UNAUDITED CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS

For the three and six months ended June 30, 2016 and 2015

Expressed in Canadian dollars

Euromax Resources Ltd.

Condensed consolidated interim statements of loss and comprehensive loss - unaudited

(Expressed in Canadian dollars)

	Note	Three months ended June 30,		Six months ended June 30,	
		2016	**2015**	**2016**	**2015**
		$000s	**$000s**	**$000s**	**$000s**
Revenue	**6**	**1,321**	1,285	**1,417**	1,303
Direct costs	**6**	**(1,048)**	(1,033)	**(1,128)**	(1,060)
Gross profit		**273**	252	**289**	243
Operating 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 expense		**(329)**	(108)	**(321)**	(278)
Other items					
Other income		**-**	11	**-**	12
Loss before tax		**(2,275)**	(2,662)	**(5,188)**	(6,185)
Income tax expense		**(7)**	(18)	**(20)**	(21)
Loss for the period		**(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)
		(2,282)	(2,680)	**(5,208)**	(6,206)
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		**(506)**	51	**(1,037)**	(241)
Total other comprehensive loss, net of tax		**(506)**	51	**(1,037)**	(241)
Comprehensive loss for the period		**(2,788)**	(2,629)	**(6,245)**	(6,447)
Total comprehensive loss attributable to:					
Owners of the Company		**(2,788)**	(2,627)	**(6,242)**	(6,445)
Non-controlling interest		**-**	(2)	**(3)**	(2)
		(2,788)	(2,629)	**(6,245)**	(6,447)
Loss per common share					
Basic and diluted	**5**	**(0.02)**	(0.02)	**(0.04)**	(0.05)
Weighted average number of common shares outstanding					
Basic and diluted	**5**	**116,842,737**	116,842,737	**116,842,737**	114,754,644

See accompanying notes to the condensed consolidated interim financial statements.

Euromax Resources Ltd.

Condensed consolidated interim statements of financial position - unaudited

(Expressed in Canadian dollars)

	Note	As at June 30, 2016 $000s	December 31, 2015 $000s
ASSETS			
Current assets			
Cash and cash equivalents		**7,618**	3,405
Restricted cash		**-**	73
Trade and other receivables		**906**	1,056
Other current assets		**332**	337
Total current assets		**8,856**	4,871
Non-current assets			
Contingent consideration		**472**	503
Property, plant and equipment		**528**	608
Intangible assets		**13**	11
Unproven mineral right interests	**7**	**31,452**	28,574
Total assets		**41,321**	34,567
LIABILITIES			
Current liabilities			
Trade and other payables		**2,876**	2,376
Share-based payment liabilities	**11 (c)**	**5,048**	3,067
Gold purchase advance payments	**10**	**14,630**	15,596
Total current liabilities		**22,554**	21,039
Non-Current liabilities			
Loans and borrowings	**9**	**10,657**	-
Total liabilities		**33,211**	21,039
EQUITY			
Share capital	**8**	**65,975**	65,975
Equity reserve		**9,668**	9,603
Convertible loan reserve		**762**	-
Currency translation reserve		**2,617**	3,654
Accumulated losses		**(70,918)**	(65,713)
Equity attributable to owners of the Company		**8,104**	13,519
Non-controlling interest		**6**	9
Total equity		**8,110**	13,528
Total liabilities and equity		**41,321**	34,567

Nature of operations	**1**
Subsequent events	**14**

Approved on behalf of the Board of Directors

"Steve Sharpe"
Steve Sharpe, Director

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

See accompanying notes to the condensed consolidated interim financial statements.

Euromax Resources Ltd.

