(d)**	**1,700**	-
Issue of common shares for cash, net of issue costs	**10(a)**	**-**	7,913
Exercise of share options		**-**	75
Proceeds from working capital loan	**12**	**717**	-
Interest paid		**(18)**	(23)
Cash provided by financing activities		**2,399**	7,965
Effect of exchange rate changes on cash		**(74)**	167
Net change in cash and cash equivalents		**780**	(593)
Cash and cash equivalents, beginning of the period		**1,335**	1,761
Cash and cash equivalents, end of the period		**2,041**	1,335

Supplemental cash flow information (Note 16)

See accompanying notes to the condensed consolidated interim financial statements.

1. Nature of operations

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

These consolidated 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 two sectors in the mining industry: 1) The exploration and development of mineral right interests; and, 2) the provision of exploration and evaluation services.

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 consolidated financial statements were authorised for issue by the Company's board of directors on March 23, 2015.

2. Basis of preparation

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with and in full compliance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

(b) Basis of presentation

The consolidated financial statements have been prepared on the historical cost basis as explained in the accounting policies set out in Note 3. These consolidated financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency, except where otherwise indicated.

(c) Adoption of new and revised standards and interpretations

The accounting policies applied are consistent with those adopted and disclosed in the Group's financial statements for the year ended December 31, 2013 except for changes arising from the adoption of new accounting pronouncements listed below.

- Offsetting Financial Assets and Liabilities (Amendments to IAS 32)
- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
- Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)
- Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)
- IFRIC 21 Levies

None of these new accounting pronouncements listed above had a significant impact on the Group's consolidated financial statements.

The IASB has also issued the following new standards, amendments to standards and interpretations that are effective for periods beginning after January 1, 2014 and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below.

- Annual Improvements to IFRSs 2010-2012 Cycle – *effective July 1, 2014*
- Annual Improvements to IFRSs 2011-2013 Cycle – *effective July 1, 2014*
- Clarification of Acceptable methods or Depreciation and Amortisation (Amendments to IAS 16 and IAS 38) – *effective January 1, 2016*
- IFRS 15 Revenue from Contracts with Customers – *effective January 1, 2017*
- IFRS 9 - Financial Instruments – *effective January 1, 2018*

The Group is still evaluating the impact of these pronouncements on its consolidated financial statements, although any impact is not expected to materially affect the Group.

3. Summary of significant accounting policies

(a) Going concern

These consolidated 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 December 31, 2014, the Group had net assets of $14.0 million which is inclusive of cash of $2.0 million. Subsequent to year end, the Group successfully completed a $7.9 million private placement (See Note 18(a)), of which it received $1.7 million prior to year end (See Note 10 (d)). In addition, subsequent to year end, the Group received in two parts, the initial payment of US$7.5 million from Royal Gold pursuant to the Gold Purchase and Sale Agreement signed on October 21, 2014 and the First Amendment signed and announced on March 3, 2015 (see Note 18(b)).

The Company's board of directors have reviewed Group forecasts for a 12 month period from the date of these accounts which include the projected costs of completing the Ilovitza Definitive Feasibility Study ("DFS"), the Environmental and Social Impact Assessment ("ESIA"), the Front-End Engineering and Design ("FEED") and costs related to the submission of the Main Mining Project. Based on the expectation of further contractual receipts under the Royal Gold agreement totalling US$7.5 million in the forecast period, these expenditures would be fully funded. Whilst the Royal Gold transaction has been closed and the Company has received an initial payment, the further receipts under the Royal Gold agreement are subject to certain conditions, and whilst the Company's board of directors remain highly confident that these will be received within the contractual timeframes, these are not fully within the Group's control. As such, this represents a material uncertainty which casts a significant doubt about the Group's continued ability to operate as a going concern and it may be unable to realise it assets and discharge its liabilities in the normal course of business.

(b) Basis of consolidation

The consolidated financial statements include the financial statements of the Group and its controlled subsidiaries. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statements of loss and comprehensive loss from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intercompany transactions, balances, income and expenses are eliminated on consolidation.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to accumulated losses) in the same manner as would be required if the relevant assets or liabilities are disposed of. The fair value of any investment retained in the former subsidiary at date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the costs on initial recognition of an investment in an associate or jointly controlled entity.

(c) Interest income

Interest income from financial assets is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

3. Summary of significant accounting policies (continued)

(d) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group companies at exchange rates in existence at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured using historical cost in a foreign currency are not retranslated.

However, foreign currency differences arising from the translation of the following items are recognised in other comprehensive income (“OCI”):

- Available-for-sale equity investments (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss);
- A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- Qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Canadian dollars at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Canadian dollars using average exchange rates that reasonably approximate the exchange rate at the transaction date.

Foreign currency differences are recognised in OCI and accumulated in the currency translation reserve.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

If the settlement of a monetary item receivable from a payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, then foreign currency differences arising from such item form part of the net investment in the foreign operation. Accordingly, such differences are recognised in OCI and accumulated in the currency translation reserve.

(e) Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

All items of property, plant and equipment are depreciated over their estimated useful lives on a straight-line basis over two to ten years.

An item of property, plant and equipment is derecognised upon disposal, when held for sale or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in the consolidated statement of loss and comprehensive loss.

The Group conducts an annual assessment of the residual balances, useful lives and depreciation methods being used for equipment and any changes arising from the assessment are applied by the Group prospectively.

3. Summary of significant accounting policies (continued)

(f) Intangible assets

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using a straight line method over their estimated useful lives and is recognised in profit or loss. The estimated useful life of the Group's intangible assets is two years.

(g) Unproven mineral right interests

The Group capitalises into unproven mineral right interests all costs, net of any recoveries, of acquiring, exploring and evaluating an unproven mineral right interest, until the rights to which they relate are placed into production, at which time these capitalised costs will be amortised on a units of production basis upon commissioning a mining operation, or written-off if the rights are disposed of, impaired or abandoned.

