



This newsletter is providing a follow-up on Euromax's productive period due to completing the Feasibility Study ("FS") which provides a vast amount of engineering data and proves that the project is technically and economically viable.

Feasibility Study Results

On 6th January 2016 Euromax Resources ("Euromax") announced the results of the FS for its gold-copper porphyry project in Macedonia ("The project"). The results of the FS provide an updated reserve estimate and the FS itself further develops and increases the level of engineering for the Project from the Pre-feasibility Study previously announced (Press release - 5th June 2014).

Commenting on the results of the FS, Steve Sharpe, President & CEO, said:

"The Feasibility Study results support the economic viability of the Ilovica Project. As most new and expansion projects around the World are mothballed in response to the recent downturn in commodity prices, we believe that this is an ideal time for building so as to exploit the supply shortages that will likely occur. With a 20-year mine life, this is an important project for Macedonia which could enhance the economic profile of the country. The overwhelming support that we continue to receive from all stakeholders allows us to move confidently towards our stated goal of starting construction later this year."

The study supports the economic robustness of the Project which will be a large scale operation with a mine life of 20 years, throughput of 10 million tonnes of ore per annum and average annual payable production of 83,000 oz of gold and 16,000 tonnes of copper.

With the completion of the FS, the Company is well positioned to continue the development through to construction of Ilovica, which is targeted for the 3rd quarter of 2016.

The Front-End Engineering and Design work has already been initiated and it will include value engineering aimed at further optimising the project in parallel with the appointment of an EPC contractor during the period up to construction.

Work is continuing on the updated Environmental Impact Assessment; the national Environmental Impact Assessment, which was approved in Nov 2011, is being updated to include the revised extended concession area to ensure that the study covers all aspects of the project. The scope of the study will include European Bank of Reconstruction and Development Performance Requirements and Equator Principles which will ensure compliance with lenders' requirements and which is in line with Euromax's aim to work to the highest standards.

Euromax are delighted to be working together with the authorities and our local Macedonian stakeholders to build a world-class mining operation that will be the first Greenfield development of its kind in the region for over 30 years.

Commenting on the results of the FS, Pat Forward, Chief Operating Officer, said:

"Following a year of intense work on site and with our various partners in the study, we are delighted that Ilovica still stands out as a robust project. We have been able to achieve all the main aims of the study including an improvement in mineral resource and reserve classification, refinement of the mineral processing flow sheet, estimation of costs and an improved level of engineering."

Technical Report

At the beginning of November, representatives of D'Appolonia, Runge Pincock Minarco (RPM), Unicredit Bank, Societe Generale and Caterpillar Finance (CAT) conducted a site visit as part of their due diligence activities.

Meetings were held with the Mayors of the Municipalities of Bosilovo and Novo Selo, representatives of Ograzhden Public Utilities Company - Bosilovo, Strumichko Pole Water Management Company, and Belasica Forestry Company to discuss various aspects of the project. Also, meetings were held with representatives of the Macedonian Farmers' Association and Bosilovo Youth Council to discuss their points of view in relation to the project and the community they represented.

At the end of 2015, Goce Delchev University started their work on the development of the Main Mining Project. The reviewed Main Mining Project and an approved Environmental Impact Assessment are part of the application package that needs to be submitted to the relevant Macedonian authorities for issuing a permit for exploitation which is due in late July 2016.

MEPSO the national grid operator, completed the cost-benefit analysis for the high voltage grid connection and delivered the analysis to Euromax for further review. The analysis recommends building a dual power line connecting to the substations in Sushica and Berovo. Following the delivery of the analysis, Euromax developed a feasibility study for the proposed connections. At the same time, MEPSO and Euromax have been working on concluding a connection agreement which is expected to be finalized in Q2 2016.

Euromax is planning on engaging a local consultancy to assist in the process of urbanization, strategic environmental impact

assessment, Integrated Pollution Prevention and Control (IPPC) and environmental impact assessment.

Regular meetings between Euromax and the Mayors of the Municipalities of Bosilovo and Novo Selo continued to be held over the previous period. The main topics of discussion with both mayors were the urbanization process, the access road to the project site, the possible water supply options for the project and environmental protection.

Geophysical investigations were carried out on the proposed Ilovica Tailings Management Facility site. The aim of this survey was to obtain a better understanding of the rock mass state, lithology and physical-mechanical properties, based on the value of true specific electrical resistivity. Eight profiles with the lengths of the individual profiles being between 955 m and 2075 m were acquired in the dam area. The total length of all eight profiles was 12680m.

In January 2016, the drilling of an exploratory water well at Strumica valley (between Sekirnik and Shtuka village) started. The aim is to better understand groundwater occurrence and groundwater flow in the Strumica valley and to determine the potential for obtaining a water supply for mining operations.



