Euromax
RESOURCES

MANAGEMENT'S DISCUSSION & ANALYSIS

For the three and nine months ended September 30, 2015

INTRODUCTION

The following Management's Discussion and Analysis ("MD&A") of Euromax Resources Ltd. ("Euromax" or "the Company") and its subsidiary companies (collectively, the "Group") is prepared as of November 16, 2015 and should be read in conjunction with the Group's unaudited condensed consolidated interim financial statements and related notes for the three and nine months ended September 30, 2015 ("Q3-2015" and "9M-2015" respectively) and the audited consolidated financial statements for the year ended December 31, 2014 ("FY14"), 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.

Euromax's common shares are listed on the TSX Venture Exchange ("TSXV") under the trading symbol "EOX".

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 Ilovica gold-copper project in Macedonia ("Ilovica Project") into production within the next four years and grow the value of our business by maximising the potential of the Ilovica 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.

9M-2015 HIGHLIGHTS

Non-brokered private placement of $7.874 million

On January 12, 2015, the Company closed a non-brokered private placement ("Private Placement") consisting of 31,495,397 common shares of the Company at a price of $0.25 per share for total proceeds of $7.874 million. Additionally, the investors received 7,946,713 share purchase warrants. Each share purchase warrant is exercisable to acquire one common share of the Company at a price of $0.40 until January 12, 2020.

US$175 million Gold Purchase and Sale Agreement with Royal Gold

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

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

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

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

Under the GPSA, Euromax is permitted to raise up to US$215 million of senior ranking debt finance to fund mine construction and operations, as well as capital equipment leases and equipment financing customary for similar projects. Royal Gold's 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 ceases once its entire advance payment has been offset against gold deliveries.

9M-2015 HIGHLIGHTS – CONTINUED

In-Principle UFK Eligibility and Mandating of Société Générale S.A., UniCredit Bank AG and Caterpillar Financial to arrange and provide a US$240 million Debt Package

On February 16, 2015, a UFK in-principle eligibility ("UFK Support") was received for the German Untied Loan Guarantee Scheme (UFK – Garantien für Ungebundene Finanzkredite) to provide cover for a project finance facility on the assumption that a copper concentrate offtake agreement is entered into with a German owned smelter and subject to due diligence and approval by the German Government.

On April 24, 2015 Euromax Resources Ltd and Euromax Resources DOO Skopje 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 ("Project Facility"), subject to due diligence and all necessary approvals, which alongside the GPSA shall be used to finance the development of the Ilovica Project.

The key terms of the Project Facility are:

- Facility amount of up to US$215 million;
- Tenor of up to 12 years, subject to the UFK Support;
- Pre-completion Margin of 3.75% - 4.25% above Libor; Post-completion Margin of 2.75% - 3.25% above Libor; and
- Customary financial ratios, security, completion support and covenants for a facility of this nature.

On April 28, 2015 Euromax Resources Ltd and Euromax Resources DOO Skopje executed a Mandate Letter and Term Sheet with Caterpillar Financial to arrange an equipment financing facility for up to US$25 million ("Equipment Facility"), to finance any Caterpillar equipment purchased for the Ilovica Project. Key terms of the Equipment Facility:

- Facility amount of up to US$25 million;
- Tenor of up to 5 years,
- Margin of 4.50% - 5.50% above Libor; and
- Customary financial ratios, security, completion support and covenants for a facility of this nature.

Ilovica Feasibility Study

Following on from our successful Preliminary Feasibility Study ("PFS") work continued on the Ilovica Definitive Feasibility Study ("FS") which will be carried out by a consortium of engineering and consulting groups, including:

- Geology and Resources – Tetra Tech, UK;
- Mining – DMT, UK;
- Metallurgical Testing – SGS Mineral Services ("SGS"), UK;
- Plant and Mine Infrastructure – AMEC Foster Wheeler ("AFW"), Johannesburg;
- Tailings Management Facility – Golders Associates ("Golder"), UK in association with the St. Cyril & Methodius University Faculty of Civil Engineering in Skopje ("Faculty of Civil Engineering");
- Hydrology and Hydrogeology – Schlumberger Water Services ("SWS"), UK; and
- Environmental and Social Baseline and Impacts – Golder and SWS.

As at the date of this MD&A the above groups have completed or substantially progressed their work on the Ilovica Project and the FS remains on track to be finalised by the end of 2015.

