MANAGEMENT'S DISCUSSION & ANALYSIS

For the three and six months ended June 30, 2016

INTRODUCTION

The following Management's Discussion and Analysis ("MD&A") of Euromax Resources Ltd. ("Euromax" or "Company") and its subsidiary companies (collectively, the "Group") is prepared as of August 12, 2016 and should be read in conjunction with the Group's unaudited condensed consolidated interim financial statements and related notes for the three and six months ended June 30, 2016 ("Q2-2016" and "1H-2016", respectively) and audited consolidated financial statements and related notes for the year ended December 31, 2015 ("FY15"), which are prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). The accounting policies applied are consistent with those adopted and disclosed in the previous reporting periods. The Group's functional and reporting currency is the Canadian dollar and all figures in this MD&A are in Canadian dollars unless otherwise indicated.

Some of the statements in this MD&A are forward-looking statements that are subject to risk factors set out in the cautionary note contained herein.

Until July 8, 2016, Euromax's common shares were listed on the TSX Venture Exchange ("TSX-V"), under the trading symbol "EOX". From July 11, 2016, Euromax's common shares graduated to the Toronto Stock Exchange ("TSX") under the same trading symbol. Additionally, from August 5, 2016 Euromax's common shares commenced trading on the OTCQX under the trading symbol "EOXFF". Euromax's share options and warrants are not listed.

CORPORATE STRATEGY

The Group's ambition is to become the leading gold and base metal mining company in Europe. The Group operates in two sectors in the mining industry: 1) the exploration and development of mineral right interests; and, 2) the provision of exploration and evaluation services. We will strive to set the standard for developing mines in Europe by using best industry practices at our operations and implementing the highest standard for environmental management and managing health and safety in the work place.

The Group mission is to bring the Ilovica-Shtuka gold-copper project in Macedonia ("Ilovica-Shtuka Project") into production within the next three years and grow the value of our business by maximising the potential of the Ilovica-Shtuka Project as our flagship asset. Delivery of value for our shareholders is key and we intend to pursue a suite of financing alternatives such that we may grow our business without diminishing value for shareholders.

As part of all our activities we will engage with and empower communities to be part of our projects and we will look to create mutually beneficial opportunities for all our stakeholders including local businesses, communities and employees.

1H-2016 HIGHLIGHTS

Ilovica-Shtuka Feasibility Study

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

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

The highlights of the FS are summarised below:

Financial

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

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

1H-2016 HIGHLIGHTS - CONTINUED

Ilovica-Shtuka Feasibility Study - continued

Reserves & Resources

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

Operational

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

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

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

On May 20, 2016, Euromax closed a convertible loan ("CCI convertible loan") with CC Ilovitza ("CCI" a member of the CCC Group) and received gross proceeds of $5.2 million. The CCI convertible loan matures on April 30, 2018 and incurs a fixed interest rate of 9% per annum compounded daily and which is repayable at maturity. At maturity, CCI can elect to receive cash repayment or convert the CCI convertible loan into Euromax's common shares at a conversion price of C$0.40 per common share. CCI can also elect to settle accrued interest on the CCI convertible loan in cash or convert such amount into Euromax's common shares at the prevailing share price on the maturity date, subject to approval by the TSX.

Additionally, Euromax anticipates receiving the following tranches of further financing for the Ilovica-Shtuka Project, subject to CCI board approval:

- An equity tranche on or prior to December 31, 2016 for a minimum of US$5.0 million in Euromax's common shares at a subscription price equal to 90% of the lower of (i) the then prevailing market price, or (ii) the 20 day volume weighted average price ("VWAP") prior to the date of the announcement; and,
- A subordinated loan tranche where CCI has provided an in-principle commitment to provide (at its discretion) a 10-year subordinated, secured loan facility of up to US$20.0 million at an interest rate of 6 month LIBOR plus 8% per annum.

Upon subscription of the CCI convertible loan and so long as CCI beneficially owns more than 5% of the outstanding Euromax common shares (and for these purposes, any remaining portion of the CCI convertible loan then outstanding will be deemed to have been converted in full into common shares pursuant to the terms of the CCI convertible loan):

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

1H-2016 HIGHLIGHTS - CONTINUED

Convertible loan provided by EBRD

On May 24, 2016, Euromax closed a convertible loan agreement ("EBRD convertible loan") with European Bank for Reconstruction and Development ("EBRD") and received proceeds of US$5.0 million ($6.504 million) ("Principal Amount").

The EBRD convertible loan matures on April 30, 2018, or if earlier, upon an equity raise of an agreed amount. Upon maturity Euromax will be required to pay the Principal Amount and an amount of US$1.420 million ($1.847 million) ("Redemption Amount") and in the event that Euromax has not secured sufficient financing commitments for the construction and development of the Ilovica-Shtuka Project by December 31, 2016, a fee of US$0.150 million ($0.195 million) ("Fee") will become payable and interest will be accrued on the loan from January 1, 2017 until maturity at an interest rate of 3 months LIBOR plus 7% per annum ("Interest").

The EBRD convertible loan is convertible in whole or in part into Euromax's common shares at the election of EBRD. The Principal Amount will be converted at $0.40 per share, whereas the Redemption Amount, as well as, if applicable, the Fee and Interest, will be convertible at the lower of (i) the market price of Euromax's common shares on the last day prior to EBRD serving a conversion notice; and (ii) the 20-day VWAP of the common shares preceding such date, in each case discounted as permitted by the TSX.

Reconfirmation of US$240 million German Government support

During June 2016, the German Government reconfirmed the UFK in-principle eligibility ("UFK Support") for a project finance facility amounting to US$240 million under the German Untied Loan Guarantee Scheme ("UFK" – Garantien für Ungebundene Finanzkredite) for the Ilovica-Shtuka Project. This builds upon Euromax's April 2015 announcement of the signing of mandate letters and term sheets with Société Générale S.A. and UniCredit Bank AG and Unicredit Bank Austria AG to provide project finance of up to US$215 million ("Project Facility") with Caterpillar Financial providing equipment financing of up to US$25 million ("Equipment Facility").

