Euromax Resources Ltd.

Unaudited Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2015

NOTICE OF NO AUDIT OR REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed consolidated 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, except for share and loss per share amounts)

	Note	Three months ended September 30		Nine months ended September 30	
		2015	2014	2015	2014
		$000s	$000s	$000s	$000s
Revenue	7	**2,360**	1,335	**3,663**	2,601
Direct costs	7	**(1,958)**	(1,116)	**(3,018)**	(2,110)
Gross profit		**402**	219	**645**	491
Expenses					
Accounting, legal and professional		**(531)**	(70)	**(1,032)**	(339)
Depreciation		**(45)**	(26)	**(121)**	(84)
Amortisation		**(6)**	(5)	**(14)**	(16)
Office and general		**(157)**	(90)	**(471)**	(286)
Regulatory, filing and transfer agent		**(24)**	(16)	**(40)**	(39)
Rent		**(98)**	(82)	**(250)**	(249)
Salaries, director and management fees		**(424)**	(368)	**(1,506)**	(1,318)
Share-based payments		**1,069**	(1,749)	**(2,025)**	(2,892)
Shareholder communications and investor relations		**(34)**	(97)	**(148)**	(294)
Travel		**(198)**	(40)	**(450)**	(132)
Exploration and evaluation costs		**(11)**	(4)	**(45)**	(13)
Gain/(loss) on foreign exchange		**(114)**	63	**(633)**	(5)
Operating loss		**(171)**	(2,265)	**(6,090)**	(5,176)
Finance income		**-**	-	**1**	-
Finance expense		**(114)**	(4)	**(393)**	(15)
Net finance expense		**(114)**	(4)	**(392)**	(15)
Other items					
Loss on disposal of Euromax Services EOOD		**-**	-	**-**	(949)
Impairment of unproven mineral right interests	6	**(1,979)**	-	**(1,979)**	-
Other income		**-**	1	**12**	4
Loss before tax		**(2,264)**	(2,268)	**(8,449)**	(6,136)
Income tax expense		**(6)**	(11)	**(27)**	(33)
Loss after tax		**(2,270)**	(2,279)	**(8,476)**	(6,169)
Loss attributable to:					
Owners of the Company		**(2,269)**	(2,279)	**(8,473)**	(6,169)
Non-controlling interest	12	**(1)**	-	**(3)**	-
Other comprehensive income / (loss), net of tax:					
Items that are or may be reclassified subsequently to profit or loss					
Cumulative translation adjustment on foreign subsidiaries		**1,919**	(591)	**1,678**	686
Net exchange differences on disposal of foreign subsidiaries		**-**	-	**-**	(762)
Total other comprehensive income / (loss), net of tax		**1,919**	(591)	**1,678**	(76)
Comprehensive loss for the period		**(351)**	(2,870)	**(6,798)**	(6,245)
Total comprehensive loss attributable to:					
Owners of the Company		**(350)**	(2,870)	**(6,795)**	(6,245)
Non-controlling interest	12	**(1)**	-	**(3)**	-
Loss per common share:					
Basic and diluted	5	**(0.02)**	(0.03)	**(0.07)**	(0.07)
Weighted average number of common shares outstanding					
Basic and diluted	5	**116,842,737**	85,347,340	**115,458,324**	85,347,340

The accompany notes are an integral part of these unaudited condensed consolidated interim financial statements

Euromax Resources Ltd.

Condensed consolidated interim statements of financial position - unaudited

(Expressed in Canadian dollars)

	Note	September 30, 2015 $000s	December 31, 2014 $000s
		As at	
ASSETS			
Current			
Cash and cash equivalents		**2,065**	2,041
Trade and other receivables		**2,030**	199
Other current assets		**594**	344
Contingent consideration		**608**	527
Total current assets		**5,297**	3,111
Non-current assets			
Restricted cash		**73**	69
Contingent consideration		**486**	422
Property, plant and equipment		**559**	224
Intangible assets		**12**	8
Unproven mineral right interests	**6**	**24,931**	15,987
Total assets		**31,358**	19,821
LIABILITIES			
Current			
Trade and other payables		**3,040**	1,710
Share-based payment liabilities	**9(b)**	**3,028**	1,586
Working capital loan	**9(c)**	**-**	835
Gold purchase advance payments	**10**	**10,021**	-
Subscription proceeds received in advance	**8**	**-**	1,700
Total liabilities		**16,089**	5,831
EQUITY			
Share capital	**8**	**65,975**	58,896
Equity reserve		**9,527**	8,621
Currency translation reserve		**3,575**	1,897
Accumulated losses		**(63,897)**	(55,424)
Equity attributable to owners of the Company		**15,180**	13,990
Non-controlling interest	**12**	**89**	-
Total equity		**15,269**	13,990
Total liabilities and equity		**31,358**	19,821