Such costs capitalised may include the cash consideration and/or fair value of shares issued on the acquisition of mineral right interests, exploration drilling and assaying, technical reports, and directly attributable employee costs of performing exploration and evaluation activities on unproven mineral right interests.

There may be material uncertainties associated with the Group's title and ownership of its unproven mineral right interests. Ordinarily the Group does not own the land upon which an interest is located, and title may be subject to unregistered prior agreements or transfers or other undetected defects. Management is not aware of any issues at this time.

(h) Assets held for sale

Non-current assets or disposal groups comprising assets and liabilities are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. This condition is regarded as met only when a sale is highly probable within one year from the date of the classification, management is committed to the sale and the asset or disposal group is available for its immediate sale in its present condition and location.

Non-current assets and disposal groups are classified as held for sale from the date these conditions are met and are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss is allocated first to any unproven mineral right interests and then to remaining assets and liabilities on a pro-rata basis. Impairment losses on initial classification as held for sale are recognised in profit or loss. Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

(i) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment, and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the assets belong.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years.

3. Summary of significant accounting policies (continued)

(i) Impairment of non-financial assets (continued)

With regard to the Group's unproven mineral right interests, the Group reviews the carrying amounts of mineral rights annually or when there are indicators of impairment and recognises an impairment charge based upon current exploration results, plans for further activity and, where projects are sufficiently progressed an assessment of the probability of profitable exploitation or sale of the rights. An indication of impairment on a specific licence/permit may include but is not limited to: the expiration of the Group's right to explore; substantive expenditure is neither budgeted nor planned; or the Group has decided to discontinue exploration activity.

(j) Income taxes

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax

Current tax comprises the expected payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. The amount payable or receivable is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax

Deferred income tax is provided using the liability method on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- temporary differences associated with investments in subsidiaries, associates and joint arrangements, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for all deductible temporary differences, unused tax credits and unused tax losses, to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, using tax rates (and tax laws) enacted or substantively enacted at the reporting date.

Deferred income tax relating to items recognised directly in equity or OCI is recognised in equity or OCI and not in the statement of loss and comprehensive loss.

Deferred income tax assets and deferred income tax liabilities are offset only if a legally enforceable right exists.

(k) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment

(l) Trade and other payables

Trade and other payables are stated at fair value and subsequently measured at amortised cost using the effective interest method.

3. Summary of significant accounting policies (continued)

(m) Share-based payments

The Group maintains a restricted share unit ("RSUs") plan and a stock option plan for employees, which are both equity-settled share-based payments. The Group also issues deferred phantom units ("DPUs") to its non-executive directors and key executives which are cash-settled share-based payments.

Cash-settled share-based payments are initially measured at fair value and recognised as a liability at the grant date. The liability is re-measured to fair value at each reporting date at the Group's closing share price with any changes in the fair value recognised in profit or loss. To the extent that performance conditions exist management estimates the number of DPUs that will eventually vest and recognises the liability over the vesting period.

Equity-settled share-based payments with employees are measured by reference to the fair value at the grant date. Fair value of the stock options is determined using a Black-Scholes option pricing model, which relies on estimates of the future risk-free interest rate, future dividend payments, future share price volatility and the expected life of the options. The Group believes this model adequately captures the substantive features of the stock options and is appropriate to calculate their fair value.

Equity-settled share-based payments are recognised as an expense, together with a corresponding increase in equity, over their relevant vesting period. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognised is the expense as if the terms had not been modified. An additional expense is recognised for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification. The dilutive effect of outstanding options is reflected in the computation of diluted earnings per share.

(n) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand, and highly liquid investments with an original maturity of three months or less, which are readily convertible into a known amount of cash.

(o) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that the amount of the obligation can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. Any increase in a provision due solely to passage of time is recognised as interest expense.

3. Summary of significant accounting policies (continued)

(p) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration of each business combination is measured, at the date of the acquisition, as the aggregate of the fair value of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree.

Acquisition related costs incurred for the business combination are expensed. The acquiree's identifiable assets, liabilities and contingent liabilities are recognised at their fair value at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the acquisition, the excess is recognised in earnings or loss immediately.

The interest of non-controlling interest in the acquiree is measured at the non-controlling interests' proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

(q) Provisions for site restoration

Obligations to retire a non-financial asset, including dismantling, restoration and similar activities, are provided for at the time they are incurred or an event occurs that gives rise to such an obligation. The Group is subject to laws and regulations relating to environmental matters, including land reclamation and discharge of hazardous materials, in all jurisdictions in which it operates. The Group may be found to be responsible for damage caused by prior owners and operators of its unproven mineral right interests and in relation to interests previously held by the Group. The Group believes it has conducted its exploration and evaluation activities in compliance with applicable environmental laws and regulations.

On initial recognition, the estimated fair value of a provision is recorded as a liability and a corresponding amount is added to the capitalised cost of the related non-financial asset. The liability is increased over time through periodic charges to profit and loss. The provision is evaluated at the end of each reporting period for changes in the estimated amount or timing of settlement of the obligation. The Group is not presently aware of any such obligations.

(r) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of the asset until the asset is substantially ready for its intended use. Other borrowing costs are recognised as an expense in the period incurred.

(s) Revenue recognition

Revenue from exploration services is recognised on the basis of the actual work performed at contracted rates. Revenue is only recognised where it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of any sales taxes or duties.

4. Use of judgments and estimates

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. The judgements and estimates viewed by management as having the most significant impact on these consolidated financial statements are discussed below:

(a) Recoverability of unproven mineral right interests and intangible assets

The Group reviews the carrying value of its unproven mineral right interests and intangible assets 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.

(b) Share-based payments

The Group measures the cost of equity-settled transactions with employees 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 transactions 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 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.