A first assessment was undertaken by PwC in its capacity as Mandated Manager of the UFK Untied Loan Guarantee Scheme on behalf of the Federal Republic of Germany, and builds upon the UFK Support.

The aimed confirmation of the UFK Support, which remains subject to final due diligence and approval, will follow an assessment by PwC of, inter alia, the FS, the Environmental & Social Due Diligence Report and the terms of a 10-year Copper Concentrate Offtake Agreement between the Group and Aurubis AG.

Ilovica-Shtuka Project permitting activities

On January 13, 2016, the Exploitation Concession on Ilovica-Shtuka 11 was granted to the Group under the rules and regulations of the Minerals Law in Macedonia. The Exploitation Concession on Ilovica-Shtuka 11 has an initial term of 30 years and is subject to a state royalty of 2% of the market value of metals contained in concentrate.

On April 26, 2016 the Group submitted a draft Environmental Impact Assessment Study for the Ilovica-Shtuka Project ("EIA") to the Ministry of Environmental and Physical Planning ("MOEPP") for approval.

The EIA is an assessment of the potential environmental and social impacts of the Ilovica-Shtuka Project that meets all Macedonian national regulations and is part of the application package required for obtaining an Exploitation Permit for the Ilovica-Shtuka Project.

During the 30 days following submission, all stakeholders were invited to provide their comments on the EIA and various meetings were held with local stakeholders to explain all the potential impacts of the Ilovica-Shtuka Project. After a formal public hearing held by the Macedonian authorities, all comments and responses were incorporated into a final version of the EIA.

Work is continuing on an Environmental and Social Impact Assessment ("ESIA") as an expansion of the EIA in order to meet international standards including EBRD Performance Requirements and Equator Principles.

Corporate activities

On July 7, 2016, Euromax announced that it had received final approval from the TSX to graduate from the TSX-V and list its common shares on the TSX. Euromax's common shares commenced trading on the TSX under the existing symbol "EOX" on Monday July 11, 2016.

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

1H-2016 HIGHLIGHTS - CONTINUED

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

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

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

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

Euromax Exploration Services EOOD ("EES")

During 1H-2016, EES delivered exploration services on the KMC, under the agreed 2016 work programme with the Optionee, and accordingly recognised revenue of $1.417 million and generated a gross profit of $0.289 million which contributed to reducing the Group's cost base. These results are broadly consistent with the performance achieved in the six months ended June 30, 2015 ("1H-2015").

Subsequent to period end, EES signed 2016 exploration programmes in respect of the Babyak and Zlataritza properties. Work will commence shortly and should be completed by the end of 2016.

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

PROJECTS

This section outlines the exploration activities carried out in the six months ended June 30, 2016. Patrick Forward, Chief Operating Officer, is the Qualified Person responsible for the review of the technical information contained in this section of the Group's MD&A.

Ilovica-Shtuka Project – Macedonia

In December 2015 technical work on the Group's Ilovica-Shtuka Project culminated in the finalisation of the FS. The results of the FS were announced on January 6, 2016 (see *1H-2016* section above for further details).

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

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

Activities regarding Value Engineering and FEED are being finalised now, and during the next quarter relevant reports of those activities are expected to be completed.

The negotiations on contracting companies are in an advanced phase as well, and based on that, a draft implementation plan is prepared, which is expected to be finalised during the third quarter of 2016.

On July 22, 2016 an application for the Exploitation Permit for the Ilovica-Shtuka Project was submitted.

KMC Gold-Copper Project – Serbia

On March 16, 2016, the KMC exploration permit was successfully renewed for a further two years (see "1H-2016 Highlights" section "Granted permit and Option Agreement for KMC" subsection for further details).

Upon securing the extension of the KMC exploration permit, drilling and assaying activities, financed by the Optionee, were performed during Q2-2016.

SELECTED INTERIM FINANCIAL INFORMATION FOR 1H-2016

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

Quarter ended	June 30, 2016	March 31, 2016	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015	December 31, 2014	September 30, 2014
Total revenue	1,321	96	1,066	2,360	1,285	18	94	1,335
Net loss after tax attributable to the Owners of the Company	(2,282)	(2,923)	(1,894)	(2,191)	(2,678)	(3,526)	(4,682)	(2,279)
Loss per share	(0.02)	(0.03)	(0.02)	(0.02)	(0.02)	(0.03)	(0.05)	(0.03)

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

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

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

RESULTS OF OPERATIONS

KEY POINTS

- *1H-2016 operating loss of $4.867 million (1H-2015: $5.919 million)*
- *1H-2016 operating cash costs[2] (operating loss excluding depreciation, amortisation, share-based payments and unrealised foreign exchange gain/(loss)) increased to $3.045 million (1H-2015: $2.886 million)*
- *1H-2016 loss after tax attributable to the Owners of the Company reduced to $5.205 million (1H-2015: $6.204 million)*
- *Q2-2016 loss after tax attributable to the Owners of the Company slightly reduced to $2.282 million (Three months ended June 30, 2015 ("Q2-2015"): $2.678 million)*

[2] Non-GAAP Measure. Please refer to page 10 for further details.