Using the results from the field experiments that can be seen at the weather station, the rock masses were modeled. The findings have been integrated into mining and waste management schedules, TMF embankment construction schedules, geochemical modelling of the operation, and mine closure plans with a view to optimising the engineering and environmental integrity of the operation during and after mine-life.

Due to the latest stakeholder engagement activities held in September 2015 and the announcement of the FS results, the number of visits to our Information centre significantly increased.

Everyone who is interested to hear more about our project development and/or have any questions/opinion related to our project is more than welcome in our Information centre.

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Environmental & Social Activities

Euromax's employees and representatives from the Belasica Forestry Company participated in the Tree Day in November, 2015. Euromax organized reforestation near the reservoir in Ilovica, on the Ograzhden Mountain.



The preparation of the Environmental Impact Assessment ("EIA") for the Ilovica project is underway. All chapters of the EIA baseline reports were delivered to Euromax by the ESIA consultants, Golder Associates, at the beginning of February, 2016. The translation of baseline chapters from English into Macedonian is being done by the Euromax team based in Strumica. The impact assessment chapters are due to be completed by mid-March.

As part of the EIA preparation process, an integration workshop was held in January 2016. Representatives from Golder Associates,

SWS and local experts from the Goce Delchev University in Shtip, Biomaster, Hydro-Energo Engineering and Studio Atrium attended the workshop. The workshop was successfully completed and the next steps in developing the EIA chapters were agreed upon.

Environmental baseline monitoring activities continued over the previous period. The usual monitoring involved readings of the rain gauges and some of the snowboards installed on the perimeters of the Jazga and Shtuka river catchments, and flow measurements of the rivers near the project. Readings of the snowboards installed on higher elevations were not possible as most of them were inaccessible due to the bad road conditions in remote areas and snow depth. The Goce Delchev University dust monitoring equipment continues to monitor dust particulate matter concentrations.

Euromax is planning on holding more meetings with the local stakeholder groups to share information about the project once the EIA has been submitted to the authorities. This will be during the statutory 30 day disclosure period, during which time the public can comment on the document. A Non-Technical Summary of the document will be prepared to help people understand the project.

Community Projects

During November and December 2015, a team of Euromax personnel carried out educational and field presentation activities with the pupils from the Ss. Cyril and Methodius Elementary School in Ilovica. The activities involved presentation of a mining project in general and part of the environmental monitoring activities done by Euromax.



Pupils from 3rd, 4th and 5th grade were involved in the educational activities in the classroom, and pupils from 8th and 9th grade visited the monitoring sites in the vicinity of Ilovica and Shtuka. The pupils involved in the field activities were also acquainted with the health and safety principles implemented by Euromax.



A Memorandum of Understanding was signed between Euromax Resources and Ss. Cyril and Methodius Elementary School in Ilovica. The objective of the Memorandum refers to the development of further activities with the school on the part of extracurricular activities for the purpose of involving the pupils.

Euromax provided sponsorship for procurement and installation of aluminum entrance doors for the Cultural Centre in Bosilovo. The renovation provided aesthetic integration of the Cultural Centre building with the Municipality administrative building.

Euromax has also agreed to sponsor the refurbishment of Belasica Forestry Company's plant nursery for production of tree seedlings. This initiative will assist the reforestation of areas designated in the Forestry Company's special plans. The support will contribute to strengthening the capacity of the Forestry Company enabling them to grow a variety of native species.



At the end of 2015, Euromax sponsored the procurement of laminate, supplies and educational materials for the Novo Selo St. Kliment Ohridski Elementary School for children with special educational needs. Possible activities that Euromax could develop with the pupils for the purpose of both familiarizing them with the industry and providing practical involvement in field activities were discussed with the school principal.

Euromax and Strumica Museum have worked to develop a programme for evaluation and trial investigation of known archaeological sites within the mine footprint area. The Museum have delivered their proposal programme which is awaiting approval by Euromax.

Upcoming activities

- The focus of the project team now moves to the permitting and completion of the complex permitting procedures, including the Urban Planning Application, the Strategic Environmental Impact Assessment, Environmental Impact Assessment, and water use permits, all to be delivered to the Macedonian authorities for their approval in accordance with the applicable regulations. The submissions are being developed by local Consultants in close conjunction and co-operation with Euromax and using information collected during the FS and ESIA process.

The Project EIA will be submitted to the Ministry of Environment and Physical Planning (MOEPP) in Q1/Q2 2016.

