



MANAGEMENT’S DISCUSSION AND ANALYSIS 2016

The following management’s discussion and analysis (“MD&A”) of EURO Ressources S.A. (“EURO” or the “Company”) for the year ended December 31, 2016 and dated February 28, 2017, has been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. This MD&A should be read in conjunction with EURO’s annual audited financial statements and related notes for December 31, 2016. Financial information is presented in Euros (€ or euros), unless stated otherwise and in accordance with International Financial Reporting Standards (“IFRS”) as approved by the International Accounting Standards Board. Additional information on EURO can be found at www.sedar.com. EURO’s securities trade on the NYSE Euronext of Paris stock exchange under the symbol EUR. Readers are cautioned that this financial information contains certain forward-looking information as described in this MD&A.

About EURO

EURO is a French company whose principal asset is a gold production royalty from the Rosebel gold mine in Suriname (the “Rosebel royalty”). The Rosebel gold mine is 95%-owned by IAMGOLD Corporation (“IAMGOLD”), and is operated by IAMGOLD. EURO has approximately 62.5 million shares outstanding. At December 31, 2016, IAMGOLD France S.A.S., a wholly owned subsidiary of IAMGOLD, owned approximately 89.71% of all issued outstanding shares of EURO.

EURO receives quarterly royalty payments from IAMGOLD. The Rosebel royalty payments from IAMGOLD apply to the first seven million ounces of gold production at the Rosebel mine and the market price of gold based on the London PM fixing price. As of December 31, 2016, the Rosebel mine produced 4.4 million ounces of gold and 2.6 million ounces of gold remain under the Rosebel royalty contract. Rosebel’s proven and probable gold reserves as at December 31, 2016 were estimated to 2.1 million ounces of gold (December 31, 2015: 2.4 million ounces). The Rosebel royalty is calculated based on 10% of the excess gold market price above US\$300 per ounce for soft and transitional ore, and above US\$350 per ounce for hard rock ore, and, in each case, after deducting a fixed royalty of 2% of production paid in-kind to the Government of Suriname.

STATEMENTS REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains forward-looking statements, with respect to the Company's financial condition, results of operations, business prospects, plans, objectives, goals, strategies, future events and capital expenditure. Words such as "anticipates", "expects", "intends", "plans", "forecasts", "projects", "budgets", "believes", "seeks", "estimates", "could", "might", "should", and similar expressions identify forward-looking statements. Although the Company believes that its plans, intentions and expectations reflected in these forward-looking statements are reasonable, the Company cannot be certain that these plans, intentions or expectations will be achieved. Actual results, performance or achievements could differ materially from those contemplated, expressed or implied by the forward-looking statements contained in this MD&A. These statements may include comments regarding the closing of certain transactions including acquisitions and offerings and expectations of future participation rights payments.

List of the directors and officers as of February 28, 2017**Carol T. Banducci**

Executive Vice-President and Chief Financial Officer, IAMGOLD Corporation
Toronto, Ontario, Canada

Ian L. Boxall¹

Businessman
George Town, Grand Cayman, Cayman Islands

Stephen Edward Crozier

Vice-President Corporate Affairs, IAMGOLD Corporation
Toronto, Ontario, Canada

Line Lacroix

Directeur-Général Délégué, EURO Ressources S.A.
Montréal, Québec, Canada

Benjamin Little

Directeur-Général, EURO Ressources S.A.
Senior Vice-President, Corporate Affairs, HSS and People, IAMGOLD Corporation
Toronto, Ontario, Canada

Phillip Marks

Associate General Counsel, IAMGOLD Corporation
Toronto, Ontario, Canada

Affie A. Simanikas

Vice-President, Operations Finance, IAMGOLD Corporation
Toronto, Ontario, Canada

Ian Smith^{1,2}

Director, Canada Coal Inc.
Vancouver, British Columbia, Canada

David H. Watkins^{1,2}

President, EURO Ressources S.A.
Chairman, Atna Resources Ltd.
Oak Bay, British Columbia, Canada

¹ Member of the Audit Committee.

² Member of the Compensation Committee.

Stock Exchange Listing

EURONEXT

Symbol: EUR

During 2016, the Company's shares were listed on Compartment B of Euronext Paris.