9M-2015 HIGHLIGHTS – CONTINUED

Option Agreement for Karavansalija Mineralised Complex ("KMC")

Subsequent to the nine months ended September 30, 2015, the Group announced that it had entered into an option agreement ("Option Agreement") whereby upon exercise a third party optionee ("Optionee") will acquire Euromax's 96% shareholding in South Danube Metals Doo Belgrade ("SDM"),which has title to the KMC licence. The key terms of the option agreement are as follows:

- A one-year option ("Option") to purchase Euromax's 96% shareholding in SDM for a cash payment of US$500,000;
- The Optionee to fund a minimum of 1,200 metres of drilling required to secure the extension of the KMC exploration licence by March 2016; and
- Euromax will be responsible for fixed costs related to SDM until the extension of the KMC licence has been secured, which Euromax expects to be in March 2016. Thereafter, the Optionee will be responsible for SDM's fixed costs.

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")

EES has continued delivering its exploration services under a five-year framework agreement on the Babjak and Zlataritza projects in Bulgaria. Management is delighted with the progress made by EES during the 9M-2015, which has recorded revenues of $3.663 million and generated gross profits $0.645 million which have contributed to reducing the Group's overall cash costs.

In September 2015 EES secured a work programme with the Optionee of SDM to perform the minimum work programme required on the KMC exploration licence in Serbia. Work commenced under this work programme during October 2015.

EES is continuing to perform the 2015 work programme for its main client on both the Babjak and Zlataritza projects and potential exists for additional work to be performed on these projects in 2016 and beyond. Additionally 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 nine months ended on September 30, 2015. 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 Project – Macedonia

During the third quarter work continued on the Ilovica FS. The FS comprises the following components.

Mineral Resource Update – Tetra Tech

Drilling was completed during the quarter and a new resource estimate is being prepared. This is aimed at improving the resource classification and revised block model following completion of in-fill drilling.

Mining Study – DMT

Following a programme of seven geotechnical drill holes, re-optimisation of the open pit using the revised block model and pit slope stability was completed. Detailed pit design and scheduling, waste dump planning, mining operating and capital costs together with an updated reserve is ongoing.

Metallurgical Testwork – SGS

The programme of representative large scale comminution tests, continues, accompanied by variability tests on samples taken from across the in-pit mineralisation to verify comminution circuit, process route, reagent levels, recoveries and waste rock characteristics.

Plant and Mine Infrastructure – AFW

This is the largest single contract for the FS and, as well as the process engineering and design, the study will include geotechnical, civil, structural, mechanical, electrical, piping, control and instrumentation engineering and design for the plant and mine site. The study also will include capital and operating cost estimation, procurement, contract and execution planning.

Tailings Management Facility – Golder in association with the Faculty of Civil Engineering in Skopje

Based on the preliminary design in the PFS, detailed geotechnical site investigation, civil engineering and tailings characterisation modelling, capital cost estimation is being undertaken.

Hydrology and Hydrogeology - SWS

A programme of monitoring of all surface water, selected wells, exploration drill holes, dedicated hydrogeological holes and a collection of all publicly available data has been underway under the management of SWS for approximately two years. SWS are also constructing detailed hydrological, hydrogeological and geochemical models based on the monitoring and on waste and processed rock characterisation. The programme includes a detailed assessment of acid rock drainage and planning for mitigation of any associated risks.

Social and Environmental Impacts – Golder with SWS

This will be based on the above engineering studies and baseline data that has been collected over the past two years in a programme managed by Golder and SWS and in collaboration with various environmental and social study experts in Macedonia. The work forms part of the programme both companies are carrying out towards an updated Environmental and Social Impacts Assessment ("ESIA").

PROJECTS – CONTINUED

KMC Gold-Copper Project – Serbia

During this nine months ended September 30, 2015, the Group announced positive results of the diamond core drilling completed at the Gradina Prospect.

The 2015 drill programme comprised a single hole, EOKSC1565, drilled to test the extension of the skarn gold intercepts encountered in EOKSC 1361b, in 2013. The drill hole location and technical parameters are:

DH №	Easting	Northing	Azimuth	Dip	Depth	From (m)	To (m)	Length (m)	Estimated true Width (m)	Au (g/t)	Zn (%)
EOKSC1565	7,472,185	4,766,005	30	(75)	1,100	375.0	409.0	34.0	29.0	0.37	1.68
						542.0	572.0	30.0	25.0	1.44	-
						736.8	743.0	6.2	5.3	5.47	-

As disclosed above, subsequent to quarter end the Group entered into an Option Agreement with an Optionee to complete the remaining minimum work programme for the KMC project which will allow the exploration license to be extended before March 2016.