5. Loss per share

	Years ended December 31,	
	2014	2013
	$000s	$000s
Net loss for the period after tax	**(10,847)**	(8,075)
Basic weighted average number of common shares	**85,347,340**	82,649,022
Basic and diluted loss per share	**(0.13)**	(0.10)

For the years ended December 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 diluted loss per share is the same.

6. Property, plant & equipment

The Group's property, plant and equipment at December 31, 2014 and 2013 are as follows:

	Vehicles	Office equipment	Field equipment	Leasehold improvements	Total
	$000s	$000s	$000s	$000s	$000s
Cost					
Balance at January 1, 2013	230	116	130	-	476
Acquisitions	47	27	75	31	180
Disposals	(10)	(41)	(9)	-	(60)
Foreign exchange movement	30	12	21	2	65
Balance at December 31, 2013	297	114	217	33	661
Acquisitions	**60**	**5**	**13**	**3**	**81**
Disposals	**(10)**	**(17)**	**(10)**	**(23)**	**(60)**
Foreign exchange movement	**(13)**	**1**	**(8)**	**1**	**(19)**
Balance at December 31, 2014	**334**	**103**	**212**	**14**	**663**
Accumulated depreciation					
Balance at January 1, 2013	140	63	73	-	276
Depreciation	45	26	24	4	99
Disposals	(8)	(38)	(6)	-	(52)
Foreign exchange movement	19	4	10	-	33
Balance at December 31, 2013	196	55	101	4	356
Depreciation	**48**	**33**	**39**	**5**	**126**
Disposals	**(3)**	**(17)**	**(4)**	**(4)**	**(28)**
Foreign exchange movement	**(10)**	**1**	**(5)**	**-**	**(15)**
Balance at December 31, 2014	**231**	**72**	**131**	**5**	**439**
Carrying amount					
At December 31, 2013	101	59	116	29	305
At December 31, 2014	**103**	**31**	**81**	**9**	**224**

All disposals of property, plant and equipment are in respect of the sale of Euromax Services EOOD which was completed on May 9, 2014. Refer to Note 9 for further details.

7. Unproven mineral right interests

The Group is currently engaged in exploring mineral properties in Macedonia 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 ("Ilovitza Project"). 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 the Ilovitza Project.

7. Unproven mineral right interests (continued)

The Ilovitza 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 is subject to royalties of 2% of the market value of metals 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.

On December 22, 2014, the Group filed a National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101") compliant Preliminary Feasibility Study ("PFS") for the Ilovitza Project.

On Ilovitza 11 (formerly known as Ilovitza 4) the Group has an Exploration Permit ("Permit") which is valid until February 21, 2015. In December 2014, the Group submitted a geological elaborate covering Ilovitza 11 which was approved by the Ministry of Economy in January 2015. The Group further submitted a conceptual study and cadastral report on Ilovitza 11 in March 2015 thereby completing all submissions required under Macedonian law to commence the process for the Ilovitza 11 Permit to be converted into a Concession for an initial term of 30 years. The conversion is expected to be completed during the first half of 2015.

Serbia
On June 6, 2008, the Group acquired an option to earn a 100% interest in the 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 February 20, 2016.

Subsequent to year end having assessed a number of options for financing further exploration work on KMC whilst remaining fully focused on the development of the Ilovitza Project, Euromax management farmed-out a 4% interest in the Group's Serbian subsidiary to a Bulgarian company (which is controlled by a number of Euromax Exploration Services EOOD employees) in return for US$80,000 cash in Q1 2015. This funding will allow the Group to complete a substantial portion of the KMC minimum work programme and will maintain the Group's good title of the KMC Exploration Permit.

As a consequence of the post year end transaction, management has impaired the value of KMC's unproven mineral right interests by $3.237 million at December 31, 2014 reflecting the implied value of the KMC project on a fair value less costs to sell basis resulting from this transaction subsequent to year end.

Bulgaria
On April 28, 2014 the Group announced the sale of Euromax Services EOOD which owned 100% of the mineral right interests in the Trun, Babjak and Zlataritza properties. Refer to Note 9 for further details.

On September 25, 2013, the Group renegotiated the Thrace Resources EOOD sale and purchase agreement and received a further $1.025 million as full and final settlement of all cash payment obligations previously agreed in the original sale and purchase agreement on April 19, 2012.

7. Unproven mineral right interests (continued)

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

	Bulgaria			Macedonia	Serbia	Total
	Trun	*Babjak*	*Zlataritza*	*Ilovitza*	*KMC*	
	$000s	$000s	$000s	$000s	$000s	$000s
Balance, January 1, 2013	4,552	105	181	7,219	4,669	16,726
Exploration expenditures:						
Assays and analysis	86	83	-	311	15	495
Drilling	-	384	-	1,159	684	2,227
Geological consulting	254	213	97	149	33	746
Geophysical contractors	42	38	3	-	-	83
Feasibility costs	-	-	-	1,030	-	1,030
Social & environmental costs	-	-	-	241	-	241
Other	112	21	14	264	39	450
	5,046	844	295	10,373	5,440	21,998
Other items:						
Impairment of unproven mineral right interests	(2,530)	(398)	(146)	-	-	(3,074)
Exchange differences	557	68	31	1,179	617	2,452
Reclassified to assets held for sale	(3,073)	(514)	(180)	-	-	(3,767)
Balance, December 31, 2013	-	-	-	11,552	6,057	17,609
Balance, January 1, 2014	-	-	-	**11,552**	**6,057**	**17,609**
Exploration expenditures:						
Assays and analysis	-	-	-	**100**	**29**	**129**
Feasibility costs	-	-	-	**1,777**	**-**	**1,777**
Social & environmental studies	-	-	-	**419**	**-**	**419**
Other	-	-	-	**354**	**7**	**361**
	-	-	-	**14,202**	**6,093**	**20,295**
Other items:						
Impairment of mineral right interests	-	-	-	-	**(3,237)**	**(3,237)**
Exchange differences	-	-	-	**(547)**	**(524)**	**(1,071)**
Balance, December 31, 2014	-	-	-	**13,655**	**2,332**	**15,987**

8. Operating segments

During the period the Group has created a new operating segment Exploration Services (which performs exploration and geological services to third party mining companies in Bulgaria) and substantially reduced the size of the Bulgarian operating segment. Refer to Note 9 for further details.