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

Approved on behalf of the Board of Directors

"Steve Sharpe"
Steve Sharpe, Director

"Tim Morgan-Wynne"
Tim Morgan-Wynne, Director

The accompany notes are an integral part of these unaudited condensed consolidated interim financial statements

Euromax Resources Ltd.

Condensed consolidated interim statements of changes in equity - unaudited

(Expressed in Canadian dollars, except for share and loss per share amounts)

For the nine months ended September 30, 2015 and 2014

	Note	Share capital Number of shares	Amount $000s	Equity reserve $000s	Currency translation reserve $000s	Accumulated losses $000s	Total $000s	Non-controlling interest $000s	Total Equity $000s
Balance on January 1, 2014		85,347,340	58,896	6,681	2,096	(44,577)	23,096	-	23,096
Equity-settled share-based payments		-	-	1,845	-	-	1,845	-	1,845
Comprehensive loss for the period		-	-	-	(76)	(6,169)	(6,245)	-	(6,245)
Balance on September 30, 2014		85,347,340	58,896	8,526	2,020	(50,746)	18,696	-	18,696
Balance on January 1, 2015		**85,347,340**	**58,896**	**8,621**	**1,897**	**(55,424)**	**13,990**	**-**	**13,990**
Common shares issued for:									
Financing, net of issue costs	**8**	**31,495,397**	**7,079**	**492**	**-**	**-**	**7,571**	**-**	**7,571**
Changes in ownership interest	**12**	**-**	**-**	**-**	**-**	**-**	**-**	**92**	**92**
Equity-settled share-based payments		**-**	**-**	**414**	**-**	**-**	**414**	**-**	**414**
Comprehensive loss for the period		**-**	**-**	**-**	**1,678**	**(8,473)**	**(6,795)**	**(3)**	**(6,798)**
Balance on September 30, 2015		**116,842,737**	**65,975**	**9,527**	**3,575**	**(63,897)**	**15,180**	**89**	**15,269**

The accompany notes are an integral part of these unaudited condensed consolidated interim financial statements

Euromax Resources Ltd.

Condensed consolidated interim statements of cash flows - unaudited

(Expressed in Canadian dollars)

		Nine months ended September 30,	
		2015	**2014**
	Note	**$000s**	**$000s**
OPERATING ACTIVITIES			
Loss before tax		**(8,449)**	(6,136)
Add back:			
Depreciation		**121**	84
Amortisation		**14**	16
Finance income		**(1)**	-
Finance expense		**393**	15
Gain on disposal of non-controlling interest	**12**	**(8)**	-
Share-based payments, net of DPUs settled		**1,839**	2,892
Share-based payments to suppliers		**16**	-
Loss on disposal of Euromax Services EOOD		**-**	949
Unrealised foreign exchange gain/(loss)		**560**	11
Impairment charge on unproven mineral right interests	**6**	**1,979**	-
Changes in non-cash working capital items:			
Decrease/(increase) in trade and other receivables and prepayments and deposits		**(1,960)**	130
(Decrease)/increase in trade and other payables		**329**	310
Income tax paid		**(24)**	(26)
Cash used in operating activities		**(5,191)**	(1,755)
INVESTING ACTIVITIES			
Expenditures on unproven mineral right interests		**(8,434)**	(1,560)
Purchases of property, plant and equipment and intangible assets		**(428)**	(101)
Proceeds from sale to non-controlling interest	**12**	**100**	-
Proceeds from sale of Euromax Services EOOD		**-**	3,023
Interest received		**1**	-
Cash provided by / (used in) investing activities		**(8,761)**	1,362
FINANCING ACTIVITIES			
Proceeds from share issue	**8**	**6,174**	-
Share issue costs	**8**	**(303)**	-
Proceeds from gold purchase advance payments	**10**	**9,351**	-
Transaction costs associated with gold purchase advance payments	**10**	**(391)**	-
Repayment of working capital loan	**9(c)**	**(742)**	-
Interest paid		**(138)**	(15)
Cash provided by / (used in) financing activities		**13,951**	(15)
Effect of exchange rate changes on cash		**25**	(76)
Net change in cash and cash equivalents		**(1)**	(408)
Cash and cash equivalents, beginning of the period		**2,041**	1,335
Cash and cash equivalents, end of the period		**2,065**	851