RESULTS OF OPERATIONS - CONTINUED

in thousands $	Quarter ended June 30 2016 (Unaudited)	Quarter ended June 30 2015 (Unaudited)	Six months ended June 30 2016 (Unaudited)	Six months ended June 30 2015 (Unaudited)
Revenue	**1,321**	1,285	**1,417**	1,303
Direct costs	**(1,048)**	(1,033)	**(1,128)**	(1,060)
Gross (loss)/profit	**273**	252	**289**	243
Expenses				
Accounting, legal and professional	**(445)**	(222)	**(729)**	(524)
Depreciation	**(48)**	(43)	**(100)**	(76)
Amortisation	**(2)**	(3)	**(5)**	(8)
Office and general	**(108)**	(101)	**(228)**	(235)
Regulatory, filing and transfer agent	**(65)**	(5)	**(79)**	(16)
Rent	**(172)**	(71)	**(262)**	(152)
Salaries, director and consultant fees	**(1,102)**	(300)	**(1,637)**	(1,086)
Share-based payments	**237**	(1,616)	**(2,047)**	(3,094)
Investor and public relations	**(57)**	(66)	**(113)**	(166)
Travel	**(111)**	(152)	**(232)**	(252)
Exploration and evaluation costs	**(29)**	(20)	**(34)**	(34)
Expense recoveries	**87**	-	**87**	-
Gain/(loss) on foreign exchange	**(404)**	(218)	**223**	(519)
Operating loss	**(1,946)**	(2,565)	**(4,867)**	(5,919)
Finance income	**4**	-	**17**	1
Finance expense	**(333)**	(108)	**(338)**	(279)
Net finance income/(expense)	**(329)**	(108)	**(321)**	(278)
Other income	**-**	11	**-**	12
Loss before tax	**(2,275)**	(2,662)	**(5,188)**	(6,185)
Income tax expense	**(7)**	(18)	**(20)**	(21)
Loss after tax	**(2,282)**	(2,680)	**(5,208)**	(6,206)
Loss attributable to:				
Owners of the Company	**(2,282)**	(2,678)	**(5,205)**	(6,204)
Non-controlling interest	**-**	(2)	**(3)**	(2)

DETAILED ANALYSIS OF THE SIX MONTHS ENDED JUNE 30, 2016 COMPARED TO THE SIX MONTHS ENDED JUNE 30, 2015

A loss after tax attributable to the owners of the company of $5.205 million or $0.04 per share in 1H-2016 decreased from $6.204 million or $0.05 per share in 1H-2015 due to the following:

- Share-based payments expense decreasing $1.047 million owing to a lower percentage increase in the Company's share price during 1H-2016 compared 1H-2015, as the Company's Deferred Phantom Units ("DPUs") are marked-to-market at the Company's quarter end share price.
- A favourable movement on foreign exchange of $0.742 million was mainly due to a strengthening of Canadian Dollar and Euro against the US Dollar and British Pound during 1H-2016. Conversely in 1H-2015, a loss on foreign exchange arose from recycling of currency translation reserve losses of $0.222 million to the income statement together with a weakening of the Euro during 1H-2015.
- Under the terms of the Option Agreement on the Group's Serbian subsidiary SDM, $0.087 million of exploration and administrative expenses incurred were recovered from the Optionee during 1H-2016.

RESULTS OF OPERATIONS - CONTINUED

DETAILED ANALYSIS OF THE SIX MONTHS ENDED JUNE 30, 2016 COMPARED TO THE SIX MONTHS ENDED JUNE 30, 2015 - CONTINUED

Offset by:

- Salaries, director and consultant fees increasing $0.551 million which reflected a combination of:
  - A higher average number of staff in the Group's Macedonian operations during 1H-2016;
  - A delay in commencing work with one client led to a greater proportion of EES salary costs being not chargeable and therefore recognised within salaries, director and consultant fees rather than direct costs; and,
  - The Compensation Committee adjusting management's compensation in recognition of the completion of certain key milestones, including the Ilovica-Shtuka Project FS and graduating to the TSX.
- Accounting, legal and professional fees increased by $0.205 million owing to legal fees incurred in signing and closing the convertible loan arrangement with EBRD. Additionally, professional fees were incurred on securing the Project Facility, as announced in April 2015.
- An increase in the Group's rent of $0.110 million due to an accrual for dilapidations on the London office. Subsequent to period end the London office has relocated to a smaller serviced office which is expected to reduce rent and office and general expenses incurred at a corporate level going forward.

DETAILED ANALYSIS OF THE QUARTER ENDED JUNE 30, 2016 COMPARED TO QUARTER ENDED JUNE 30, 2015

The Group recorded a loss after tax attributable to the owners of the Company of $2.282 million or $0.02 per share in Q2-2016, compared to $2.678 million or $0.02 per share in Q2-2015. The decreased quarter on quarter loss was mainly due to the following:

- Share-based payments expense decreasing $1.853 million primarily due to the Company's share price falling during Q2-2016 compared to a share price increase during Q2-2015, as the Company's DPUs are marked-to-market at the Company's quarter end share price.
- Under the terms of the Option Agreement on the Group's Serbian subsidiary SDM, $0.087 million of exploration and administrative expenses incurred were recovered from the Optionee during Q2-2016.

Offset by:

- Salaries, director and consultant fees increasing $0.802 million which reflected a combination of:
  - The Compensation Committee adjusting management's compensation in recognition of the completion of certain key milestones, including the Ilovica-Shtuka Project FS and graduating to the TSX;
  - A higher average number of staff in the Group's Macedonian operations compared to Q2-2015; and,
  - A delay in commencing work with one client led to a greater proportion of EES salary costs being not chargeable and therefore recognised within salaries, director and consultant fees rather than direct costs.
- Finance expenses increased by $0.225 million primarily due to the interest accrued on the EBRD and CCI convertible loans.
- Accounting, legal and professional fees increasing $0.223 million due to legal fees incurred in signing and closing the convertible loan arrangement with EBRD. Additionally, professional fees were incurred on securing the Project Facility, as announced in April 2015.
- An increase in the Group's loss on foreign exchange of $0.186 million was mainly due to the strengthening of the US Dollar against the Euro during Q2-2016 as a substantial portion of the Group's liabilities are denominated in US Dollars and held within Euro or Euro-linked functional currency subsidiaries.
- An increase in the Group's rent of $0.101 million due to an accrual for dilapidations on the London office. Subsequent to period end the London office has relocated to a smaller serviced office which is expected to reduce rent and office and general expenses incurred at a corporate level going forward.

LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2016 the Group had cash and cash equivalents of $7.618 million, trade and other receivables of $0.906 million and trade and other payables totalling $2.876 million. In addition to this the Group had gold purchase advance payments totalling $14.630 million and share-based payment liabilities amounting to $5.048 million. Refer to the "Related Party Transactions" section for further details relating to the share-based payment liabilities.

The Group is in the exploration and evaluation stage of the mining life cycle and has only limited sources of operating cash flow generated from its Exploration Services operating segment in Bulgaria. The Group's ability to continue operations is contingent on its ability to obtain additional financing and progress the Ilovica-Shtuka Project into commercial production. Refer to Note 3 of the Group's unaudited condensed consolidated interim financial statements and related notes for 1H-2016, for further details.

Operating Activities

	Six months ended June 30,	
	2016	2015
in thousands $	(Unaudited)	(Unaudited)
OPERATING ACTIVITIES		
Loss before tax	**(5,188)**	(6,185)
Add back:		
Depreciation	**100**	76
Amortisation	**5**	8
Finance income	**(17)**	(1)
Finance expense	**338**	279
Other income	**-**	(8)
Share-based payments, net of deferred phantom units settled	**2,047**	2,908
Loss on disposal of property, plant and equipment	**-**	2
Unrealised foreign exchange gain	**(330)**	(145)
Expensed transaction costs associated with convertible loans	**273**	-
Changes in non-cash working capital items:		
Decrease/(increase) in trade and other receivables and prepayments and deposits	**156**	(1,466)
Increase in trade and other payables	**313**	389
Cash used in operating activities	**(2,303)**	(4,143)

Cash used in operations in 1H-2016 was $2.303 million compared to $4.143 million in 1H-2015. This $1.840 million reduction in cash used in operating activities is principally driven by favourable working capital movements relating to operating activities in 1H-2016 compared to 1H-2015, which resulted in reduced cash payments of $1.546 million in 1H-2016.

Specifically, the reduction of trade and other receivables, including prepayments and deposits of $0.156 million (1H-2015: increase of $1.466 million) was driven by the receipt indirect taxes refunds and favourable timing of receipt of EES's receivables in 1H-2016 compared to 1H-2015.

The remaining $0.294 million movement arises from the decreased net loss after tax in 1H-2016 comparing to 1H-2015. See the "Results of Operations" section above for further details.

Financing Activities

	Six months ended June 30,	
	2016	2015
in thousands $	(Unaudited)	(Unaudited)
FINANCING ACTIVITIES		
Proceeds from convertible loans	**11,765**	-
Transaction costs associated with convertible loans	**(482)**	-
Proceeds from share issue	**-**	6,174
Share issue costs	**-**	(303)
Proceeds from gold purchase advance payments	**-**	9,351
Transaction costs associated with gold purchase advance payments	**-**	(391)
Repayment of working capital loan	**-**	(742)
Interest paid	**(11)**	(128)
Cash provided by financing activities	**11,272**	13,961

LIQUIDITY AND CAPITAL RESOURCES - CONTINUED

Financing Activities - continued

During 1H-2016, the Group received gross proceeds of $11.765 million, (i.e. $6.565 million and $5.200 million, from the EBRD convertible loan and from the CCI convertible loan, respectively). This was offset by transactions costs paid of $0.329 million on CCI convertible loan and $0.153 million on the EBRD convertible loan, as well as by interest paid of $0.011 million.

In 1H-2015, the Group closed a non-brokered private placement issuing 31,495,397 common shares at an issue price of $0.25 per share raising gross proceeds of $7.874 million of which $1.700 million had been received in FY14. Additionally, $9.351 million of gold purchase advance payments were received from the initial tranches of funding from the Gold Purchase and Sale Agreement ("GPSA") with Royal Gold. Offsetting these financing proceeds was the repayment of the working capital loan facility of $0.742 million, GPSA transaction costs of $0.391 million, share issue costs of $0.303 million and interest paid of $0.128 million.

Investing Activities

	Six months ended June 30,	
	2016	**2015**
in thousands $	**(Unaudited)**	**(Unaudited)**
INVESTING ACTIVITIES		
Expenditures on unproven mineral right interests	**(4,588)**	(5,521)
Purchases of property, plant and equipment and intangible assets	**(75)**	(468)
Proceeds from sale to non-controlling interest	**-**	100
Proceeds from restricted cash deposits	**73**	-
Interest received	**17**	1
Cash used in investing activities	**(4,573)**	(5,888)

Cash used in investing activities in 1H-2016 amounted to $4.573 million which includes $4.588 million of capital expenditures on unproven mineral right interests, predominately on the Ilovica-Shtuka Project and purchases of property, plant and equipment and intangible assets of $0.075 million. This was offset by a release of restricted cash of $0.073 million and $0.017 million for the interest received during 1H-2016.

The Group used cash of $5.888 million in investing activities in 1H-2015 which includes $5.521 million of capital expenditures on unproven mineral right interests, predominately on the Ilovica-Shtuka Project and purchases of property, plant and equipment and intangible assets of $0.468 million, offset by $0.100 million proceeds received from the sale of a 4% interest in KMC.

The table below summarises the expenditures incurred on the Group's key projects during 1H-2016 and 1H-2015.

	Macedonia	**Serbia**	**Total**
	Ilovica-Shtuka	*KMC*	
	$000s	$000s	$000s
Balance, January 1, 2015	13,655	2,332	15,987
Exploration expenditures:			
Assays and analysis	211	14	225
Drilling	2,508	86	2,594
Feasibility costs	1,374	-	1,374
Social & environmental costs	1,306	-	1,306
Other	330	7	337
	19,384	2,439	21,823
Other items:			
Exchange differences	(471)	(53)	(524)
Balance, June 30, 2015	18,913	2,386	21,299
Balance, January 1, 2016	**27,901**	**673**	**28,574**
Exploration expenditures:			
Assays and analysis	**355**	**-**	**355**
Drilling	**171**	**-**	**171**
Feasibility costs	**3,077**	**-**	**3,077**
Social & environmental studies	**418**	**-**	**418**
Other	**347**	**-**	**347**
	32,269	**673**	**32,942**
Other items:			
Exchange differences	**(1,446)**	**(44)**	**(1,490)**
Balance, June 30, 2016	**30,823**	**629**	**31,452**

NON-GAAP MEASURES

The Company has included a non-GAAP performance measure, namely operating cash costs in this document. Mineral exploration companies are reliant on continuously sourcing funding until commercial production is reached and hence minimising cash outflows from administrative costs is a key objective. In addition to conventional measures prepared in accordance with GAAP, the Company and certain investors use this information to evaluate the Company's ability to conserve cash resources. This non-GAAP measure is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

The following table provides a reconciliation of the operating cash costs for the three and six months ended June 30, 2016 and 2015.