The following is an analysis of the Group's revenues, (loss)/profit before tax, assets and liabilities by operating segment and the Group's consolidated loss before tax:

	Macedonia		**Serbia**		**Bulgaria**		**Exploration Services**		**Corporate**		**Total**	
For the years ended	**December 31,**	December 31,	**December 31,**	December 31,	**December 31,**	December 31,	**December 31,**	December 31,	**December 31,**	December 31,	**December 31,**	December 31,
In thousands	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
External revenues	**-**	-	**-**	-	**-**	-	**2,695**	-	**-**	-	**2,695**	-
Depreciation	**(67)**	(33)	**(1)**	-	**(7)**	(44)	**(22)**	-	**(29)**	(22)	**(126)**	(99)
Amortisation	**-**	-	**-**	-	**(4)**	(11)	**(17)**	-	**-**	-	**(21)**	(11)
Segment (loss)/profit before tax	**(648)**	(874)	**(3,400)**	(136)	**(157)**	(3,891)	**50**	-	**(6,667)**	(3,144)	**(10,822)**	(8,045)

	Macedonia		**Serbia**		**Bulgaria**		**Exploration Services**		**Corporate**		**Total**	
As at	**December 31,**	December 31,	**December 31,**	December 31,	**December 31,**	December 31,	**December 31,**	December 31,	**December 31,**	December 31,	**December 31,**	December 31,
In thousands	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
Segment assets	**14,054**	12,459	**2,348**	6,188	**-**	4,124	**419**	-	**3,000**	1,533	**19,821**	24,304
Segment liabilities	**130**	316	**8**	-	**-**	40	**17**	-	**5,676**	852	**5,831**	1,208

All of the Group's direct costs are incurred within the Exploration Services operating segment and consist of permanent and temporary employee salaries and subcontractor costs.

All revenues are derived from one customer.

The Corporate operating segment covers costs incurred in Canada and the United Kingdom.

9. Disposal group held for sale

At December 31, 2013 the Group classified its wholly owned Bulgarian subsidiary Euromax Services EOOD as a disposal group held for sale and also recognised an impairment charge of $3.074 million. On April 28, 2014 the Group announced the sale of Euromax Services EOOD and after receipt of all upfront consideration of $3.023 million control passed to the purchaser on May 9, 2014.

Further, contingent consideration of US$0.816 million ($0.949 million) is due subject to there being no claims from the purchaser arising under the warranties to the sale and purchase agreement. The Group has recognised the full amount as a receivable at December 31, 2014. US$0.453 million ($0.527 million) of this contingent consideration is due on December 31, 2015.

In the year ended December 31, 2014 the Group has recognised a loss on disposal of Euromax Services EOOD of $0.949 million (2013: $nil) which primarily comprises the recycling of the related currency translation reserve losses to the income statement and foreign exchange losses.

10. Share capital and reserves

(a) Share capital

At December 31, 2014, Euromax's authorised 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	Number of shares	Amount
		$000s		$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 December 31	**85,347,340**	**58,896**	85,347,340	58,896

No common shares were issued during the year ended December 31, 2014. Refer to Note 18 for details of a non-brokered private placement that was completed subsequent to December 31, 2014.

On March 7, 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. All shares issued in connection with the private placement were subject to a four month hold period that expired on July 8, 2013. The Company incurred cash share issue costs of $87,295 in connection with the 2013 private placement in respect of filing and legal costs.

During the year ended December 31, 2014, no share options were exercised. In 2013, 191,667 share options were exercised at an average price of $0.39 per common share raising proceeds of $74,750.

On July 18, 2014 the Company issued 12,195,122 share purchase warrants to Investec Bank plc ("Investec") pursuant to a letter agreement dated February 22, 2013 as amended on April 3, 2014 to act as the Company's Lead Banker in the roles of Global Project Finance Coordinator and Treasury Arranger. Each warrant is exercisable to acquire one common share of the Company at a price of $0.41 until July 18, 2019.

The Investec warrants were issued as consideration for their role as Global Project Finance Coordinator and Treasury Arranger. The fair value of the Investec warrants is $1.545 million and has been recorded within share-based payments in the consolidated statement of loss and other comprehensive loss. Refer to Note 11(d) for further details.

No warrants were exercised during 2014 or 2013.

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

10. Share capital and reserves (continued)

(b) Nature and purpose of reserves

(i) Equity Reserve

The equity reserve comprises the accumulated fair value of share options, restricted share units and share purchase warrants recognised as share-based payments. Transfers from the equity reserve to share capital are made whenever common share options or share purchase warrants are exercised and when restricted share units fully vest and convert to common shares.

(ii) Currency Translation Reserve

The currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements or foreign operations, as well as the effective portion of any foreign currency differences arising from hedges of a net investment in a foreign operation.

(c) Share Purchase Warrants

During the year ended December 31, 2014, the Group granted 12,195,122 share purchase warrants at an exercise price of $0.41 with an expiry date of July 18, 2019. The fair value of the share purchase warrants issued in 2014 was estimated at $0.12669 per share purchase warrant at the grant date using the Black-Scholes option pricing model and was recorded as an expense within share-based payments in the consolidated statement of loss and other comprehensive loss. Refer to Note 11(d) for further details.