SELECTED INTERIM FINANCIAL INFORMATION FOR 9M-2015

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

Quarter ended	September 30, 2015	June 30, 2015	March 31, 2015	December 31, 2014	September 30, 2014	June 30, 2014	March 31, 2014	December 31, 2013
Total revenue	2,360	1,285	18	94	1,335	1,266	-	-
Net loss after tax attributable to the Owners of the Company	(2,269)	(2,678)	(3,526)	(4,682)	(2,279)	(2,677)	(1,209)	(4,747)
Loss per share	(0.02)	(0.02)	(0.03)	(0.05)	(0.03)	(0.03)	(0.01)	(0.06)

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 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 to carrying out exploration work programmes in south-eastern Europe.

The main activity of the Group is the exploration and development of mineral right interests and its principal project is the Ilovica Project. The Ilovica Project is not in production and therefore the Group has incurred losses and will continue to incur losses until the Ilovica Project is brought into commercial production. Additionally the losses incurred during the quarters ended December 31, 2013, December 31, 2014 and September 30, 2015 are increased by impairment losses incurred on disposing the Group's Bulgarian mineral right interests and the KMC project in Serbia.

RESULTS OF OPERATIONS

KEY POINTS

- *9M-2015 operating loss of $6.090 million (the nine months ended September 30, 2014 ("9M-2014"): $5.176 million)*
- *9M-2015 operating cash loss[1] (operating loss excluding depreciation, amortisation and share-based payments) increased to $3.930 million (9M-2014: $2.184 million)*
- *9M-2015 loss after tax attributable to the Owners of the Company increases to $8.473 million (9M-2014: $6.169 million)*
- *Q3-2015 loss after tax attributable to the Owners of the Company slightly decrease to $2.269 million (the three months ended September 30, 2014 ("Q3-2014"): $2.279 million)*

[1] Non-GAAP Measure. Please refer to page 17 for further details.

RESULTS OF OPERATIONS – CONTINUED

	Quarter ended September 30		Nine months ended September 30	
	2015	2014	2015	2014
in thousands	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	**2,360**	1,335	**3,663**	2,601
Direct costs	**(1,958)**	(1,116)	**(3,018)**	(2,110)
Gross profit	**402**	219	**645**	491
Expenses				
Accounting, legal and professional	**(531)**	(70)	**(1,032)**	(339)
Depreciation	**(45)**	(26)	**(121)**	(84)
Amortisation	**(6)**	(5)	**(14)**	(16)
Office and general	**(157)**	(90)	**(471)**	(286)
Regulatory, filing and transfer agent	**(24)**	(16)	**(40)**	(39)
Rent	**(98)**	(82)	**(250)**	(249)
Salaries, director and management fees	**(424)**	(368)	**(1,506)**	(1,318)
Share-based payments	**1,069**	(1,749)	**(2,025)**	(2,892)
Shareholder communications and investor relations	**(34)**	(97)	**(148)**	(294)
Travel	**(198)**	(40)	**(450)**	(132)
Exploration and evaluation costs	**(11)**	(4)	**(45)**	(13)
Gain/(loss) on foreign exchange	**(114)**	63	**(633)**	(5)
Operating loss	**(171)**	(2,265)	**(6,090)**	(5,176)
Finance income	**-**	-	**1**	-
Finance expense	**(114)**	(4)	**(393)**	(15)
Net finance expense	**(114)**	(4)	**(392)**	(15)
Loss on disposal of Euromax Services EOOD	**-**	-	**-**	(949)
Impairment of unproven mineral right interests	**(1,979)**	-	**(1,979)**	-
Other income	**-**	1	**12**	4
Loss before tax	**(2,264)**	(2,268)	**(8,449)**	(6,136)
Income tax expense	**(6)**	(11)	**(27)**	(33)
Loss after tax	**(2,270)**	(2,279)	**(8,476)**	(6,169)
Loss attributable to:				
Owners of the Company	**(2,269)**	(2,279)	**(8,473)**	(6,169)
Non-controlling interest	**(1)**	-	**(3)**	-