	Quarter ended June 30		Six months ended June 30	
in thousands $	2016	2015	2016	2015
Operating loss - per financial statements	**(1,946)**	(2,565)	**(4,867)**	(5,919)
Add/(Less):				
Share-based payments	**(237)**	1,616	**2,047**	3,094
Depreciation	**48**	43	**100**	76
Amortisation	**2**	3	**5**	8
Unrealised foreign exchange (gain)/loss	**305**	(216)	**(330)**	(145)
Total Operating cash costs	**(1,828)**	(1,119)	**(3,045)**	(2,886)

RELATED PARTY TRANSACTIONS

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

(a) Key management personnel transactions

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

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

	Six months ended June 30,	
	2016	**2015**
	$000s	$000s
Project management fees	**152**	-
	152	-

At June 30, 2016, the Group owed Trentside Projects Limited $0.024 million (December 31, 2015: $0.029 million) for services rendered.

(b) Key management personnel compensation

The remuneration of directors and other members of key management personnel during the six months ended June 30, 2016 and 2015 was as follows:

		Six months ended June 30,	
	Note	**2016**	**2015**
		$000s	$000s
Short-term employee benefits		**1,297**	588
Post-employment benefits	(i)	**52**	53
Redundancy payments	(ii)	**-**	93
Share-based payments	(iii)	**2,047**	3,094
		3,396	3,828

RELATED PARTY TRANSACTIONS - CONTINUED

(b) Key management personnel compensation - continued

(i) Executive directors and some key management personnel receive pension contributions equal to 10% of their salary to their individual pension plans;
(ii) The Company's VP Legal Affairs and Corporate Secretary was made redundant on January 31, 2015;
(iii) Share-based payments relate to vesting of share options, Restricted Share Units ("RSUs") and DPUs granted to directors and key management personnel in current and prior periods.

(c) Deferred Phantom Unit Plan

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

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

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

The total DPUs in issue at June 30, 2016 is 12,083,259 (June 30, 2015: 9,726,150) inclusive of DPUs granted to the Company's non-executive directors. Share-based payment liabilities of $5.048 million (December 31, 2015: $3.067 million) are recognised as current at June 30, 2016. The DPU charge / (credit) for the three and six months ended June 30, 2016 is ($0.269) million and $1.982 million (2015: $1.542 million and $2.757 million), respectively.

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

(d) Working capital loan

During the six months ended June 30, 2015, the Company fully repaid the working capital loan of $0.742 million to its directors, provided during 2014, together with its interest of $0.111 million.

Director	Principal	Interest	Total repaid
	$000s	$000s	$000s
Martyn Konig	180	26	206
Randal Matkaluk	200	30	230
Timothy Morgan-Wynne	187	28	215
Steve Sharpe	57	9	66
Varshan Gokool	61	9	70
Patrick Forward	57	9	66
Total	**742**	**111**	**853**

COMMITMENTS FOR CAPITAL EXPENDITURES

The Group had the following future contractual obligations as at June 30, 2016:

	up to 1 year	1-5 years	Over 5 years	Total
	$000s	$000s	$000s	**$000s**
Operating lease obligations	180	180	-	**360**
Other contractual obligations	19	-	-	**19**
Total contractual obligations	**199**	**180**	**-**	**379**

CRITICAL ACCOUNTING ESTIMATES

The Group's significant accounting policies are summarised in Note 3 of its audited consolidated financial statements for FY15 and in Note 4 of its unaudited condensed consolidated interim financial statements for 1H-2016. The preparation of consolidated financial statements in accordance with IFRS as issued by the IASB which requires management to select accounting policies and make estimates and judgements that may have a significant impact on the consolidated financial statements.

The Group regularly reviews its estimates; however, actual amounts could differ from the estimates used and, accordingly, materially affect the results of operations.

Examples of significant judgements and estimates include:

- Carrying values of unproven mineral right interests, and property, plant & equipment;
- Valuation of share-based payment arrangements; and
- Recognition and measurement of convertible loans (see below).

During 1H-2016, the Group entered into two convertible loan arrangements as described above under the *1H-2016 Highlights* section. A new significant judgements and estimates have been established regarding the recognition and measurement of these convertible loans as follows:

Recognition and measurement of convertible loans

A convertible loan ("CCI convertible loan") from CC Ilovitza ("CCI" a member of the CCC Group), is a compound financial instrument. As such on initial recognition, the loan must be split into a liability component and an equity component. The liability component recognised has been determined by fair valuing the convertible loan using a relevant market interest rate that would apply to a similar loan that does not contain an equity conversion right. The equity component is calculated as the residual amount of the calculated liability component and the face value of the convertible loan.

Separately the convertible loan ("EBRD convertible loan") from the European Bank for Reconstruction and Development ("EBRD"), does not meet the definition of a compound financial instrument and therefore is accounted for as a derivative financial instrument, classified as financial liability at fair value through profit or loss.

However, due to the close proximity of the closing date of the EBRD convertible loan and June 30, 2016, management has determined that the original face value, as adjusted for accrued interest, of the EBRD convertible loan materially approximates its fair value.