This will initiate the national approval process which includes public disclosure of the report and collection of comments from interested parties, as well as the preparation of a Compliance Review by a committee appointed by the MOEPP. A Public Hearing will be held in the local municipalities prior to MOEPP preparing the approval decision.

- A team of foreign consultants is simultaneously working on the international version of the Environmental and Social Impact Assessment which will be delivered to the Project lenders to ensure that all aspects of EBRDs Performance Requirements and the Equator Principles have been addressed.

The Due Diligence process on the ESIA has already begun.

- The information sharing mentioned above, which will take place once the national EIA has been submitted to MOEPP, will explain the details of the project, the impacts identified and the proposed mitigation measures.

Feedback will be gathered from involved stakeholders so that their concerns can be addressed in the final version of the international ESIA before it is submitted to the lenders.

- The stakeholder engagement in the project area (particularly the villages of Ilovica, Shtuka, Turnovo, Sekirnik and Sushica which are closest to project infrastructure) and the Municipalities of Bosilovo and Novo Selo will intensify in the next few months to ensure that the communities fully understand the details of the proposed project, including potential work and business opportunities based on the goods and services that the mine will require throughout its life.

- In parallel with these activities, an EIA will be developed for the new 110kV Overhead Lines (OHL) from Berovo and Sushica substations to the project site substation.

- Once the route of the access road which will link the M6 road to the project site has been selected, the additional design work will be carried out as well as any additional environmental studies.



Frequently Asked Questions

The following paragraphs address a small sample of questions that were asked during the Open Houses held in September 2015 in Ilovica/Shtuka and Novo Selo. At the time, only the baseline studies were completed however these questions and answers are now being updated with information from the environmental and social impact assessment. They will be shared on Euromax's website and at the Information Centre when complete.

What will the impact on air quality be when the mine starts operating?

Air quality monitoring started in 2013 and Euromax installed the equipment at a total of 8 monitoring points. The monitoring results show that the air quality level is within the prescribed limits. Ilovica will be a modern mine, and the maximum permitted emission values for dust have been established in the project design in order to meet the national regulations. A number of different methods will be used to ensure that dust and gaseous emissions are minimized and air quality will be continuously monitored during construction and operation and additional actions will be taken if emission values are exceeded.

What will happen to the agriculture when the mine starts operating?

Most of the project footprint is covered by forest. Some areas of the project footprint are used for grazing and bee keeping and Euromax will work with those involved in these activities to ensure that they have other areas to carry out their activities or that other arrangements are made. There will be minimal impacts to agricultural land, mainly along the access road, the route of which is yet to be decided upon.

What are the measures to be taken and who would take the responsibility in case of impacts to water?

A highly qualified technical team from Schlumberger Water Services has been involved in the baseline monitoring of surface water and groundwater, the design of the water supply and management systems for the project and the impact assessments thereof. Their work on both the engineering and environmental and social aspects of the project has led to the development of a design for a water supply and management system for the project.

Water supplies for irrigation, potable and non-potable use for the local communities will be maintained at the same or at an improved quality throughout the project and following closure.

Municipality of Bosilovo, supported by Euromax, are working on developing an improved water supply network to provide treated water to households in Ilovica and Shtuka under a similar agreement with the Bosilovo public utilities company as it provided to other villages in the area. At this stage, Euromax is involved in this initiative by providing support for the project design development.

Will there be employment opportunities for the local residents?

There will be various job opportunities in the different stages of the mine development for local workers who have the necessary skills and qualifications. With 500 direct employments and a significant number of local contractors, the effects of the mine operation will be positive both in terms of the quantity and quality of employment opportunities available.

When details of the skills required are confirmed, the information will be shared with local businesses and training centres. The preparation and completion of the Euromax's Recruitment and selection Policy & Procedure is underway. The document will determine the procedure of recruitment, selection and appointment of the most qualified people for available job positions.

A Local Procurement Policy is also being developed and it will ensure that Euromax and its contractors procure goods and services from the local area as much as possible, assuming equivalent price and quality.

How will waste be managed after mine closure?

The mine and the associated waste management facilities (notably the Tailings Management Facility or TMF) have been designed to very high standards, including those of ICOLD (the International Committee on Large Dams). The design will be reviewed by several technical experts as part of the approvals and funding processes.

An important feature of the design parameters is the stability of the dam over time, in case of extreme rainfall, floods and seismic events. The stability of the dam at closure is also included in these studies. A Closure Plan is being developed, which includes the management of the TMF as well as how other project infrastructure will be managed at closure and who will do this. The surfaces of the dam will probably be covered with soil or crushed rock and planted with vegetation, which will stabilize the slopes and prevent erosion.