DETAILED ANALYSIS OF THE NINE MONTHS ENDED SEPTEMBER 30, 2015 COMPARED TO NINE MONTHS ENDED SEPTEMBER 30, 2014

Net loss after tax attributable to the Owners of the Company of $8.473 million or $0.07 per share in 9M-2015 increased for the Group from $6.169 million or $0.07 per share in 9M-2014 due to the following:

- An impairment loss of $1.979 million for the KMC project was recognised due to the option agreement for KMC, signed subsequent to the nine months ended September 30, 2015.
- Accounting, legal and professional fees increased by $0.693 million driven by increased legal services relating to the execution of the mandate letters and term sheets for the Project Facility and Equipment Facility and for fees payable to the Project Facility lenders for their ongoing due diligence work. Also increasing these costs were one-off costs incurred on a transaction which the Group aborted during the three months ended March 31, 2015 ("Q1-2015") and residual legal fees in respect of the Royal Gold GPSA incurred subsequent to receipt of the advance payments in Q1-2015.
- The Group's loss on foreign exchange increased by $0.628 million due to the liquidation of a group subsidiary and the related foreign currency translation reserve of $0.222 million was recycled to the income statement in accordance with International Accounting Standards. Foreign exchange losses have also resulted from the weakening of the Euro and Canadian Dollar against the US Dollar and British Pound during 2015.
- Finance expenses increased by $0.378 million which mainly consists of amortised transaction costs relating to closing the initial tranche under the GPSA with Royal Gold.
- Travel costs increased by $0.318 million primarily due to employee and consultant travel relating to the FS on the Ilovica Project and is exacerbated by cash preservation measures existing during the 9M-2014 as the Company was seeking additional funding to commence the Ilovica FS. Also contributing to the increase was the Company's attendance at the Precious Metals Summit and Denver Gold Forum both held during September 2015.

RESULTS OF OPERATIONS – CONTINUED

DETAILED ANALYSIS OF THE NINE MONTHS ENDED SEPTEMBER 30, 2015 COMPARED TO NINE MONTHS ENDED SEPTEMBER 30, 2014 - CONTINUED

- Office and general costs increased by $0.185 million mainly due to the expanded scale of regular operations in Macedonia in comparison to 9M-2014 where cash preservation measures were also in place. Also contributing to the increase has been the depreciation of the Canadian Dollar against the British Pound and Euro.
- Salaries, director and management fees increased by $0.188 million resulting from a one-off redundancy cost being incurred in Q1-2015 as the Group transferred a number of corporate functions from London to Skopje in order to increase Euromax's profile in Macedonia.

Partially offset by:

- The loss on sale of Euromax Services EOOD of $0.949 million recognised during the six months ended June 30, 2014 ("1H-2014"), which relates primarily to the recycling of currency translation reserve losses related to Euromax Services EOOD to the income statement.
- A decrease in share-based payment expense of $0.867 million was primarily due to share purchase warrants issued in the 9M-2014 to Investec Bank amounting to $1.545 million. This decrease is partially offset by expenses recognised in 9M-2015 resulting from share options granted in Q1-2015.
- An increase in EES's gross profit of $0.154 million due to higher levels of services being performed by EES to its client during 2015.
- A decrease in shareholder communications and investor relations of $0.146 million due to the Group bringing in-house all of its investor and public relations matters.

DETAILED ANALYSIS OF THE QUARTER ENDED SEPTEMBER 30, 2015 COMPARED TO QUARTER ENDED SEPTEMBER 30, 2014

The Group recorded a net loss after tax attributable to the Owners of the Company of $2.269 million or $0.02 per share in the quarter ended September 30, 2015, compared to $2.279 million or $0.03 per share in the quarter ended September 30, 2014. The decreased quarter on quarter loss was mainly due to the following:

- Share-based payment expense decreased by $2.818 million primarily due to the share purchase warrants issued in Q3-2014 amounting to $1.545 million. Additionally during Q3-2015, because the Company's share price as at September 30, 2015 has decreased since June 30, 2015 a credit has been recognised on the Company's DPUs which are marked-to-market to the Company's quarter end share price.
- EES's gross profit increased by $0.183 million resulting from a higher level of services performed by EES to its client, during this period compared to Q3-2014.