Condensed consolidated interim statements of changes in equity - unaudited

(Expressed in Canadian dollars)

For the six months ended June 30, 2016 and 2015

	Note	Share capital Number of shares	Amount $000s	Equity reserve $000s	Convertible loan reserve $000s	Currency translation reserve $000s	Accumulated losses $000s	Total Equity attributable to owners of the Company $000s	Non-controlling interest $000s	Total Equity $000s
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
Change in ownership interest		-	-	-	-	-	-	-	92	92
Equity-settled share-based payments		-	-	337	-	-	-	337	-	337
Comprehensive loss for the period		-	-	-	-	(241)	(6,204)	(6,445)	(2)	(6,447)
Balance on June 30, 2015		116,842,737	65,975	9,450	-	1,656	(61,628)	15,453	90	15,543
Balance on January 1, 2016		**116,842,737**	**65,975**	**9,603**	**-**	**3,654**	**(65,713)**	**13,519**	**9**	**13,528**
Equity component of convertible loans	**9 (b)**	**-**	**-**	**-**	**762**	**-**	**-**	**762**	**-**	**762**
Equity-settled share-based payments		**-**	**-**	**65**	**-**	**-**	**-**	**65**	**-**	**65**
Comprehensive loss for the period		**-**	**-**	**-**	**-**	**(1,037)**	**(5,205)**	**(6,242)**	**(3)**	**(6,245)**
Balance on June 30, 2016		**116,842,737**	**65,975**	**9,668**	**762**	**2,617**	**(70,918)**	**8,104**	**6**	**8,110**

See accompanying notes to the condensed consolidated interim financial statements.

Euromax Resources Ltd.

Condensed consolidated interim statements of cash flows - unaudited

(Expressed in Canadian dollars)

		Six months ended June 30,	
		2016	**2015**
	Note	**$000s**	**$000s**
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)
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)
FINANCING ACTIVITIES			
Proceeds from convertible loans	**9 (b)**	**11,765**	-
Transaction costs associated with convertible loans	**9 (b)**	**(482)**	-
Proceeds from share issue	**8**	**-**	6,174
Share issue costs		**-**	(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	**11 (d)**	**-**	(742)
Interest paid		**(11)**	(128)
Cash provided by financing activities		**11,272**	13,961
Effect of exchange rate changes on cash		**(183)**	308
Net change in cash and cash equivalents		**4,396**	3,930
Cash and cash equivalents, beginning of the period		**3,405**	2,041
Cash and cash equivalents, end of the period		**7,618**	6,279

See accompanying notes to the 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 located at 10th Floor, 595 Howe Street, Vancouver, British Columbia, Canada V6C 2T5.

These condensed consolidated interim financial statements include the accounts of Euromax and of its wholly-owned subsidiaries (collectively, the "Group"). The Group operates with the objective of becoming the leading gold and base metal mining company in Europe. The Group operates in two sectors in the mining industry: 1) the exploration and development of mineral right interests; and, 2) the provision of exploration and evaluation services.

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.

These condensed consolidated interim financial statements were authorised for issue by the Company's board of directors on August 12, 2016.

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") as 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, 2015, 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, 2015.

Resulting from Euromax entering into a convertible loan arrangement during May 2016, a new accounting policy for the measurement of financial liabilities at fair value through profit or loss was adopted for the preparation of these condensed consolidated interim financial statements (see Note 9).

Measurement of financial liability at fair value through profit or loss

Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, including any interest expense, are recognised in profit or loss.

All directly attributable transaction costs are recognised in profit or loss as incurred.

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 realisation of assets and settlement of liabilities in the normal course of business.

At June 30, 2016, the Group had net assets of $8.1 million (December 31, 2015: $13.5 million) which is inclusive of cash of $7.6 million (December 31, 2015: $3.4 million), reflecting the net proceeds of $11 million from the issue of two convertible loans in the period.

The Company's board of directors have reviewed the Group forecasts for the period to December 31, 2017, including all projected costs of completing the Front-End Engineering and Design ("FEED"), Environmental and Social Impact Assessment ("ESIA"), Macedonian Main Mining Project submission, and ongoing work to secure commitment letters from potential project finance banks.