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

Year ended	December 31, 2014	December 31, 2013
Risk free interest rate	**3.00%**	-
Expected life	**5 years**	-
Expected volatility	**50.00%**	-
Expected dividend per share	**$Nil**	-

Also during the year ended December 31, 2014, 5,766,666 share purchase warrants with an exercise price of $0.90 expired unexercised on January 13, 2014.

During the year ended December 31, 2013 no share purchase warrants were issued.

A summary of the outstanding warrants in 2014 and 2013 is as follows:

	2014		2013	
	Number of warrants	Weighted average exercise price $	Number of warrants	Weighted average exercise price $
Balance, beginning of year	**5,766,666**	**0.90**	5,766,666	0.90
Warrants granted	**12,195,122**	**0.41**	-	-
Warrants exercised	**-**	**-**	-	-
Warrants expired	**(5,766,666)**	**0.90**	-	-
Balance, end of year	**12,195,122**	**0.41**	5,766,666	0.90

(d) Subscription proceeds received in advance

On December 9, 2014 the Group announced a non-brokered private placement of up to $7.5 million and as at December 31, 2014, the Group received $1.7 million in advance of issuing shares to the private placement participants.

The Group announced the closure of the non-brokered private placement on January 12, 2015. See Note 18 for further details.

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

11. Share-based payment arrangements

(a) Description of share-based payment arrangements

At 31 December 2014, the Group had the following share-based payment arrangements.

(i) Stock Option Plan (Equity settled)

Euromax has a Stock Option Plan (the "Option Plan") under which directors, executive officers, employees and consultants of the Group are eligible to receive share options. The purpose of the Option Plan is to incentivise directors, executive officers, employees and consultants to provide beneficial services to the Group and to align their objectives with shareholders in maximising shareholder value.

The maximum number of shares reserved for issuance upon exercise of all share options granted under the Option Plan is equal to 10% of the issued and outstanding common shares at the time of grant. The Company's Compensation Committee determines the terms and vesting conditions of the options at the time of grant.

The key terms and conditions related to the grants under the Option Plan are as follows:

Grant date	Number of options	Vesting conditions	Contractual life of options
Options granted to employees			
On November 30, 2010	**500,001**	Fully vested	5 years
On February 3, 2011	**150,003**	Fully vested	5 years
On March 22, 2011	**25,000**	Fully vested	5 years
On May 23, 2012	**2,476,663**	25% on grant date and 25% on the 1st, 2nd and 3rd anniversaries of grant date	5 years
On June 6, 2012	**250,000**	25% on grant date and 25% on the 1st, 2nd and 3rd anniversaries of grant date	5 years
On August 15, 2012	**16,667**	25% on grant date and 25% on the 1st, 2nd and 3rd anniversaries of grant date	5 years
On November 8, 2012	**150,000**	Fully vested	5 years
On March 12, 2013	**1,817,905**	1/3 on December 31, 2013, 2014 and 2015	5 years
On December 4, 2013	**240,000**	1/3 on December 31, 2014, 2015 and 2016	5 years
Options granted to consultants			
On August 15, 2012	**100,000**	Fully vested	5 years
On March 22, 2013	**125,000**	Fully vested	3 years
On October 23, 2014	**150,000**	50% vest on grant date and 50% on receipt of Intital tranche from the Gold Purchase and Sale Agreement with Royal Gold, Inc	5 years
Total share options	**6,001,239**		

The exercise price of each option equals the closing share price of Euromax's common shares on the day preceding the date of grant. If a director, executive officer, employee or consultant ceases employment or engagement with the Group, any unvested share options are forfeited and the expiry date on their vested options is reduced to 90 days from the date they cease employment or engagement.

(ii) Restricted Share Unit Plan (Equity settled)

On March 11, 2013 Euromax established a Restricted Share Unit Plan (the "RSU Plan") under which directors and executive officers of the Group are eligible to receive Restricted Stock Units ("RSUs"). The purpose of the RSU Plan is to assist and encourage directors and executive officers to work towards and participate in the growth and development of the Group. The RSU Plan is an equity settled share-based payment arrangement.

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

11. Share-based payment arrangements (continued)

(a) Description of share-based payment arrangements (continued)

(ii) Restricted Share Unit Plan (Equity settled) (continued)

The maximum number of RSUs reserved for issuance under the RSU Plan is equal to 10% of the issued and outstanding common shares at the time of grant, provided that the combined number of share options and RSUs in issue does not exceed 10% of the outstanding common shares at the time of grant. The Company's Compensation Committee determines the terms and provisions of the RSUs at the time of grant.

In 2013, the Compensation Committee granted RSUs to executive officers in lieu of 50% of their 2012 bonus and to provide long term incentives to directors and executive officers.

The key terms and conditions related to the grants under the RSU Plan are as follows; all RSUs are to be settled by the issue of shares.

Grant date	Number of RSUs	Vesting conditions
RSUs granted to Executive Directors and Officers		
On March 11, 2013 - Bonus 2012	**276,764**	100% vest on December 31, 2013
On March 11, 2013 - LTIP 2013 grant	**796,118**	1/3 vest on December 31, 2013, 2014 and 2015 provided that the Company's share price performance has kept in line with the Market Vectors Junior Gold Mines ETF (GDXJ) over each respective calendar year.
On December 4, 2013 - LTIP 2013 grant	**120,000**	1/3 vest on December 31, 2014, 2015 and 2016 provided that the Company's share price performance has kept in line with the Market Vectors Junior Gold Mines ETF (GDXJ) over each respective calendar year.
On January 9, 2014 - GDXJ outperformance in 2013	**29,191**	100% vest on December 31, 2014
On May 1, 2014 - LTIP 2014 grant	**560,000**	1/3 vest on December 31, 2014, 2015 and 2016 provided that the Company's share price performance has kept in line with the Market Vectors Junior Gold Mines ETF (GDXJ) over each respective calendar year.
Total RSUs	**1,782,073**	

The Compensation Committee has determined the GDXJ to be a relevant benchmark which the Company's share price performance should at least perform in-line with. To the extent that the Company's share price underperforms the GDXJ the number of RSUs vesting shall reduce on a pro-rata basis. To the extent that the Company's share price outperforms the GDXJ additional RSUs shall be awarded on a proportionate basis.