Offset by:

- An impairment loss of $1.979 million was recognised in respect of the KMC Project due to the Option Agreement signed subsequent to quarter end where upon exercise, the Group's 96% interest will be sold for US$0.500 million.
- An increase in accounting, legal and professional fees of $0.461 million driven by increased legal services relating to the execution of the mandate letters and term sheets for the Project Facility and Equipment Facility and for fees payable to the Project Facility lenders for their ongoing due diligence work. In addition, increased residual legal fees in respect of the Royal Gold GPSA were incurred subsequent to receipt of the advance payments in Q1-2015.
- An increase in the Group's loss on foreign exchange of $0.177 million was mainly due to the continued weakening of the Euro and Canadian Dollar against both the US Dollar and British Pound during the quarter.
- Travel costs increased by $0.158 million primarily due to employee and consultant travel relating to the FS on the Ilovica Project and is exacerbated by cash preservation measures existing during the Q3-2014 as the Company was seeking additional funding to commence the Ilovica FS. Also contributing to the increase was the Company's attendance at the Precious Metals Summit and Denver Gold Forum both held during September 2015.
- Finance expenses increased by $0.110 million which mainly consists of amortised transaction costs relating to closing the initial tranche under the GPSA with Royal Gold which was signed in Q4-2014.

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2015 the Group had cash and cash equivalents of $2.065 million, trade and other receivables of $2.030 million and trade and other payables totalling $3.040 million. In addition to this the Company had gold purchase advance payments totalling $10.021 million and share-based payment liabilities amounting to $3.028 million for which significant cash payments are not anticipated to occur in the foreseeable future. Refer to the "Related Party Transaction" section for further details relating to the share-based payment liabilities.

During 9M-2015 the Group closed the Private Placement on January 12, 2015 and issued 31,495,397 common shares at an issue price of $0.25 per share, raising gross proceeds of $7.874 million. The proceeds from the Private Placement, together with the advance payments received under the GPSA, have been used to fund the completion of the FS on the Ilovica Project, as well as completion of the ESIA and Front-End Engineering and Design work (see investing activities section below for further details). These use of proceeds is consistent with the use of proceeds disclosed in the Company's news release dated December 9, 2014.

The Group is in the exploration and evaluation stage of the mining life cycle and has limited recurring sources of operating cash flow. The Group's ability to continue operations is contingent on its ability to obtain additional financing and progress the Ilovica Project into commercial production. Refer to Note 3 of the unaudited condensed consolidated interim financial statements for the nine months ended September 30, 2015 for further details.

Operating Activities

Cash used in operations in 9M-2015 was $5.191 million compared to $1.755 million in 9M-2014. This $3.436 million increase in cash used in operations is due to substantially increased Group's activities and increased outstanding balance of trade and other receivables for 9M-2015 compared to 9M-2014.

These increased activities relate to supporting the FS and ESIA on the Ilovica Project together with legal services for executing mandate letters and term sheets for both the Project Facility and the Equipment Facility, as well as the cost of redundancies in the London corporate office where a number of corporate functions of the Group were transferred to the expanded Skopje office in 2015. All these activities have resulted in increased loss before tax in 9M-2015 to $8.449 million, compared to $6.136 million for 9M-2014 (refer to the "Results of Operations" section for further details).

At September 30, 2015, the trade and other receivables, including prepayments and deposit had increased by $1.960 million since December 31, 2014 compared to the decrease of $0.130 million of the respective balance in 9M-2014. The outstanding balance of $2.030 million at September 30, 2015 (9M-2014: $0.574 million) is mainly comprised of the outstanding invoices issued by EES to its client, representing $1.054 million (9M-2014: $0.371 million), and outstanding balance of VAT receivables in Macedonia due to the commencement of the FS on the Ilovica Project, representing $0.870 million (9M-2014: $0.175 million).

Trade and other payables were $3.040 million at September 30, 2015, compared to $1.710 million at December 31, 2014. The substantial increase in this balance has been mainly driven by the FS on the Ilovica Project which commenced in January 2015, however only a marginal increase of $0.329 million for 9M-2015 (9M-2014: $0.310 million) is related to operating activities as all FS related payables have been recognised within investing activities in accordance with accounting standards.

Financing Activities

During the period ended September 30, 2015, the Group closed a 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 the year ended December 31, 2014. Additionally $9.351 million of gold purchase advance payments were received from Royal Gold representing receipt of the initial tranche of funding from the GPSA.

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 $0.138 million.

In 9M-2014 cash used in financing activities was $0.015 million and related to interest paid.

Investing Activities

Cash used in investing activities in 9M-2015 amounted to $8.761 million which includes $8.434 million of capital expenditures on unproven mineral right interests, predominately on the Ilovica Project and purchases of property, plant and equipment and intangible assets of $0.428 million. This was offset by $0.100 million proceeds received from the sale of a 4% interest in KMC.