3. Going concern (continued)

Based on these Group forecasts, the expenditures required on the Ilovica-Shtuka gold-copper project in Macedonia ("Ilovica-Shtuka Project") to reach a decision to mine, together with ultimately constructing and bringing the Ilovica-Shtuka Project into commercial production, will require the Group to raise further debt and equity funding. Whilst the directors remain optimistic that the Group can meet the conditions precedent for further advance payments under the Gold Purchase and Sale Agreement ("GPSA") (see Note 10) or raise additional debt or equity funding, these are not wholly 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 its assets and discharge its liabilities in the normal course of business.

4. Critical accounting judgements 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, 2015.

In addition, the following new judgements and estimates also affect the reported amounts in these condensed consolidated interim financial statements:

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.

5. Loss per share

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	**2016**	2015
	$000s	$000s	**$000s**	$000s
Net loss for the period after tax attributable to owners of the Company	**(2,282)**	(2,678)	**(5,205)**	(6,204)
Basic weighted average number of common shares	**116,842,737**	116,842,737	**116,842,737**	114,754,644
Basic and diluted loss per share	**(0.02)**	(0.02)	**(0.04)**	(0.05)

For the six months ended June 30, 2016 and 2015, because there is a reduction in loss per share resulting from the assumption that share options, warrants and convertible loan are exercised or converted, all these instruments 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. Operating segments

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

	Macedonia		**Serbia**		**Bulgaria**		**Exploration Services**		**Corporate**		**Total**	
Six months ended	**June 30,**	June 30,	**June 30,**	June 30,	**June 30,**	June 30,	**June 30,**	June 30,	**June 30,**	June 30,	**June 30,**	June 30,
In thousands	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
External revenues	**-**	-	**-**	-	**-**	-	**1,417**	1,303	**-**	-	**1,417**	1,303
Depreciation	**(79)**	(44)	**(1)**	(1)	**-**	-	**(16)**	(16)	**(4)**	(15)	**(100)**	(76)
Amortisation	**(2)**	-	**-**	-	**-**	-	**(3)**	(8)	**-**	-	**(5)**	(8)
Segment loss before tax	**(1,012)**	(1,268)	**(48)**	(49)	**-**	(28)	**(50)**	(2)	**(4,078)**	(4,838)	**(5,188)**	(6,185)

	Macedonia		**Serbia**		**Bulgaria**		**Exploration Services**		**Corporate**		**Total**	
As at	**June 30,**	December 31,	**June 30,**	December 31,	**June 30,**	December 31,	**June 30,**	December 31,	**June 30,**	December 31,	**June 30,**	December 31,
In thousands	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
Segment assets	**31,592**	28,888	**691**	719	**-**	-	**1,133**	1,196	**7,905**	3,764	**41,321**	34,567
Segment liabilities	**878**	709	**20**	4	**-**	-	**594**	586	**31,719**	19,740	**33,211**	21,039

All revenue from Exploration Services is derived from the provision of exploration and evaluation services to third parties, and it is seasonally weighted to the second and third quarters of each calendar year which span the months most suitable to carrying out exploration work in south-eastern Europe. The revenue was realised from one customer (2015: one customer).

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.

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

7. Unproven mineral right interests

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

Macedonia

On July 11, 2007, the Group acquired an option to earn a 100% interest in the Ilovica-Shtuka Project. After completing an agreed exploration programme and the vendor not exercising its back-in right in January 2012, the Group acquired a 100% interest in the Ilovica-Shtuka Project.

The Ilovica-Shtuka Project consists of two adjacent properties, Ilovica 6 and Ilovica 11. The Group was granted a Concession for exploitation of mineral resources ("Exploitation Concession") for Ilovica 6 under the rules and regulations of the Minerals Law in Macedonia. The Ilovica 6 Exploitation Concession 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. The Ministry of Environment and Physical Planning in Macedonia has formally approved the Environmental Impact Assessment Study for Ilovica 6 under the Environmental Law in Macedonia.

On January 13, 2016, the Exploitation Concession on Ilovica 11 was granted to the Group under the rules and regulations of the Minerals Law in Macedonia. This Exploitation Concession on Ilovica 11 has the same conditions as those of Ilovica 6, i.e. an initial term of 30 years and a state royalty of 2% of the market value of metals contained in concentrate.