The accompany notes are an integral part of these unaudited condensed consolidated interim financial statements

1. Nature of operations

Euromax Resources Ltd. ("Euromax" or "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 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, "Group"). The Group operates with the objective of becoming the leading gold and base metal mining company in south-eastern 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 condensed consolidated interim financial statements were authorised for issue by the Company's board of directors on November 16, 2015.

2. Basis of preparation and statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including 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, 2014, which have been prepared in accordance with IFRS as issued by the IASB.

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, 2014.

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 September 30, 2015, the Group had net assets of $15.3 million (December 31, 2014: $14.0 million) which is inclusive of cash of $2.0 million (December 31, 2014: $2.0 million). During 2015, the Company closed a non-brokered private placement (the "Private Placement") raising gross proceeds of $7.874 million (see Note 8) and received the initial tranche of US$7.5 million from Royal Gold in accordance with the Gold Purchase and Sale Agreement ("GPSA") (see Note 10).

On November 4, 2015 the Group requested and received US$3.75 million of the first anniversary payment under the Royal Gold GPSA and entered into a Second Amendment to the GPSA which defers the conditions for payment of the remaining first anniversary payment to January 1, 2016.

The Company's board of directors have reviewed the Group forecasts for the 15-month period from October 1, 2015 to December 31, 2016, which include the projected costs of completing the Ilovica Definitive Feasibility Study ("FS"), Environmental and Social Impact Assessment ("ESIA"), the Front-End Engineering and Design ("FEED"), Main Mining Project submission, pre-construction activities and securing commitment letters from potential project financers.

Based on the expectation of further contractual receipts under the GPSA of US$3.75 million in the Group forecast, these forecast expenditures required on Ilovica to reach a decision to mine together with ultimately constructing and bringing Ilovica into commercial production, will require the Company to raise further debt and equity funding. Additionally, whilst the Royal Gold transaction has closed and the Group has received US$11.25 million in advance gold purchase payments, the further receipts under the Royal Gold GPSA are subject to certain conditions set out in the Second Amendment to the GPSA.

Whilst the Company's board of directors remain optimistic that the Company can raise additional funding and meet the conditions of the Second Amendment to the GPSA, these are not entirely 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.

4. Critical accounting judgments and key sources of estimation uncertainty

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, 2014.

5. Loss per share

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	**2015**	2014
	$000s	$000s	**$000s**	$000s
Net loss for the period after tax attributable to Owners of the Company	**(2,269)**	(2,279)	**(8,473)**	(6,169)
Basic weighted average number of common shares	**116,842,737**	85,347,340	**115,458,324**	85,347,340
Basic & diluted loss per share	**(0.02)**	(0.03)	**(0.07)**	(0.07)

For the three and nine months ended September 30, 2015 and 2014, 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. 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 Ilovica gold-copper project in Macedonia ("Ilovica Project"). After completing an agreed exploration programme and the vendor not exercising its back-in right in January 2012, the Group now owns a 100% interest in the Ilovica Project.