The Group provided cash of $1.362 million from investing activities in 9M-2014 which includes $3.023 million of proceeds received from the sale of Euromax Services EOOD, and offset by $1.560 million paid for further exploration of the Group's exploration projects with the majority focussed on the Ilovica Project and $0.101 million paid for acquired property, plant and equipment.

LIQUIDITY AND CAPITAL RESOURCES – CONTINUED

The table below summarises the expenditures incurred on the Group's key projects during 9M-2015 and 9M-2014.

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

RELATED PARTY TRANSACTIONS

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

(a) Key management personnel compensation

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

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

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

(ii) The Company's VP Legal Affairs and Corporate Secretary was made redundant on January 30, 2015.

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

(b) Deferred Phantom Unit Plan

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

RELATED PARTY TRANSACTIONS – CONTINUED

(b) Deferred Phantom Unit Plan - continued

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

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

Resulting from the redundancy of the VP Legal Affairs and Corporate Secretary on January 30, 2015, cash payments of $0.186 million was made in respect of vested DPUs.

(c) Working capital loan

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

During the first half of 2015, the working capital loan was repaid to the directors in full, through payment of $0.742 million of the loan and $0.111 million of interest. For more details please see the following table:

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

COMMITMENTS FOR CAPITAL EXPENDITURES

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

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

CRITICAL ACCOUNTING ESTIMATES

The Group's significant accounting policies are summarised in the audited consolidated financial statements for the year ended December 31, 2014. The preparation of consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board 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.

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.

Global Financial 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.

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.

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.

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.

OPERATIONAL AND OTHER BUSINESS RISKS AND UNCERTAINTIES – CONTINUED

No Dividends

The Group has never paid cash 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.

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 Lev, Macedonian Denar, Serbian Dinar, 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.

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.

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.

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.

OPERATIONAL AND OTHER BUSINESS RISKS AND UNCERTAINTIES – CONTINUED

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.

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.

Limitations on the Transfer of Cash or Other Assets

Euromax is a Canadian company that conducts operations through foreign (principally Bulgaria, Macedonia and Serbia) subsidiaries and substantially all of Euromax's assets consist of equity in, or intercompany loans to its subsidiaries. Accordingly, any limitation on the transfer of cash or other assets between Euromax and its subsidiaries, or among its subsidiaries, could restrict the Group's ability to fund its operations efficiently.

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.

OPERATIONAL AND OTHER BUSINESS RISKS AND UNCERTAINTIES – CONTINUED

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.

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.

Health, Safety and Community Relations - Continued

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.

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, will not adversely affect the Group's operations, or its ability to develop its properties economically.

OPERATIONAL AND OTHER BUSINESS RISKS AND UNCERTAINTIES – CONTINUED

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.

Litigation Risks

All industries, including the mining industry, are subject to legal claims, with and without merit. 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.

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.

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.

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.

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

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.

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. dollar and Canadian dollar, 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.

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 and 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 nine months ended September 30, 2015.

NON-GAAP MEASURES - CONTINUED

in thousands	Quarter ended September 30 2015 (Unaudited)	 2014 (Unaudited)	Nine months ended September 30 2015 (Unaudited)	 2014 (Unaudited)
Operating Loss - per financial statements	**(171)**	**(2,265)**	**(6,090)**	**(5,176)**
Add/(Less):				
Share-based payments	(1,069)	1,749	2,025	2,892
Depreciation	45	26	121	84
Amortisation	6	5	14	16
Total Operating Cash Costs	**(1,189)**	**(485)**	**(3,930)**	**(2,184)**

SUBSEQUENT EVENTS

On October 19, 2015, the Company entered into the Option Agreement for selling of the remaining 96% interest in KMC to the Optionee. In accordance with the Option Agreement, the Optionee will be granted with the Option for purchase of this 96% interest in KMC for a cash payment of US$0.500 million. Also, the Optionee will be responsible for funding the KMC minimum required work programme for the purpose of securing the extension of the KMC exploration license.

OTHER MD&A REQUIREMENTS

As of November 16, 2015, the Group had outstanding 116,842,737 common shares, 20,141,835 share purchase warrants, 9,733,470 share options, with exercise prices ranging from $0.18 to $1.05 per share and 1,535,572 restricted share units. Additional information is available on SEDAR at www.sedar.com and at the Group's website www.euromaxresources.com.