

Euromax is being advised by NRG Capital Partners for the US\$30 million investment deal with CC Mining SA part of CCC Group for the development of Ilovica gold mine project in Macedonia.

Euromax Resources Ltd announced it has entered into a term sheet for an investment of up to US\$30 million and a strategic alliance with CC Mining S.A. (“CCM”) which is related to Consolidated Contractors Company Group (“CCC Group”), in respect of certain construction activities for the Ilovica project in Macedonia.

Under the Term Sheet signed between CCM and Euromax, it is envisaged that CCM (or another affiliated or legal entity related to CCM) will provide financing to Euromax of up to US\$30 million in three tranches for the funding and development of Ilovica:

Primary Convertible Loan Tranche: On or before 30th April 2016, it is envisaged that CCM will subscribe C\$5.2 million for a convertible loan note to be issued by the Company (the “Convertible Loan”). The Convertible Loan matures on 30 May 2018 and may be converted into common shares of Euromax at a price of C\$0.40 per share. The Convertible Loan will bear interest at a rate 9% per annum.

Secondary Equity Tranche: On or prior to 31 December 2016, it is anticipated that CCM will at its discretion subscribe for a minimum of US\$5 million in common shares of Euromax (“Secondary Equity Tranche”) at a subscription price equal to up to 90% of the lower of (i) the then prevailing market price, or (ii) the 20 day VWAP price prior to the date of the announcement of the Secondary Equity Tranche.

Third Subordinated Loan Tranche: In addition, and in tandem with the Secondary Equity Tranche, CCM has provided an in-principle commitment to provide at its discretion a 10-year subordinated, secured loan facility of up to US\$20 million (“Subordinated Loan”) at an interest of 6 Month LIBOR plus 8% per annum. The secondary Equity Tranche and the Third Subordinated Loan Tranche commitments are conditional on the Ilovica project development and CC Mining board approval at that time.

Strategic Relationship with CCC Group for Construction Activities at Ilovica

Upon subscription of the Convertible Loan, the CCC Group will assist Euromax in the definition, evaluation, establishment and implementation of appropriate construction contracts in respect of the Ilovica Project.

In addition, upon subscription of the Convertible Loan and for so long as CCM beneficially owns more than 5% of the outstanding Euromax common shares (and for these purposes, any remaining portion of the Convertible Loan then outstanding will be deemed to have been converted in full into common shares pursuant to the terms of the Convertible Loan): CCM shall be entitled to nominate a director to the board of Euromax (subject to such

nominee satisfying the qualification requirements under the TSX Venture Exchange and Euromax's governing statute and articles and being approved by the board and shareholders of Euromax); and CCM shall also be entitled to appoint a member to the Euromax Technical Committee to assist in the front-end-engineering design process and the development of the Project.

The proceeds from the Convertible Loan shall be used to fund pre-development work, including the front-end engineering design and further optimisation studies for Ilovica. It is envisaged that proceeds (if any) from the Secondary Equity Tranche and Subordinated Loan shall be used towards construction activities at Ilovica.

Further to the above transaction, an insider of the Company is contemplating, subject to its internal approvals, an investment of up to US\$5 million by way of a convertible loan in the Company by means of a non-brokered private placement. As proposed, the insider's convertible loan would have a two year term, an annual coupon of 12.5%, subject to an increase to 20% in certain circumstances, a prepayment amount of up to approximately US\$1.44 million (payable in certain circumstances and subject to TSX-V approval and any required shareholder approvals), and would be convertible into common shares of Euromax at a price of C\$0.40 per share. The proceeds from the insider's proposed convertible loan would also be used to fund pre-development work, including front-end engineering and optimisation studies, for the Ilovica Project. The definitive terms of such investment would be disclosed upon execution of relevant documentation.

Closing of each of the Primary Convertible Loan tranche, the Secondary Equity Tranche, the Subordinated Loan and the further anticipated funding from an insider is subject to negotiation and execution of definitive documentation, including subscription agreements, and certain other conditions including, among other things, receipt of approval by the TSX Venture Exchange, approval of the Company's and CCM's Board of Directors, internal approvals of the insider and applicable approval of the Company's shareholders. There are no assurances that any agreement will be signed or that the proposed transactions will be completed.

Commenting on the proposed investment, Steve Sharpe, President & CEO of Euromax, said: "This is excellent news for Euromax, the Ilovica project and the people of Macedonia. We are delighted to have the CCC Group as a partner as we finalise the FEED and move into construction of Ilovica."

Commenting on the transaction, John Burgess, Head of Minerals Exploration for the CCC Group, said: "We have looked at a number of exploration and mining opportunities as we attempt to diversify the CCC Group's portfolio, largely focused on the Oil & Gas and major



Macedonia mining: NRG Capital Partners to advise Euromax Ilovica gold mine development deal with CCC Group

infrastructure sectors to date. Euromax with its Ilovica project fits this objective well and dovetails with CCC's construction capabilities established over 60 years operating in 35+ countries. The project long term fundamentals are compelling, we have considerable experience mobilising and performing in new regions, and we have built a good working relationship with Steve and his team over the past 6 months. We look forward to working together to finalising the financing packages and successfully constructing Ilovica." Euromax is being advised by NRG Capital Partners ("NRG") as a financial adviser in relation to the transaction and subject to TSX Venture Exchange approval, a cash commission equal to US\$ 0.25 million will be payable on closing of the Convertible Loan.

source: Serbia-energy.eu