The Ilovica Project consists of two adjacent properties. On Ilovica 6, the Group was granted a Concession for exploitation of mineral resources ("Exploitation Concession") under the rules and regulations of the Law of Mineral Raw Materials in Macedonia. The Exploitation Concession has an initial term of 30 years and is subject to a royalty of 2% of the market value of metals contained in concentrate. The Ministry of Environment and Physical Planning in Macedonia has formally approved the Ilovica Environmental Impact Study ("EIS") under Macedonian law for Ilovica 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 Ilovica Project. On Ilovica 11 the Group had a Concession for exploration of mineral resources ("Exploration Concession") which was valid until February 21, 2015. Based on the results obtained from the Exploration Concession, an application for granting an Exploitation Concession for Ilovica 11 was submitted to the Ministry of Economy on April 23, 2015. The application was made for an expanded concession area and for an initial term of 30 years. The Company is progressing through the Ministry of Economy's process and the board of directors is confident that this Exploitation Concession for Ilovica 11 will be granted before the end 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 KMC Exploration Permit was originally issued on July 7, 2004 with an expiry date of December 31, 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.

6. Unproven mineral right interests (continued)

Serbia (continued)

On April 2, 2015, the Group sold a 4% interest in the Group's Serbian subsidiary for US$0.080 million ($0.100 million). The received funds were used by the Group to complete a part of the substantial portion of the KMC minimum work programme for the purpose of maintaining the Group's good title of the KMC Exploration Permit. As a result of this transaction an impairment of the Group's investment in KMC of $3.237 million was recorded for the year ended December 31, 2014.

On October 19, 2015, the Group entered into an Option Agreement ("Option Agreement") to sell its remaining 96% interest in KMC to a Third Party optionee ("Optionee"). In accordance with the Option Agreement, the Optionee will be granted with a one year option ("Option") to acquire the Group's 96% interest in South Danube Metals DOO which owns 100% of the KMC project for a cash payment of US$0.5 million.

To exercise this Option the Optionee will be responsible for funding a minimum work programme on KMC comprising at least 1,200 metres of drilling in order to secure an extension of the KMC exploration permit. This transaction which took place close to the period end implies the fair value of the Group's interest in South Danube Metals DOO is US$0.5 million (C$0.664 million) at September 30, 2015. Consequently, an impairment of $1.979 million was recorded for the three months and nine months ended September 30, 2015.

A summary of changes to the Group's unproven mineral right interests in the nine months ended September 30, 2015 and 2014 is set out below.

	Macedonia Ilovica	**Serbia KMC**	**Total**
	$000s	$000s	$000s
Balance, January 1, 2014	11,552	6,057	17,609
Exploration expenditures:			
Assays and analysis	101	23	124
Feasibility costs	764	-	764
Social & environmental studies	355	-	355
Other	251	7	258
	13,023	6,087	19,110
Other items:			
Exchange differences	(495)	(443)	(938)
Balance, September 30, 2014	12,528	5,644	18,172
Balance, January 1, 2015	**13,655**	**2,332**	**15,987**
Assays and analysis	**339**	**21**	**360**
Drilling	**2,894**	**87**	**2,981**
Feasibility costs	**3,396**	**-**	**3,396**
Social & environmental costs	**2,055**	**-**	**2,055**
Other	**510**	**7**	**517**
	22,849	**2,447**	**25,296**
Other items:			
Impairment of unproven mineral right interests	**-**	**(1,979)**	**(1,979)**
Exchange differences	**1,418**	**196**	**1,614**
Balance, September 30, 2015	**24,267**	**664**	**24,931**

7. Operating segments

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:

For the periods ended *$000s*	Macedonia **September 30, 2015**	 September 30, 2014	Serbia **September 30, 2015**	 September 30, 2014	Bulgaria **September 30, 2015**	 September 30, 2014	Exploration Services **September 30, 2015**	 September 30, 2014	Corporate **September 30, 2015**	 September 30, 2014	Total **September 30, 2015**	 September 30, 2014
External revenues	**-**	-	**-**	-	**-**	-	**3,663**	2,601	**-**	-	**3,663**	2,601
Depreciation	**(77)**	(39)	**(1)**	(1)	**-**	(7)	**(24)**	(15)	**(19)**	(22)	**(121)**	(84)
Amortisation	**(5)**	-	**-**	-	**-**	(4)	**(9)**	(12)	**-**	-	**(14)**	(16)
Segment (loss)/profit before tax	**(1,869)**	(477)	**(2,055)**	(139)	**(28)**	(156)	**303**	204	**(4,800)**	(5,568)	**(8,449)**	(6,136)