OPERATIONAL AND OTHER BUSINESS RISKS AND UNCERTAINTIES

The following risk factors, as well as risks not currently known to the Group, could materially adversely affect the Group's future business, operations and financial position and could cause them to differ materially from the estimates described in the forward-looking statements and information contained herein. The risks set out below include those that are widespread and associated with any form of business and those that are specific risks associated with the Group's business and its involvement in the exploration and mining industry generally, and in south-eastern Europe in particular. Shareholders and prospective investors should carefully consider, in light of their own financial circumstance, the factors set out herein.

Dependence on Third Party Financing

The Group currently has no source of operational cash flow. As a result, the Group will continue to depend on third party financing to fund future working capital, capital expenditures, operating and exploration costs and other general corporate requirements. The success and the pricing of any such capital raising and/or debt financing will be dependent upon the prevailing market conditions at that time for junior exploration and development companies to attract significant amounts of debt and/or equity. There can be no assurance that such financing will be available to the Group or, if it is, that it will be offered on acceptable terms. Failure to obtain sufficient financing, as and when required, may result in a delay or indefinite postponement of exploration or development on any or all of the Group's properties.

OPERATIONAL AND OTHER BUSINESS RISKS AND UNCERTAINTIES - CONTINUED

Fluctuation of Commodity Prices

The Group's exploration and other mining activities have previously been, and may in the future be, significantly adversely affected by declines in commodity prices, particularly gold and copper. Commodity prices are volatile and are affected by numerous factors beyond the Group's control such as the sale or purchase of metals by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and foreign currencies, global and regional supply and demand, and the political and economic conditions of major mining countries throughout the world.

Any future serious drop in commodity prices or sustained low commodity prices could adversely impact the Group's future revenues, profits and cash flows. In particular, sustained low, or further reductions in, commodity prices could:

- reduce or eliminate the Group's ability to finance the exploration of existing and future mineral projects;
- force the Group to lose its interest in, or to sell, all or some of its properties;
- halt or delay the development of existing or new projects; and
- reduce the value of the Group's securities.

Furthermore, declining or sustained low commodity prices could impact the Group's operations by requiring a reassessment of the feasibility of any existing or new projects. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

Mineral Exploration

Mineral resource exploration is highly speculative, involves substantial expenditures, and is frequently unsuccessful. Few prospects that are explored are ultimately developed into producing mines. To the extent that the Group continues to be involved in exploration, the long-term success of its operations will be related to the cost and success of its exploration programmes. There can be no assurance that the Group's exploration efforts will be successful. The success of exploration is determined in part on the following factors:

- the identification of potential mineralization based on superficial analysis;
- availability of prospective land;
- availability of government-granted exploration and exploitation permits;
- the quality of management and geological and technical expertise; and
- the capital available for exploration and development.

Substantial expenditures are required to determine if a project is economically feasible. It could take several years to establish proven and probable mineral reserves and to develop and construct mining and processing facilities. As a result of these uncertainties, there can be no assurance that current and future exploration programmes will result in the discovery of mineral reserves and the development of mines.

Carrying Value of Unproven Mineral Right Interests

Based on annual impairment reviews made by management, in the event that the long-term expectation is that the net carrying amount of certain capitalised development and exploration costs will not be recovered, then the carrying amount is written down to the appropriate fair value, with the write-down amount charged to the income statement. These write-downs could occur if: the carrying amounts of the capitalised costs exceed the related undiscounted net cash flows of reserves and/or its fair value less costs to sell; exploration activities have ceased; exploration results are not promising such that exploration will not be planned for the foreseeable future; or insufficient funding is available to complete the development and exploration programme.

Expected future cash flows are inherently uncertain, and could materially change over time. They are significantly affected by reserve and production estimates, together with economic factors such as spot and forward gold and copper prices, discount rates, currency exchange rates, estimates of costs to produce reserves and future capital expenditures. If any of these uncertainties occur either alone or in combination, it could require management to recognise an impairment, which could adversely affect the Group's business, results of operations and financial position.

OPERATIONAL AND OTHER BUSINESS RISKS AND UNCERTAINTIES - CONTINUED

Dilution

The Group may require additional funds to fund development and exploration programmes and potential acquisitions. The Group cannot predict the size of future issuances of common shares or the issuance of debt instruments or other securities convertible into shares or the effect, if any, that future issuances and sales of the Group's securities will have on the market price of the common shares. If it raises additional funding by issuing additional equity securities, such financing may substantially dilute the interests of existing shareholders. Sales of substantial amounts of common shares, or the availability of such common shares for sale, could adversely affect the prevailing market prices for the Group's securities.

Share Price Volatility

In recent years, the world securities markets, including that in Canada, have experienced a high level of price and volume volatility and the market price of securities of many companies, including the Company, have experienced wide fluctuations in price which have not necessarily been related to operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in share price will not occur.

Resource Estimates

The mineral resource estimates presented herein are made by Group personnel and independent geologists. These estimates depend upon geological interpretation and statistical inferences drawn from drilling and sampling analysis, which may prove to be unreliable. There can be no assurance estimates will be accurate. The inclusion of mineral resource estimates should not be regarded as a representation that these amounts can be economically exploited and no assurances can be given that such resource estimates will be converted into reserves. Different experts may provide different interpretations of resource estimates.

Dependence on Key Personnel

The success of the Group and its ability to continue to carry on operations is dependent upon its ability to retain the services of certain key personnel. The loss of their services to the Group may have a material adverse effect on the Group. The Group does not presently have "key person" life insurance for any of its officers.

Capital and Operating Cost Risks

The Group's forecasts and technical reports are based on a set of assumptions current as at the date of completion of these forecasts and studies. The realised operating and capital costs achieved by the Group may differ substantially owing to factors outside the control of the Group, including currency fluctuations, supply and demand factors for the equipment and supplies, global commodity prices, transport and logistics costs and competition for human resources. Though the Group incorporates a level of contingency in its assumptions, these may not be adequate depending on market conditions.

The mining business is capital intensive and the development, exploration and exploitation of mineral reserves and resources and the acquisition of machinery and equipment require substantial capital expenditure. The Group has a number of exploration and development projects which will involve significant capital expenditure to progress.

