

## **Euromax Resources Announces US\$175 million Gold Streaming Agreement with Royal Gold**

**Euromax Resources Ltd. - 21 October 2014** (TSX-V: EOX): together with its wholly-owned subsidiaries Euromax Resources (Macedonia) UK Limited, Euromax Resources (Macedonia) Ltd and Euromax Resources DOO Skopje ("Euromax" or the "Company"), is pleased to announce that it has entered into a US\$175 million Gold Streaming Agreement with RGLD Gold AG, a wholly-owned subsidiary of Royal Gold, Inc ("Royal Gold") to finance the next stages of development and construction of the Company's Ilovitza copper-gold project in the Republic of Macedonia (the "Project").

Subject to conditions precedent, including the execution of requisite security documentation, advances under the Streaming Agreement will be available in three principal Tranches:

- An Initial Tranche of US\$7.5 million within 90 days from the date of signing
- A Second Tranche of US\$7.5 million on the 1<sup>st</sup> anniversary of the signing date
- A Third Tranche of US\$160 million towards the capital cost of the Project.

The receipt of the Initial Tranche is also subject to the Company raising not less than C\$5 million in equity, for which it has already received a conditional proposal, the terms of which are currently being reviewed, and receipt of the Second and Third Tranches is subject to specific conditions precedent related to ongoing development of the Project.

The first two Tranches of the Streaming Agreement are to be used to further the development of the Project in respect of Project permitting and the completion of a definitive feasibility study ("DFS") and front end engineering and design ("FEED") planned for 2016. The Third Tranche is to be used, pro-rata with other sources of finance, to fund all capital expenditures at the Project.

Under the Streaming Agreement, the Euromax group will deliver physical gold in an amount equal to 25% of payable gold produced from the Project until 525,000 ounces have been delivered to Royal Gold, and 12.5% thereafter for life of mine. Royal Gold will purchase the gold delivered at 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. No interest shall be payable on the advance payments.

A summary of the terms of the Streaming Agreement is attached, as Appendix 1, and the Streaming Agreement itself together with a Material Change Report will be filed on SEDAR. Raymond James acted as financial advisor to Euromax in respect of the Streaming Agreement.

### **Commenting on this announcement, Varshan Gokool, CFO said:**

*"The commitment of US\$175 million announced today goes far further than just addressing our Phase 1 financing needs and allows us to progress on track with the DFS and FEED program for delivery in 2016. Consistent with our financing strategy we have been able to leverage the asset value of Ilovitza thereby minimising dilution to shareholders. Importantly, the stream represents only 14% of our gold equivalent production and will satisfy 31% of our expected construction capital expenditure and further improve the Project IRR.*

*This stream financing also keeps intact and builds the foundations for the Phase 2 financing for which we intend to use project finance debt to maximise the gearing of the Project. The Streaming Agreement incorporates intercreditor principles and debt headroom for such project financing right from the start, to ensure the efficient execution of the Phase 2 financing."*

### **Commenting on this announcement, Steve Sharpe, President & CEO said:**

*"We are absolutely delighted to be able to welcome Royal Gold as long-term partners at Ilovitza. We believe their commitment, which follows extensive technical, environmental and legal due diligence, is a strong endorsement of the Ilovitza Project."*

## **About Euromax Resources Ltd.**

Euromax is a Canadian exploration services and mine development company, with gold and base metal assets in Macedonia and Serbia and an exploration services company in Bulgaria. We are focused on developing mineral resources in Southeastern Europe, with the objective of becoming a world-class mining company there. Our strength lies in our corporate and local management and technical expertise in Macedonia, Bulgaria and Serbia.

*Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*

*This news release contains forward-looking statements including but not limited to statements regarding the performance of the Company and its subsidiaries under a streaming agreement and the use of the financing toward to development and construction of the Ilovitza project. In making the forward-looking statements in this release, the Company has applied certain factors and assumptions that are based on information currently available to the Company as well as the Company's current beliefs and assumptions made by the Company. Although the Company considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect, and the forward-looking statements in this release are subject to numerous risks, uncertainties and other factors that may cause future results to differ materially from those expressed or implied in such forward-looking statements. Readers are also encouraged to review all Company documents filed with the securities authorities in Canada, including the Management Discussion and Analysis in respect of the Company's recent financial statements under the heading "Operational and Other Business Risks and Uncertainties", which documents describe material factors and assumptions and risks that apply to the forward-looking statements in this release. Readers are cautioned not to place undue reliance on forward-looking statements. The Company does not intend, and expressly disclaims any intention or obligation to, update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required by law.*

For more information, please visit [www.euromaxresources.com](http://www.euromaxresources.com) or contact:

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## Appendix 1

### Summary Terms of the Streaming Agreement

Subject to conditions precedent, including the execution of requisite security documentation, advances under the Streaming Agreement will be available in three principal Tranches:

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The first two Tranches of the Streaming Agreement are to be used to further the development of the Project, including Project permitting, the completion of a DFS and FEED planned for 2016. The Third Tranche is to be used, pro-rata with other sources of finance, to fund all capital expenditures at the Project.

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Royal Gold will have the benefit of a first priority security interest on all assets of the Company in respect of the Project to secure all obligations of the Company under the Streaming Agreement, although under the terms of the Streaming Agreement, the Company is also permitted to raise up to US\$215 million of senior ranking debt finance to fund mine construction and operations, as well as capital equipment leases and equipment financing customary for similar projects.

Royal Gold's security interest will be subordinated to that of the permitted senior finance under arrangements to be agreed with the senior financiers on the essential intercreditor terms specified in the Streaming Agreement. The security granted to Royal Gold will fall away when its entire advance payment has been credited against deliveries.

Receipt of the Second Tranche will be subject to satisfaction of a number of conditions, including Royal Gold being satisfied with the progress of the DFS and environmental and social impact assessment and the results at that time, the Project's position in relation to relevant permits and Euromax's access to sufficient financing to complete the DFS and secure all approvals necessary for development.

Receipt of instalments of the Third Tranche pro-rata with other sources of financing will be subject to the satisfaction of a number of conditions, including Royal Gold being satisfied with the final results of the DFS and the environmental and social impact assessment, that all necessary permits and approvals for construction have been received and that the Euromax group has access to sufficient financing to fund all construction costs and, to the extent funded by way of a credit facility, that all material conditions precedent to a drawdown under the said credit facility have been satisfied.

The Streaming Agreement and a Material Change Report will be filed on SEDAR.