Registrar and Transfer Agent

Questions regarding the change of stock ownership, consolidation of accounts, lost certificates, change of address and other such matters should be directed to:

Société Générale Securities Services
SGSS/SBO/CIS/ISS/SRP
32 rue du Champ de Tir CS 30812
44308 Nantes Cedex 3, France
www.sharinbox.societegenerale.com

TSX Trust
200 University Avenue, Suite 300
Toronto, Ontario, Canada M5H 4H1
Toll Free: 1 (866) 393-4891
Fax: (416) 361-0470
tmxeinvestorservices@tmx.com
www.tsxtrust.com/resources/investor-centre

Auditors

PricewaterhouseCoopers Audit, SA
63 rue de Villiers
92208 Neuilly-sur-Seine Cedex
France

Registered Office

EURO Ressources S.A.
23 rue du Roule
75001 Paris
France

Société anonyme with a share capital of €624,913
SIRET 390 919 082

Information requests should be addressed to:

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INTRODUCTION

EURO presents its financial statements in Euros (€ or euros). Under IFRS, the functional currency of EURO is the United States dollar, since this is the currency in which its major transactions, such as income from royalties and the related cash are denominated.

The currency exchange rate used to present the balance sheets in euros was €1 for US\$1.0554 at December 31, 2016 (€1 for US\$1.0860 as at December 31, 2015). The average currency exchange rate for the year ended December 31, 2016, used to present the Company's income statements, statements of comprehensive income and cash flow statements, was €1 for US\$1.1058 (2015: €1 for US\$1.1136). Significant transactions are translated at the exchange rate of the date of the transaction.

RESULTS OF OPERATIONS UNDER IFRS**2016 compared to 2015**

EURO recorded a net profit of €15.9 million (€0.255 per share) in 2016 compared to €12.5 million (€0.201 per share) during 2015.

Revenues totaled €26.1 million in 2016, an increase of 14% compared to revenues of €22.8 million during 2015. Revenues are mainly attributable to the Rosebel royalty for €25.7 million in 2016 (2015: €22.4 million). The increase in revenues is due to a higher average gold price of US\$1,249 per ounce in 2016 compared to US\$1,162 per ounce in 2015 (€2.6 million), a higher gold production with 311,808 ounces in 2016 compared to 301,813 ounces during 2015 (€0.6 million), and the weaker euro (€0.1 million).

Operating expenses in 2016 were €0.4 million, lower than €0.9 million in 2015. The difference was mainly due to lower administrative costs, directors' fees and legal fees during 2016.

The amortization expense of €0.7 million during 2016 was higher than the amortization expense of €0.6 million recorded during 2015, mainly due to lower gold reserves at the Rosebel mine.

EURO recorded an income tax expense of €9.0 million for 2016 compared to €8.6 million in 2015. The increase is mainly due to higher royalty revenues in 2016 compared to 2015 partially offset by translation adjustments.

Fourth quarter ended December 31, 2016 compared to the same period in 2015

EURO recorded a net profit of €4.1 million (€0.066 per share) for the fourth quarter of 2016 compared to €2.7 million (€0.045 per share) for the fourth quarter of 2015.

Revenues were €7.2 million during the fourth quarter of 2016, an increase of 36% compared to revenues of €5.3 million for the fourth quarter of 2015. Revenues are mainly attributable to the Rosebel royalty of €7.2 million (fourth quarter of 2015: €5.2 million). The increase in revenues is mainly due to higher gold production with 88,121 ounces in the fourth quarter of 2016 as compared to 73,081 ounces during the fourth quarter of 2015 (€1.0 million), and by the higher average gold price during the fourth quarter of 2016 of US\$1,222 per ounce of gold compared to US\$1,106 per ounce of gold during the fourth quarter of 2015 (€0.9 million).

Operating expenses during the fourth quarter of 2016 were €0.1 million compared to €0.4 million in the same period of 2015. The difference was mainly due to lower administrative costs, directors' fees and legal fees during 2016.

The amortization expense of €0.21 million during the fourth quarter of 2016 was higher than the amortization expense of €0.14 million recorded during the fourth quarter of 2015, mainly due to lower gold reserves at the Rosebel mine.

EURO recorded an income tax expense of €2.7 million during the fourth quarter of 2016 compared to €1.9 million during the fourth quarter of 2015. The increase is mainly due to higher royalty revenues in 2016 compared to 2015 and translation adjustments.

OUTLOOK

The Rosebel royalty production in 2016 was 311,808 ounces and is anticipated to be between 311,000 ounces and 321,000 ounces in 2017. In 2017, the Rosebel royalty is expected to provide revenues to the Company of between approximately €25.8 million and €26.7 million (US\$27.8 million and US\$28.8 million). These pre-tax numbers assume a gold price of US\$1,250 per ounce and an exchange rate of €1 for US\$1.08. The impact of changes in the average gold price on EURO's annual revenues, based on an estimated production of 316,000 ounces, would be approximately US\$3.1 million for each US\$100 per ounce change in the gold price. EURO's cash flow will primarily be affected by income tax payments, since there are no tax losses carried forward to offset any future revenue. EURO expects its cash flow will be adequate to meet all corporate and related expenses.