If a director or executive officer ceases employment with the Group any unvested RSUs are forfeited on the date they cease employment.

(iii) Deferred Phantom Units Plan (Cash settled)

In March 2013 Euromax introduced a Deferred Phantom Unit Plan ("DPU Plan") for its directors and executive officers.

Under the terms of the DPU Plan all non-executive directors elected to convert their unpaid directors' fees owing since May 23, 2012 into Deferred Phantom Units ("DPUs") and since March 2013 all non-executive directors have elected to receive DPUs in lieu of cash as payment for their directors' fees until March 31, 2015 at which time this election could be renewed.

In May 2014, DPUs were granted to executive officers of the Company in lieu of a 2013 cash bonus and also to provide incentives to the executive officers to align their objectives with the Company's shareholders.

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

11. Share-based payment arrangements (continued)

(a) Description of share-based payment arrangements (continued)

(iii) Deferred Phantom Units Plan (Cash settled) (continued)

The key terms and conditions related to the grants under the DPU Plan are as follows:

Grant date	Number of DPUs	Vesting conditions
DPUs granted to Non-Executive Directors		
Since March 11, 2013	**2,128,486**	Vest immediately
DPUs granted to Executive Directors and Officers		
On May 1, 2014 - Bonus 2013	**2,062,479**	Fully vest on December 31, 2014
On May 1, 2014 - LTIP 2014 grant	**6,360,164**	1/3 vest on December 31, 2014, 2015 and 2016 provided that the Company's share price performance has kept in line with the Market Vectors Junior Gold Mines ETF (GDXJ) over each respective calendar year.
Total DPUs	**10,551,129**	

All DPUs issued only become payable in the event that a director or executive officer ceases to hold any position within the Group and can only be settled in cash.

(b) Measurement of fair values

(i) Stock Option Plan

The fair value of the share options awarded to directors, executive officers, and employees has been measured using the Black-Scholes option pricing model. The value of the share options awarded to consultants has been measured as the fair value of the services rendered. Service and non-market performance conditions attached to the share options were not taken into account in measuring fair value.

The inputs used in measuring the grant date fair value of the share options issued are presented below:

All amounts are weighted averages	Year ended December 31, 2014	Year ended December 31, 2013
Fair Value at grant date	$0.18	$0.19
Share price at grant date	$0.41	$0.53
Exercise price	$0.41	$0.53
Expected volatility	50.00%	50.00%
Expected life	5.00 years	5.00 years
Expected dividend per share	$Nil	$Nil
Risk-free interest rate (based on Canadian government bonds)	1.48%	1.39%

Expected volatility was based on an evaluation of the volatility of the Company's share price. The expected term was determined based on management's expectation that share options will be exercised close to their expiry.

(ii) Restricted Share Unit Plan

The fair value of RSUs granted during the period has been measured using the Company's closing share price on the day immediately prior to grant date. For those RSUs with a vesting condition relating to the Company's share price performance compared to the GDXJ, this is a market performance vesting condition so at grant date it is estimated that the Company's share price performance should be consistent with the GDXJ's price performance.

During the course of 2014, the Company's share price outperformed the GDXJ by 5% (2013: 11%) and therefore subsequent to year end an additional grant of 24,603 RSUs (2013: 29,191 RSUs) was made.

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

11. Share-based payment arrangements (continued)

(b) Measurement of fair values (continued)

(ii) Restricted Share Unit Plan (continued)

The Board of Directors has agreed with the executive officers who had RSUs due to vest on December 31, 2013 and 2014 to postpone the vesting of their RSUs for a further year, in return for the Company agreeing that in the event of the termination of the executive officer's employment for any reason or death, prior to the postponed vesting date, the RSUs would vest in full, notwithstanding provisions to the contrary in the RSU Plan.

(iii) Deferred Phantom Units Plan

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 GDXJ, this is a market performance vesting condition so at grant date it is estimated that the Company's share price performance should be consistent with the GDXJ's price performance.

All vested DPUs are revalued at the Company's reporting period end share price and only become payable in cash in the event that a director or executive officer ceases to hold any position with the Group.

(c) Reconciliation of outstanding share options and RSUs

(i) Share options

The number and weighted-average exercise prices of the share options under the Option Plan as at December 31, 2014 and 2013 were as follows:

	2014		2013	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at January 1	**6,130,405**	**$0.59**	5,056,783	$0.64
Granted during the year	**150,000**	**$0.41**	2,182,905	$0.53
Exercised during the year	**-**	**-**	(191,667)	$0.39
Expired during the year	**(270,833)**	**$0.64**	(917,616)	$0.76
Forfeited during the year	**(8,333)**	**$0.60**	-	-
Outstanding at December 31	**6,001,239**	**$0.58**	6,130,405	$0.59
Exercisable at December 31	**4,436,924**	**$0.59**	3,223,410	$0.64

The options outstanding at December 31, 2014 have an exercise price in the range of $0.18 to $1.05 (2013: $0.18 to $1.05) and a weighted-average contractual life of 2.59 years (2013: 3.41 years).

No share options were exercised in 2014. In 2013, the weighted average share price at the date of exercise of share options was $0.59.

(ii) RSUs

At December 31, 2014 there are 1,782,073 RSUs (2013: 1,192,882 RSUs) on issue which have a weighted average grant price of $0.26 (2013: $0.53).