7. Unproven mineral right interests (continued)

Macedonia (continued)

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

On July 22, 2016, following the earlier submission of an Environmental Impact Assessment Study for Ilovica 11 and a Main Mining Project submission, an application for the Exploitation Permit for the Ilovica-Shtuka Project was submitted for approval.

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 $1.500 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 KMC.

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

On April 2, 2015, the Group sold a 4% interest in the Group's Serbian subsidiary ("South Danube Metals d.o.o. Beograd" or "SDM") that owns 100% of the KMC exploration permit for US$0.080 million ($0.100 million). The received funds were used by the Group to complete a substantial portion of the KMC minimum work programme for the purpose of maintaining the Group's good title of the KMC exploration permit.

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 has been granted a one year option ("Option") to acquire the Group's 96% interest in SDM for a cash payment of US$0.500 million.

To exercise this Option the Optionee funded a minimum work programme on KMC, following which the Group has applied for and received a further two year extension to the KMC exploration permit.

This Option implies that the fair value of the Group's interest in SDM is US$0.500 million ($0.651 million), which resulted in an impairment charge of $1.979 million being recorded in the year ended December 31, 2015.

A summary of changes to the Group's unproven mineral right interests in the six months ended June 30, 2016 and 2015 is set out below.

	Macedonia *Ilovica-Shtuka*	**Serbia** *KMC*	**Total**
	$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**

8. Share capital and reserves

At June 30, 2016 Euromax's authorized share capital consisted of an unlimited number of common shares without par value. All issued common shares are fully paid.

	2016 Number of shares	2016 Amount	2015 Number of shares	2015 Amount
		$000s		$000s
Balance on January 1	**116,842,737**	**65,975**	85,347,340	58,896
Common shares issued for:				
Financing, net of issue costs	-	-	31,495,397	7,079
Balance on June 30	**116,842,737**	**65,975**	116,842,737	65,975

During the six months ended June 30, 2016, no share options and no share purchase warrants were exercised.

On January 12, 2015, the Company closed a non-brokered 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.

At June 30, 2016, the Company had outstanding 8,933,466 share options (June 30, 2015: 9,233,470) with exercise prices ranging from $0.18 to $1.02 per share and a weighted average exercise price of $0.44. During the six months ended June 30, 2016, 300,003 share options expired, with exercise prices ranging from $0.55 to $1.05 per share.

The Company also had 20,141,835 share purchase warrants (June 30, 2015: 20,141,835) with exercise prices ranging from $0.40 to $0.41 per share and 1,864,076 Restricted Share Units ("RSUs") (June 30, 2015: 1,535,572) outstanding at June 30, 2016.

9. Loans and borrowings

	June 30, 2016	December 31, 2015
	$000s	$000s
EBRD convertible loan	**6,657**	-
CCI convertible loan	**4,000**	-
Non-Current liabilities	**10,657**	-

(a) Terms and conditions

The terms and conditions of outstanding loans are as follows:

	Currency	Nominal interest rate	Year of maturity	June 30, 2016 Face value	June 30, 2016 Carrying amount	December 31, 2015 Face value	December 31, 2015 Carrying amount
				$000s	**$000s**	$000s	$000s
EBRD convertible loan	US$	14.20%	2018	**6,504**	**6,657**	-	-
CCI convertible loan	$	9.00%	2018	**5,200**	**4,000**	-	-
				11,704	**10,657**	-	-

EBRD convertible loan

On May 24, 2016, the Company closed the EBRD convertible loan with 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 the Company 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 the Company 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").

9. Loans and borrowings (continued)

(a) Terms and conditions (continued)

EBRD convertible loan (continued)

The EBRD convertible loan is convertible into the Company's common shares in whole or in part at the election of EBRD. The Principal Amount will be converted at $0.40 per common 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 the Company's common shares on the last day prior to EBRD serving a conversion notice; and (ii) the 20-day volume weighted average price ("VWAP") of the common shares preceding such date, in each case discounted as permitted by the TSX.