Further, the Group relies on certain key third-party suppliers and contractors for equipment, raw materials and services used in, and the provision of services necessary for the continuing exploration and development of its projects. As a result, the Group's operations at its sites are subject to a number of risks, some of which are outside of the Group's control, including negotiating agreements with suppliers and contractors on acceptable terms, the inability to replace a supplier or contractor and its equipment, raw materials or services in the event that either party terminates the agreement, interruption of operations or increased costs in the event that a supplier or contractor ceases its business due to insolvency or other unforeseen events and failure of a supplier or contractor to perform under its agreement with the Group. The occurrence of one or more of these risks could have a material adverse effect on the Group's business, results of operations and financial position.

Currency Risk

The Group maintains most of its working capital in US dollars. The Group currently operates in Bulgaria, Macedonia and Serbia and its operating costs are incurred in a combination of Bulgarian Levs, Macedonian Denars, Serbian Dinars, Canadian Dollars British Pounds or Euros. Accordingly, the Group is subject to fluctuations in the rates of currency exchange between these currencies. The Group has not hedged its exposure to currency fluctuations.

OPERATIONAL AND OTHER BUSINESS RISKS AND UNCERTAINTIES - CONTINUED

Global Economic Conditions

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

Economic and Political Instability in Foreign Jurisdictions

The Group currently operates in Bulgaria, Macedonia and Serbia. There are risks to conducting business in foreign countries. These risks may include, among others, invalidation of governmental orders and permits, uncertain political and economic environments, sovereign risk, war, civil disturbances, arbitrary changes in laws or policies, the failure of foreign parties to honour contractual relations, delays in obtaining or the inability to obtain necessary governmental permits, authorizations and consents, limitations on foreign ownership, limitations on the repatriation of earnings, limitations on exports, instability due to economic under-development, inadequate infrastructure and increased financing costs. In addition, the enforcement by the Group of its legal rights to exploit its properties may not be recognised by any foreign government or by the court system of a foreign country. These risks may limit or disrupt the Group's operations, restrict the movement of funds or result in the deprivation of mining related rights or the taking of property by nationalization or expropriation without fair compensation.

Permitting Requirements

Mining operations require mining and other permits from the government. These permits may not be issued on a timely basis or at all, and such permits, when issued, may be subject to requirements or conditions with which it is burdensome or expensive to comply. Furthermore, there is no assurance that delays will not occur in connection with obtaining all necessary renewals of existing permits, additional permits for any possible future changes to operations, or additional permits associated with new legislation.

Government Regulation

Mineral businesses are subject to regulation and intervention by governments in such matters as the imposition of specific exploration, drilling and development obligations; environmental protection controls and control over the development and abandonment of resource (including restrictions on production). As well, governments may regulate or intervene with respect to prices, taxes, royalties and the exportation of commodities. Such regulation may be changed from time to time in response to economic or political conditions. The implementation of new regulations or the modification of existing regulations affecting the minerals industries could reduce demand for commodities produced, increase the Group's operating costs and have a material adverse impact on the Group's results of operations and financial position.

Title Matters

The Group periodically confirms the validity of its title to, or contract rights with respect to, each mineral property in which it has a material interest. However, the Group cannot guarantee that title to its properties will not be challenged. The Group's mineral properties could be subject to prior unregistered agreements, transfers or claims, and title could be affected by, among other things, undetected defects. In addition, the Group might be unable to operate its properties as permitted or to enforce its rights with respect thereto.

OPERATIONAL AND OTHER BUSINESS RISKS AND UNCERTAINTIES - CONTINUED

Operating Hazards and Other Uncertainties

The Group's business operations are subject to risks and hazards inherent in the mining industry. The exploration for and the development of mineral deposits involves significant risks, including:

- environmental hazards;
- discharge of pollutants or hazardous chemicals;
- industrial accidents;
- labour disputes and shortages;
- supply and shipping problems and delays;
- shortage of equipment and contractor availability;
- unusual or unexpected geological or operating conditions;
- fire;
- changes in the regulatory environment; and
- natural phenomena such as inclement weather conditions, floods and earthquakes.

These or other occurrences could result in damage to, or destruction of, mineral properties, personal injury or death, environmental damage, delays in mining, monetary losses and possible legal liability. The Group could also incur liabilities as a result of pollution and other casualties all of which could be very costly and could have a material adverse effect on the Group's financial position and results of operations.

Health, Safety and Community Relations

The Group's operations are subject to various health and safety laws and regulations that impose various duties on the Group's operations relating to, among other things, worker safety and surrounding communities. These laws and regulations also grant the authorities broad powers to, among other things, close unsafe operations and order corrective action relating to health and safety matters. The costs associated with the compliance of such health and safety laws and regulations may be substantial and any amendments to such laws and regulations, or more stringent implementation thereof, could cause additional expenditure or impose restrictions on, or suspensions of, the Group's operations. The Group has made, and expects to make in the future, significant expenditure to comply with the extensive laws and regulations governing the protection of the environment, waste disposal, worker safety, mine development and protection of endangered and other special status species, and, to the extent reasonably practicable, create social and economic benefit in the surrounding communities.

As a mining business, the Group may come under pressure in the jurisdictions in which it operates, or will operate in the future, to demonstrate that other stakeholders (including employees, communities surrounding operations and the countries in which they operate) benefit and will continue to benefit from the Group's commercial activities, and/or that the Group operates in a manner that will minimise any potential damage or disruption to the interests of those stakeholders. The Group currently maintains good relations with local communities in the areas in which it operates and has a demonstrable track record of promoting community and social relations activities for the benefit of local communities. However, the Group may face opposition with respect to its current and future development and exploration projects which could materially adversely affect the Group's business, results of operations and financial position.