(d) Expense recognised in profit or loss

The total equity-settled share-based payment expense for the year ended December 31, 2014 was $0.396 million (2013: $0.844 million). The total cash-settled share-based payment expense relating to DPUs issued in the year ended December 31, 2014 was $1.097 million (2013: $0.131 million) and as at December 31, 2014, the share-based payment liability was $1.586 million (2013: $0.280 million).

An expense relating to the issue of share purchase warrants to Investec for its role as Global Project Finance Coordinator and Treasury Arranger (See Note 10(a)) amounting to $1.545 million (2013: $nil) has also been recorded in share-based payment expense in the year ended December 31, 2014.

12. Related party transactions

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

Transactions with key management personnel

(i) Key management personnel transactions

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

	Nature of transactions
Delphis Financial Strategies Inc.	Management fees
Lamar EOOD	Exploration fees

The Group incurred the following fees and expenses in the normal course of operations in connection with companies owned by former directors and key management personnel. Expenses have been measured at the amount which is agreed between the parties.

	Years ended December 31,	
	2014	**2013**
	$000s	$000s
Management fees	-	43
Exploration fees	-	55
	-	98

Trade and other payables at December 31, 2014 included $nil (December 31, 2013: $nil), which were due to private companies controlled by former directors and key management personnel of the Group.

(ii) Key management personnel compensation

The remuneration of directors and other members of key management personnel during the years ended December 31, 2014 and 2013 were as follows:

	Note	Years ended December 31, 2014	2013
		$000s	$000s
Short-term employee benefits	(a)	**2,322**	1,467
Post-employment benefits	(b)	**133**	119
Deferred phantom unit expense	(c)	**1,097**	131
Share-based payments	(c)	**376**	666
		3,928	2,383

(a) Short-term employee benefits also includes social security contributions, exploration and management fees disclosed in note 12(i) and cash-settled DPUs expense disclosed in note 11(d).
(b) Executive directors and other key management personnel receive pension contributions equal to 10% of their salary to their individual pension plans.
(c) Share-based payments are the fair-value of options granted to key management personnel which have been expensed during the year.

12. Related party transactions (continued)

Transactions with key management personnel (continued)

(iii) Working capital loan

On October 31, 2014 the Group arranged and closed a working capital loan from its directors amounting to US$0.635 million ($0.717 million) to ensure the Group continued as a going concern whilst additional funding is sourced and to provide flexibility in its ongoing operations.

The working capital loan is unsecured and is repayable in full on or before April 30, 2015. Interest of 15% is payable on the working capital loan amount which has been fully accrued and reported as a finance expense in the statements of loss and comprehensive loss for the year ended December 31, 2014.

Subsequent to year end, $0.638 million of the working capital loan and accrued interest has been repaid.

13. Income taxes

(a) Amounts recognised in the income statement:

	Year ended December 31,	
	2014	**2013**
Recognised in the income statement	**$000s**	$000s
Current tax expense	**30**	25
Deferred tax expense	**(5)**	5
Income tax expense	**25**	30
Analysis of charge in year		
Loss before tax	**(10,822)**	(8,045)
Canadian statutory tax rate	**26.00%**	25.75%
Expected income tax credit	**(2,814)**	(2,071)
Changes attributable to:		
Non-deductible expenses	**857**	289
Difference in tax rates between Canada and foreign jurisdictions	**1,061**	488
Tax effect of tax losses and temporary differences not recognized	**887**	1,268
Effect of change in future tax rates and others	**34**	56
Income tax expense	**25**	30

(b) Unrecognised deductible temporary differences and unused tax losses:

The Group's unrecognised deductible temporary differences and unused tax losses consist of the following amounts:

	Year ended December 31,	
	2014	**2013**
	$000s	$000s
Tax values in excess of net book value of equipment	**172**	172
Non-capital losses	**22,177**	24,488
Share issue costs	**151**	246
Foreign exploration	**493**	493
Capital losses	**325**	325
Unrecognized deductible temporary differences	**23,318**	25,724

13. Income taxes (continued)

(c) Expiry dates of unused tax losses

At December 31, 2014, the Group has non-capital operating losses of approximately $13.5 million (2013: $10.9 million) for deduction against future taxable income in Canada. The operating losses expire as follows:

	$000s
2025	143
2027	153
2028	446
2029	654
2030	2,851
2031	1,278
2032	2,885
2033	2,517
2034	2,589
	13,516

The Group also has net capital losses of approximately $0.325 million (2013: $0.325 million) in Canada, without expiry.

Additionally, the Group has Serbian losses of $8.7 million (2013: $9.4 million) at December 31, 2014. These losses expire as follows:

	$000s
2015	878
2016	1,742
2017	2,968
2018	1,940
2019	1,134
	8,662

Management believes that sufficient uncertainty exists regarding the recognition of deferred income tax assets and accordingly no deferred tax asset was recorded at December 31, 2014.

14. Financial instruments

(a) Management of capital risk

The capital structure of the Group consists of equity, comprising share capital, equity reserve, currency translation reserve and accumulated losses. The Group's objectives when managing capital are to: (i) preserve capital, (ii) obtain the best available net return and (iii) maintain liquidity.

The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may attempt to issue new securities or raise debt financing.

The Group is not subject to externally imposed capital requirements.

14. Financial instruments

(b) Categories of financial instruments and measuring fair values

	2014	2013
	\$000s	\$000s
Financial assets		
Cash and cash equivalents	**2,041**	1,335
Trade and other receivables	**199**	609
Other current assets	**344**	391
Contingent consideration	**949**	-
Restricted cash	**69**	71
Financial liabilities		
Trade and other payables	**(1,710)**	(890)
Working capital loan	**(835)**	-
Subscription proceeds received in advance	**(1,700)**	-
Net financial assets / liabilites	**(643)**	1,516

Trade and other receivables are presented exclusive of recoverable indirect taxes which are statutory obligations rather than contractual obligations. The fair values of cash and cash equivalents, trade and other receivables, other current assets and trade and other payables approximate their carrying values due to the short-term to maturities of these financial assets and liabilities.