CCI convertible loan

On May 20, 2016, the Company closed a convertible loan with CCI and received 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 the Company'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 the Company's common shares at the prevailing share price on the maturity date, subject to approval by the TSX.

(b) Recognition and measurement of convertible loans

EBRD convertible loan

EBRD convertible loan	
	$000s
Proceeds from convertible loan	**6,565**
Foreign exchange movements	**(61)**
Face value at June 30, 2016	**6,504**
Accrued interest	**153**
Carrying amount at June 30, 2016	**6,657**

The EBRD convertible loan is classified as a financial liability at fair value through profit or loss, whereby all attributable transaction costs of $0.273 million (at June 30, 2016 $0.120 million accrued), as well as any further fair value changes are recognised in profit or loss. This loan is considered level 3 under the fair value hierarchy.

Due to the close proximity of June 30, 2016 to its closing date, management has determined that the carrying amount of the EBRD convertible loan approximates its fair value at June 30, 2016.

CCI convertible loan

CCI convertible loan	
	$000s
Proceeds from convertible debenture notes	**5,200**
Transaction costs	**(613)**
Net proceeds	**4,587**
Amount classified as equity (net of transaction costs of $0.101 million)	**(762)**
Accrued interest	**132**
Amortisation of transaction costs	**43**
Carrying amount at June 30, 2016	**4,000**

This CCI convertible loan is a compound financial instrument, whereby a liability component and an equity component must be determined at initial recognition. Subsequent to initial recognition, the liability component is measured at amortised cost using the effective interest rate method.

The fair value of the liability component, calculated using a prevailing market interest for a similar liability without a conversion option, was determined at $4.337 million. The remaining amount of $0.863 million was recognised as the equity element.

Transaction costs of $0.613 million (at June 30, 2016 $0.284 million accrued), incurred for closing of the CCI convertible loan were allocated on a proportional basis to the liability component ($0.512 million) and equity element ($0.101 million). Transaction costs allocated to the liability component will be fully amortised until April 30, 2018.

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-Shtuka 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-Shtuka Project'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 Exploitation Concession for Ilovica 6 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, the Group 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 Group 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 Group 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.

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. The Group 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, under the Second Amendment to the GPSA, the Group received part of the first anniversary payment of US$3.75 million. The remaining part of US$3.75 million is expecting to be received during 2016, once the conditions under the Second Amendment to the GPSA have been satisfied.

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-Shtuka Project, subject to the satisfaction of certain conditions.

All advance payments received under the GPSA are classified as current liabilities until all conditions precedent for the third tranche have been satisfied.

The following is a summary of the changes in the GPSA advance payments as at June 30, 2016 and 2015:

	Six months ended June 30,	
	2016	**2015**
	$000s	**$000s**
Balance on January 1	**15,596**	-
Funds received during the period	-	9,351
Adjustments recorded during the period:		
Foreign exchange movements	(966)	(86)
Capitalised transaction costs	-	(391)
Amortisation of transaction costs	-	261
Balance on June 30	**14,630**	9,135

Transaction costs that were incurred in 2015 in respect of closing the GPSA and drawdown of the initial tranche from Royal Gold were fully amortised during 2015.

11. Related party transactions

Details of the transactions between the Group and other related parties.

Transactions with key management personnel

(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

(i) Executive directors and some 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 relate to vesting of share options, RSUs and Deferred Phantom Units ("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.

11. Related party transactions (continued)

Transactions with key management personnel (continued)

(c) Deferred Phantom Unit Plan (continued)

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.

In the prior period, 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.

(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.

12. Contingencies and commitments

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**

13. Non-controlling interest ("NCI")

On April 2, 2015, the Group sold a 4% interest in SDM for $0.100 million (US$0.080 million). At June 30, 2016, the carrying amount of the NCI is $0.007 million (December 31, 2015: $0.009 million) and the related loss attributable to NCI for the period ended June 30, 2016 is $0.002 million (June 30, 2015: $0.002 million).

14. Subsequent events

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