KEY FINANCIAL DATA

Annual financial information

(In millions of euros, except per share data)	2016	2015
Revenues	26.1	22.8
Operating expenses	0.4	0.9
Profit before income tax	25.0	21.2
Income tax expense	9.0	8.6
Net profit	15.9	12.5
Basic profit per share	0.255	0.201
Total assets	36.9	28.9
Dividend paid	12.5	9.4
Dividend paid per share (€ per share)	0.20	0.15

Quarterly data

(In millions of euros, except per share data)	2016				2015			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	7.2	6.9	6.3	5.7	5.3	5.3	6.0	6.2
Net cash flow from operating activities	4.9	3.9	4.1	3.2	3.1	3.7	3.5	5.3
Net profit	4.1	4.4	3.3	4.1	2.7	3.4	3.6	2.8
Basic profit per share	0.066	0.070	0.053	0.066	0.045	0.054	0.057	0.045

LIQUIDITY AND CAPITAL RESOURCES

Cash at December 31, 2016 totaled €11.1 million as compared to €7.5 million at December 31, 2015. The increase is mainly due to cash flow from operating activities partially offset by a dividend paid in 2016. EURO expects to have sufficient cash flow to fund its on-going operational needs.

SHARE CAPITAL

As at December 31, 2016, and the date of this MD&A, the Company had 62,491,281 common shares outstanding with a par value of €0.01 per share. There were no shares issued during 2016.

DIVIDENDS

The annual ordinary and extraordinary general meeting of shareholders held May 25, 2016 approved a dividend in the amount of €12.5 million (€0.20 per share) which was paid to the Company's shareholders on June 16, 2016.

On May 28, 2015, the Company paid a dividend of €9.4 million (€0.15 per share) as determined by the Board of Directors on May 13, 2015 and according to resolutions approved during the annual general meeting held on May 13, 2015 by shareholders who first approved the resolution providing for the distribution of dividends to a maximum of €9.4 million (€0.15 per share) provided that the Company had sufficient cash and cash equivalents, and authorized the Board of Directors to adjust the amount distributed depending on the level of available cash and cash requirements.

Any dividends proposed by the Board of Directors will take into account various factors, including EURO's net profit, financial condition, current and anticipated cash needs and will be subject to shareholders' approval. The amount of distributable dividends is based on the annual financial statements prepared in accordance with French generally accepted accounting principles.

CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The Company's management makes judgments in its process of applying its accounting policies in the preparation of its financial statements. In addition, the preparation of financial data requires that the Company's management make assumptions and estimates of effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. The significant accounting judgments, estimates and assumptions of the Company are reflected in note 3.9 of the Company's financial statements for the year ended December 31, 2016.

SIGNIFICANT ACCOUNTING POLICIES

The Company's financial statements have been prepared following the same accounting policies and methods of computation as the annual audited financial statements for the fiscal year ended December 31, 2015.

NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

For a discussion of new accounting standards that may impact the Company in the future, refer to note 4 of the 2016 Company's financial statements.

RELATED PARTY TRANSACTIONS

Revenues from royalties related to the Rosebel mine during 2016 were €25.7 million compared to €22.4 million during 2015. The related amount receivable at December 31, 2016 was €7.4 million (December 31, 2015: €5.2 million) and was included in trade receivables.

During 2016, the Company accounted for support fees totalling €0.1 million less a fee reduction of €0.145 million to adjust the 2015 fees based on the actual cost incurred by IAMGOLD. During 2015, IAMGOLD adjusted support fees charged to EURO and sent a credit adjustment of €0.155 million to adjust the 2014 fees based on the actual cost incurred by IAMGOLD as per the agreement. This adjustment resulted in a net charge of €0.132 million in 2015. These charges are included in administrative costs in operating expenses. The related amount payable at December 31, 2016 was €0.03 million and was included in trade payables and other current liabilities (December 31, 2015: receivable of €0.02 million included in trade receivables).

DISCLOSURE CONTROLS AND PROCEDURE AND INTERNAL CONTROL OVER FINANCIAL REPORTING

The Directeur-Général and the Directeur-Général Délégué have reasonable assurance that material information relating to the Company are known to them. The Directeur-Général and the Directeur-Général Délégué have concluded that the Company's disclosure controls and procedures and internal control over financial reporting are effective.

ADDITIONAL INFORMATION

Additional information relating to EURO Ressources S.A. is available on SEDAR at www.sedar.com. Information related to the Rosebel royalty can be found at IAMGOLD's website at www.iamgold.com. Further requests for information should be addressed to:

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