Further, certain non-governmental organisations ("NGOs"), some of which oppose globalisation and resource development, are often vocal critics of the mining industry and its practices, including the use of hazardous substances in processing activities. Adverse publicity generated by such NGOs or others related to extractive industries generally, or the Group's operations specifically, could have an adverse effect on the Group's reputation and financial position and may impact its relationship with the communities in which it operates. The Group seeks to mitigate this risk by its commitment to operate in a socially responsible manner. However, there can be no guarantee that the Group's efforts in this respect will mitigate this potential risk.

The Group may also be held responsible for the costs of addressing contamination at the site of current or former activities and could be held liable for exposure to hazardous substances. The costs associated with such responsibilities and liabilities may be significant.

OPERATIONAL AND OTHER BUSINESS RISKS AND UNCERTAINTIES - CONTINUED

Environmental Risks

All phases of the Group's operations are subject to environmental regulation in the various jurisdictions in which it operates. There is no assurance that the Group will have or be able to obtain all necessary environmental approvals, licenses, permits or consents or be in compliance therewith or that notwithstanding its precautions, breaches of environmental laws (whether inadvertent or not) will not occur. The lack of or inability to obtain any such approvals, licences, permits or consents or any breaches of environmental laws, may result in penalties including fines or other sanctions, breach of the conditions of a mining concession or other consent or permit with possible revocation of the concession, consent or permit. In this regard, environmental hazards may exist on the properties in which the Group has an interest which are unknown to the Group at present and which have been caused by previous or existing owners or operators of the properties.

Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, won't adversely affect the Group's operations, or its ability to develop its properties economically.

No Dividends

The Group has never paid dividends. It currently intends to retain future earnings, if any, to fund the development and growth of its business, and may not pay any cash dividends for the foreseeable future. Furthermore, the Group may in the future become subject to contractual restrictions on, or prohibitions against, the payment of dividends. As a result, investors will have to rely on capital appreciation, if any, to earn a return on their investment in common shares in the foreseeable future. The payment of future dividends, if any, will be reviewed periodically by the Group's board of directors and will depend upon, among other things, conditions then existing including earnings, financial condition and capital requirements, restrictions in financing agreements, business opportunities and conditions and such other factors deemed by the board of directors to be relevant at the time.

Tax Matters

Euromax's tax residency is affected by a number of factors, some of which are outside of its control, including the application and interpretation of the relevant tax laws and treaties. If ever Euromax was assessed to be not tax resident in Canada, it may be liable to pay additional Canadian taxes, including, but not limited to, capital gains tax based on the difference between the fair market value and tax cost of its assets at the relevant time. If such taxes were to become payable, this could have a material adverse effect on the Group's business, results of operations and financial condition. Further, the income tax consequences to holders of common shares would be different from those applicable if Euromax were tax resident in Canada.

Insurance Coverage Could Be Insufficient

While the Group maintains insurance to protect against certain risks, the nature of these risks is such that liability could exceed policy limits or could be excluded from coverage. There are also risks against which the Group cannot insure or against which it may elect not to insure. Losses from these events may cause substantial delays and require significant capital outlays, adversely affecting future results of operations and financial position.

Conflicts of Interest

Certain of the directors and officers of the Group are directors or officers of other mineral resource companies and, to the extent that such other companies may participate in ventures in which the Group may participate, the directors of the Group may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the directors of the Group, a director who has such a conflict will abstain from voting for or against the approval of such matter. Furthermore, in appropriate cases the Group will establish a special committee of independent directors to review a matter in which several directors, or management, may have a conflict.

Litigation Risks

All industries, including the mining industry, are subject to legal claims. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding could have a material adverse effect on the Group's financial position and results of operations.

Competition

The Group faces strong competition from other mining companies in connection with the acquisition of properties producing, or capable of producing, precious or base metals. The majority of these companies have greater financial resources, operational experience and technical capabilities. As a result, there can be no assurance that the Group will be able to compete successfully against other companies in acquiring new prospecting, development or mining rights.

FORWARD-LOOKING STATEMENTS

This document contains statements that are forward-looking, such as those relating to the Company's strategic and financing plans; property search, exploration and development plans; potential expansion and upgrading of known mineralization or resources; estimated levels of mineral resources and expenditures; completion of preliminary economic assessments; prefeasibility and feasibility studies; the timing and receipt of permits and other third-party approvals; and potential production on the Company's properties. Forward-looking statements are frequently characterised by words such as "plan", "expect", "project", "intend", "believe", "anticipate" and other similar words, or statements that certain events or conditions "may", "could", "would", "might" or "will" occur.

Forward-looking statements are based on the opinions and estimates of management at the dates the statements are made, including that the key assumptions and parameters on which resource estimates and drilling and geological interpretations are based are reasonable and that the Company will be able to obtain the necessary financing, supplies, equipment, personnel and permits to carry out its planned activities.

Forward-looking statements are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. Such risks include but are not limited to: risks related to international operations, including economic and political instability in foreign jurisdictions in which the Company operates; risks related to current global financial conditions; risks related to joint venture operations; actual results of current exploration activities; environmental risks; future prices of gold; possible variations or uncertainties relating to the accuracy of mineral reserves, mineral resources, grade or recovery rates; uncertainties related to feasibility studies that provide estimates of expected or anticipated costs, expenditures and economic returns from a mining project; mine development and operating risks; uncertainties related to unexpected judicial or regulatory proceedings; changes in, and the effects of, the laws, regulations and government policies affecting our exploration and development activities and mining operations, particularly laws, regulations and policies; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; exchange rates, particularly with respect to the value of the U.S. dollars and Canadian dollars, and the continued availability of capital and financing.

The forward-looking statements contained in this document are subject to change after this date. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. Euromax disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by law.

SUBSEQUENT EVENTS

There are no reportable events subsequent to June 30, 2016.

OTHER MD&A REQUIREMENTS

As of August 12, 2016, the Group had outstanding 116,842,737 common shares, 20,141,835 share purchase warrants, 8,933,466 share options, with exercise prices ranging from $0.18 to $1.02 per share and 1,864,076 restricted share units. Additional information is available on SEDAR at www.sedar.com and at the Group's website www.euromaxresources.com.