At December 31, 2014 and 2013 as the Group only possessed level 1 financial instruments there were no transfers between levels 1, 2 or 3 during the year ended December 31, 2014 or 2013.

(c) Financial risk management

(i) Currency risk

The Group is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Group operates in Canada, the United Kingdom, Bulgaria, Serbia and Macedonia. The majority of the Group's cash is held in Canadian dollars. Most of the Group's costs in Canada are denominated in Canadian dollars, most of the costs in the United Kingdom are denominated in British Pounds and most of the Group's exploration expenses in south-eastern Europe are denominated in local currencies or in Euro. As of December 31, 2014, the Group is exposed to currency risk through assets and liabilities denominated in British Pound, Bulgarian Lev, Serbian Dinar, Macedonian Denar, Euros and US Dollars.

The carrying amount of the Group's foreign-currency denominated monetary assets and liabilities as at December 31, 2014 is as follows:

	British Pound	**Bulgarian Lev**	**Serbian Dinar**	**Macedonian Denar**	**Euro**	**U.S. Dollar**
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Financial assets						
Cash and cash equivalents	62	334	-	10	12	3
Trade and other receivables	26	2	-	168	-	-
Prepayments and deposits	194	20	3	9	5	-
Contingent consideration	-	-	-	-	-	949
Restricted cash	-	-	-	69	-	-
Financial liabilities						
Trade and other payables	(1,521)	(17)	(8)	(70)	(23)	(2)
Working capital loan	(337)	-	-	-	-	(267)
Net financial assets / liabilites	**(1,576)**	**339**	**(5)**	**186**	**(6)**	**683**

Based on the above net exposures as of December 31, 2014 and assuming that all other variables remain constant, a 10% depreciation or appreciation of the British Pound, Bulgarian Lev, Serbian Dinar, Macedonian Denar, U.S. Dollar or Euro against the Canadian Dollar would result in an increase/decrease of approximately \$139 thousands in the Group's net income (2013: \$18 thousands).

14. Financial instruments (continued)

(c) Financial risk management (continued)

(ii) Credit risk

Credit risk is the risk of an unexpected loss if a third party to a financial instrument fails to meet its contractual obligations. The carrying amount of financial assets represents the maximum credit exposure.

The Group's cash is predominantly held in large Canadian and British financial institutions.

No allowance for doubtful debts was held at December 31, 2014 (2013: $nil) and no debts were past due (2013: $nil).

(iii) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk through the management of its capital structure and financial leverage.

Trade and other payables are generally payable within thirty days or less.

15. Contingencies and commitments

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

	up to 1 year	1-5 years	Over 5 years	Total
	$000s	$000s	$000s	**$000s**
Operating lease obligations	133	88	-	**221**
Minimum exploration obligations	523	-	-	**523**
Total contractual obligations	**656**	**88**	**-**	**744**

16. Supplemental cash flow information

Non-cash financing activities

In the years ended December 31, 2014 and 2013, the Group incurred the following non-cash financing transactions:

	Years ended December 31,	
	2014	2013
	$000s	$000s
Transfer of equity reserve upon exercise of share options	**-**	68
Transfer of equity reserve upon exercise of warrants	**-**	-

17. List of subsidiaries

Set out below is a list of material subsidiaries of the Group for the years ended December 31, 2014 and 2013.

Subsidiaries	**Principal place of business**	**Ownership interest**	
		2014	**2013**
		%	%
OMAX International Limited	Cayman Islands	**100**	100
Euromax Resources (Macedonia) Ltd	BC, Canada	**100**	100
Euromax Resources UK (Macedonia) Limited	United Kingdom	**100**	100
Euromax Resources UK (Services) Limited	United Kingdom	**100**	100
Euromax Resources Doo Skopje	Macedonia	**100**	100
Euromax Exploration Services EOOD	Bulgaria	**100**	100
South Danube Metals d.o.o. Beograd	Serbia	**100**	100

18. Subsequent events

Subsequent to December 31, 2014 the following reportable events have occurred:

(a) On January 12, 2015, Euromax closed the non-brokered private placement previously announced on December 9, 2014 pursuant to which it issued to the European Bank for Reconstruction and Development (the "EBRD") an aggregate of 23,368,547 common shares in the Company at a price of $0.25 per share for total proceeds of $5.842 million. The EBRD also received 5,915,000 share purchase warrants. Each share purchase warrant is exercisable to acquire one common share of the Company at a price of $0.40 until January 12, 2020.

Concurrently, the Company issued to certain other investors an aggregate of 8,126,850 common shares in the Company at a price of $0.25 per share for total proceeds of $2.032 million. These investors also received a total of 2,031,713 share purchase warrants, with terms similar to those issued to the EBRD.

(b) On March 3, 2015 the Company announced that further to its announcement of October 21, 2014 whereby it entered into a US$175 million Gold Purchase and Sale Agreement (“Agreement”) with RGLD Gold AG and Royal Gold, Inc. (together, "Royal Gold"), it entered into a First Amendment to the Gold Purchase and Sale Agreement (the “First Amendment”) and closed the initial stage of the transaction and received US$3.75 million as a portion of the initial payment of US$7.5 million to be made by Royal Gold on the satisfaction of certain conditions precedent to closing specified in the Agreement.

Following discussions between Euromax and Royal Gold, including consultation with their respective Macedonian legal advisors, Euromax and Royal Gold agreed to enter into the First Amendment to facilitate the closing of the gold streaming transaction and funding of US$3.75 million as a portion of the initial payment of US$7.5 million on satisfaction of such conditions.

The remaining US$3.75 million of the US$7.5 million initial payment was received on March 23, 2015.

All other substantive terms of the Agreement remain the same.