As at *$000s*	Macedonia **September 30, 2015**	 December 31, 2014	Serbia **September 30, 2015**	 December 31, 2014	Bulgaria **September 30, 2015**	 December 31, 2014	Exploration Services **September 30, 2015**	 December 31, 2014	Corporate **September 30, 2015**	 December 31, 2014	Total **September 30, 2015**	 December 31, 2014
Segment assets	**25,881**	14,054	**718**	2,348	**-**	-	**1,673**	419	**3,086**	3,000	**31,358**	19,821
Segment liabilities	**998**	130	**11**	8	**-**	-	**872**	17	**14,208**	5,676	**16,089**	5,831

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 revenue is derived from one customer. Revenue from Exploration Services is seasonally weighted to the second and third quarters of each calendar year.

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

8. Share capital and reserves

Share capital

At September 30, 2015 Euromax's authorized share capital consisted of an unlimited number of common shares without par value. All issued common shares are fully paid.

	2015 Number of shares	2015 Amount	2014 Number of shares	2014 Amount
		$000s		$000s
Balance on January 1	**85,347,340**	**58,896**	85,347,340	58,896
Common shares issued for:				
Financing, net of issue costs	**31,495,397**	**7,079**	-	-
Balance on September 30	**116,842,737**	**65,975**	85,347,340	58,896

On January 12, 2015, the Company closed the Private Placement consisting of 31,495,397 common shares of the Company at a price of $0.25 per share raising total proceeds of $7.874 million. Of these proceeds raised $1.700 million had been received in advance at December 31, 2014. A total of 7,946,713 share purchase warrants were issued as part of the Private Placement. Each share purchase warrant is exercisable to acquire one common share of the Company at a price of $0.40 until January 12, 2020.

The aggregate fair market value of the share purchase warrants and the shares issued in the Private Placement was distributed on a pro-rata basis between share capital and equity reserve. The fair value of the share purchase warrants issued in 2015 was estimated at $0.06 per share purchase warrant at the grant date using the Black-Scholes option pricing model.

The Company incurred cash share issue costs of $0.303 million in connection with the Private Placement in respect to filling and legal costs, of which $0.283 million was allocated to share capital and $0.020 million to share purchase warrants via the equity reserve.

At September 30, 2015, the Company had outstanding 9,733,470 share options (September 30, 2014: 5,864,573) with exercise prices ranging from $0.18 to $1.05 per share and a weighted average exercise price of $0.42. Additionally the Company had 20,141,835 share purchase warrants (September 30, 2014: 12,195,122) with exercise prices ranging from $0.40 to $0.41 per share and had granted 1,535,572 Restricted Share Units ("RSUs") (September 30, 2014: 1,782,073).

9. Related party transactions

Details of the transactions between the Group and related parties and key management personnel are disclosed below.

(a) Key management personnel compensation

The remuneration of directors and other members of key management personnel during the periods ended September 30, 2015 and 2014 was as follows:

	Note	Nine months ended September 30, 2015	2014
		$000s	$000s
Short-term employee benefits		**901**	1,007
Post-employment benefits	(i)	**80**	100
Redundancy payments	(ii)	**93**	-
Share-based payments	(iii)	**2,025**	1,331
		3,099	2,438

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

(ii) An officer of the Company was made redundant on January 31, 2015.

(iii) Share-based payments are the cost of share options, RSUs and DPUs granted to directors and key management personnel.

9. Related party transactions (continued)

(b) Deferred Phantom Unit Plan

In 2013 Euromax introduced a Deferred Phantom Unit Plan (“DPU Plan”) for its directors and key management personnel. Under the terms of the plan the non-executive directors elected to convert their outstanding unpaid directors’ fees into DPUs in lieu of cash as payment for their directors’ fees. From April 2013, non-executive directors made semi-annual elections to receive DPUs in lieu of cash for their fees. In September 2015 all non-executive directors, except for one, elected to receive DPUs in lieu of cash until March 31, 2016.

All DPUs issued by Euromax are cash-settled share-based payments and therefore all vested DPUs are revalued at the Company’s reporting period end share price with any fair value changes recorded in the income statement. Under the terms of the DPU Plan, for each DPU that vests cash will only become payable in the event that the director or key management person leaves the Company.