Press Releases

On 19th October 2015 Euromax announced that it had entered into an option agreement for the Karavansalija Mineralised Complex license in Serbia, whereby upon exercise the Optionee would acquire Euromax's 96% shareholding in South Danube Metals, the subsidiary company that owns the KMC license. (See press release from 19th October 2015).

On 8th December 2015 Euromax announced that it had signed a term sheet for the offtake of its copper-gold concentrate production from its Ilovica mine in Macedonia with Aurubis AG, Hamburg, Germany. The Company had progressed discussions with Aurubis and specifically the delivery of its copper-gold concentrate to Aurubis's Pirdop plant in Bulgaria. Subject to the requirements of the UFK, the Company had agreed to sell up to 100% of the copper gold concentrate from its Ilovica Project for up to 10 years at market standard terms to Aurubis. (See press release from 8th December 2015).

Euromax's local website domain has been officially transferred from www.euromax-ilovitza.mk to www.euromaxresources.mk

Corporate Update

During the period covered by this newsletter, Euromax was actively involved in the following conferences at which Euromax representatives had the opportunity to present the Ilovica Project.

MINEX Europe 2015

CEO Steve Sharpe and CFO Varshan Gokool attended the MINEX Europe Business Forum held in Vienna on 17th - 18th November. The forum aimed at giving an opportunity to the mining companies to present their projects to the local and global investors.

Macedonia Economic Summit

Within its vision of helping build a stronger nation, MK2025 is creating a foundation for cooperation amongst companies in Macedonia, successful business professionals from the Diaspora and international investors. They organized their 3rd Economic Summit, held in Skopje from 18th to 20th November 2015, with the intention to provide an important opportunity to engage industry and help focus business, academic and media communities on economic development.

Euromax presented the story for re-inventing the Macedonian mining sector (the potential economic benefits of the Ilovica project based on data from Pre-Feasibility Study (PFS)).

For more information please visit the [link](#).

An interpretive report of the mining sector in Macedonia that shows the potential economic benefit from the future Ilovica copper and gold mine was also launched at the summit, entitled "Opening a new chapter of Macedonia's economic growth through responsible mine development".

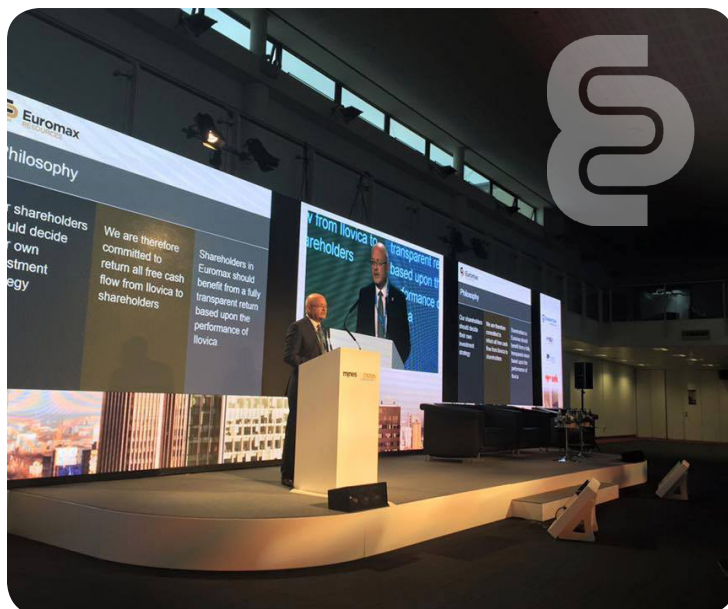


Business Forum – Beijing

CEO Steve Sharpe and CFO Varshan Gokool attended the Macedonian Business Forum in Beijing which was held on 26th November 2016 in cooperation with the Chinese Investment Foundation. The forum was led by Prime Minister Nikola Gruevski who presented the investment opportunities and benefits that are offered for doing business in Macedonia.

Mines & Money

Euromax Resources was one of the 150 mining companies that attended the Mines & Money Conference which is Europe's largest mining exhibition, with a 13-year history. The conference took place in London from 30th November to 3rd December and CEO Steve Sharpe presented the Ilovica Project to the mining and investment professionals and participated in a panel session discussing mining in Europe and his experience in Macedonia.



Global Metals & Mining

CEO Steve Sharpe and CFO Varshan Gokool attended the 25th Global Metals & Mining Conference hosted by BMO Capital Markets. The event took place in Florida from 28th February to 2nd March 2016.

Analytical Research

In October 2015, we were pleased that analysts from Euro Pacific Capital Inc. published an updated coverage on Euromax, presenting the Ilovica Project's details, its status and the future plans.

In January 2016, analysts from CIBC and Edison also published an updated coverage on the Project, following the announcement of the feasibility study results.