The total DPUs in issue at September 30, 2015 is 9,923,060 inclusive of DPUs granted to the Company’s non-executive directors. Share-based payment liabilities of $3.028 million (December 31, 2014: $1.586 million) are recognised as current at September 30, 2015. The DPU charge/(credit) for the three and nine months ended September 30, 2015 is ($1.069) million and $2.025 million (2014: $0.111 million and $1.047 million), respectively.

Resulting from the redundancy of an officer of the Company on January 31, 2015, cash payments of $0.186 million was made in respect of vested DPUs.

(c) Working capital loan

On October 31, 2014 the Company arranged and closed a working capital loan from its directors. The working capital loan was unsecured and repayable in full on or before April 30, 2015. Interest of 15% was payable on the working capital loan amount which was fully accrued and reported as a finance expense in the statements of loss and comprehensive loss for the year ended December 31, 2014.

During the first half of 2015, the working capital loan was repaid to the directors in full, through payment of $0.742 million of the loan and $0.111 million of interest.

10. Gold purchase advance payments

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

Under the GPSA, Royal Gold will purchase the gold delivered for a cash purchase price of 25% of the London PM gold fixing price as quoted by the London Bullion Market Association on the date of delivery for each ounce delivered and shall apply the balance as a reduction against the US$175 million advance payment.

Upon expiry of the 40 year term of the GPSA any balance remaining unpaid relating to the advance payment shall be refunded to Royal Gold. No interest shall be payable on the advance payments.

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

Under the GPSA, Euromax is permitted to raise up to US$215 million of senior ranking debt finance to fund mine construction and operations, as well as the ability to enter additional capital equipment leases and equipment financing customary for similar projects. On May 1, 2015, the Company executed a Mandate Letter and Term Sheet with Société Générale S.A. and UniCredit Bank AG and Unicredit Bank Austria AG to provide up to US$215 million of Senior Secured Project Finance, subject to due diligence and all necessary approvals. The Company also executed a Mandate Letter and Term Sheet with Caterpillar Financial to arrange an equipment financing facility for up to US$25 million, subject to due diligence and all necessary approvals.

10. Gold purchase advance payments (continued)

On March 2, 2015 the Group entered into a First Amendment to the GPSA with Royal Gold and closed the initial stage of the transaction. Euromax received the initial tranche of US$7.5 million in two equal instalments of US$3.75 million on March 2 and March 23, 2015.

On November 4, 2015 the Group requested and received US$3.75 million of the first anniversary payment under the GPSA and entered into a Second Amendment to the GPSA with Royal Gold which defers conditions for payment of the remaining first anniversary payment to January 1, 2016.

A third tranche of US$160 million will be received, pro-rata with other funding sources, from Royal Gold over the course of the construction period for the Ilovica Project, subject to the satisfaction of certain conditions.

The following is a summary of the changes in the gold purchase advance payments during the period:

	2015
	$000s
Balance on January 1	**-**
Funds received during the period	**9,351**
Adjustment recorded during the period:	
Foreign exchange movements	**645**
Capitalised transaction costs	**391**
Amortisation of transaction costs	**(366)**
Balance on September 30	**10,021**

Transaction costs amounting to $0.391 million were incurred in respect of closing the GPSA and drawdown of the initial tranche from Royal Gold. Transaction costs of $0.366 million has been expensed during this nine months period with the remaining transaction costs being amortised during the next quarter.

11. Contingencies and commitments

The Group had the following future contractual obligations as at September 30, 2015:

	up to 1 year	1-5 years	Over 5 years	Total
	$000s	$000s	$000s	**$000s**
Operating lease obligations	151	-	-	**151**
Minimum exploration obligations	375	-	-	**375**
Total contractual obligations	**526**	**-**	**-**	**526**

12. Non-controlling interest

On April 2, 2015, the Group sold a 4% interest in the South Danube Metals DOO (KMC project) for $0.100 million (US$0.080 million). The carrying amount of 4% of South Danube Metals DOO's net assets in the Group financial statements on the date of acquisition was $0.092 million. Accordingly, a gain on disposal of $0.008 million was recognised in other income in the nine months ended September 30, 2015.

13. Subsequent events

On October 19, 2015, the Company entered into the Option Agreement to sell its remaining 96% interest in KMC to the Optionee (see Note 6).