

EURO RESSOURCES SA

Independent auditor's report



Independent auditor's report

EURO RESSOURCES SA

23, rue du Roule
75001 Paris, France

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of EURO Ressources SA (the "Company") as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Company's financial statements comprise:

- Balance sheet;
- Income statement;
- Statement of comprehensive income;
- Cash flows statement;
- Statement of changes in Equity;
- Notes to financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the "Code de Déontologie des Commissaires aux Comptes" that are relevant to our audit of the financial statements in France. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the "Code de Déontologie des Commissaires aux Comptes".

*PricewaterhouseCoopers Audit, 63, rue de Villiers, 92208 Neuilly-sur-Seine Cedex
Téléphone: +33 (0)1 56 57 58 59, Fax: +33 (0)1 56 57 58 60, www.pwc.fr*

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of non-financial assets

(Notes 4.2, 4.3, 4.9 and 7 to the financial statements)

Euro Ressources' royalty assets include:

- The royalty right in respect of the Rosebel mine,
- The Net Smelter Returns ("NSR") production royalty on the Paul Isnard concessions (Montagne d'Or), and
- The right to 50% of the silver production on the Bombore Project.

The management assesses the carrying amounts of the royalty assets at each reporting date to determine whether there is any indication of impairment (Rosebel mine). An impairment test is also performed for the intangible asset not yet available for use (Paul Isnard – Montagne d'or and Bombore).

The Company records an impairment loss if the carrying amount of these assets exceeds the recoverable amount which is determined based on several assumptions such as:

- The grant of the various required authorizations and permits,
- The estimated quantity of remaining gold or silver to be extracted (proven and probable reserves),
- The estimated future gold or silver prices.

Rosebel Mine

No indication of impairment had been identified by management as of December 31, 2021.

Paul Isnard (Montagne d'or)

As described in Note 7 to the financial statements, the modalities of the technical and legal analysis of the Montagne d'Or project implementation create some uncertainties that could trigger the delivery of the authorization and permits, not yet obtained and required for developing the project. This situation could potentially affect the operational and financial capacities of the Montagne d'Or joint venture (Compagnie Minière Montagne d'Or) to go on with the project and could result in a full write-off of the carrying amount of the Paul Isnard royalty (carrying amount as of December 31, 2021: 4 922 k€).

In the impairment test performed by management as of December 31, 2021, the Company considered that the authorization and permits would be granted under conditions that will allow the Compagnie Minière Montagne d'Or to go on with this project.

On that basis, the Company concluded that no impairment charge was required to be recorded in the income statement for the year ended December 31, 2021.

Orezone Bomboré Silver Metal Agreement

As described in Note 7 to the financial statements, Euro Ressources SA concluded in 2021 the acquisition of 50% of payable silver production over the life of the mine on Orezone's Bomboré Project with Orezone Gold Corporation for US\$7,150,000.

In the impairment test performed by management as of December 31, 2021, the Company determined that the future actualized payments are in excess of the carrying amount of the asset (6 285 k€) and concluded that no impairment charge was required as of December 31, 2021.

We focused on these areas due to:

- the significant value of the assets and
- the nature of the judgments and assumptions that management are required to make in determining whether there are any impairment triggers or any impairment charge to be recognized

How our audit addressed the key audit matters

Rosebel Mine

We challenged the management's analysis of indication of impairment by:

- checking that the estimated quantity of gold remaining to be extracted* exceeds the remaining quantity subject to royalty per the contract agreement,
- comparing the management's gold price forecasts (average analysis made by several financial groups on gold price) with an external analysis for the years 2022 to 2025.

**information published in the official releases issued by IAMGOLD corporation and certified by a qualified person as requested by the Canadian regulations (National Instrument 43-101 standard of disclosure of mineral projects).*

We also assessed the information provided in the notes to the financial statements.

Paul Isnard (Montagne d'or)

We considered:

- Administrative and court decisions concerning the delivery of the outstanding authorization and permits,
- Press releases issued by Orea Mining Corporation (previously Columbus Gold Corporation), Nordgold Corporation and Compagnie Minière Montagne d'Or confirming their intention to move forward with the Montagne d'Or gold mine development.

We inquired with the management to understand:

- how they assessed the facts and related current uncertainties regarding the delivery of the outstanding authorization and permits, and
- the assumptions used when performing their impairment test.

We challenged the management's impairment test by:

- checking that the estimated proven and probable reserves of gold ounces available* are sufficient to support the recoverability of the related intangible asset,
- comparing the management's gold price forecast (average analysis made by several financial groups on gold price) with an external analysis for the years 2022 to 2025,
- performing sensitivity analysis on the various key assumptions (gold price, exchange rate).

Finally, we assessed the information provided in the notes to the financial statements.

** information published in the official releases issued by Orea Mining Corporation and certified by a qualified person as requested by the Canadian regulations (National Instrument 43-101 standard of disclosure of mineral projects).*

Orezone Bomboré Silver Metal Agreement

We inquired with the management to understand the assumptions used when performing their impairment test.

We challenged the management's impairment test by:

- checking that the estimated quantity of silver mineral reserves and resources available are sufficient to support the recoverability of the related intangible asset,
- comparing the management's silver price forecasts with an external analysis for the years 2022 to 2025.

Finally, we assessed the information provided in the notes to the financial statements.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

February 24, 2022

PricewaterhouseCoopers Audit

Romain Dumont
Partner



EURO
Ressources^{SA}
A Gold Resource
Royalty Company

Audited Financial Statements (per IFRS)

Year ended December 31, 2021

Contents

Balance Sheets	3
Income Statements	4
Statements of Comprehensive Income	5
Cash Flow Statements	6
Statements of Changes in Equity	7
Notes to Financial Statements	8 – 22

Balance Sheets

(In thousands of euros)

	Notes	December 31, 2021	December 31, 2020
Non-current assets		€ 15,838	€ 10,207
Royalty assets	7	13,862	7,219
Marketable securities	8	1,976	2,988
Current assets		24,314	36,246
Trade receivables	9	3,526	2,889
Other current assets		18	25
Income tax receivable	12.3	403	1,836
Cash	10	20,367	31,496
Total assets		€ 40,152	€ 46,453
Equity		€ 39,818	€ 45,845
Share capital	11.1	625	625
Additional paid-in-capital	11.1	84	84
Other reserves		31,506	31,173
Net profit for the period		7,603	13,963
Non-current liabilities		189	434
Deferred tax liabilities	12.2	189	434
Current liabilities		145	174
Trade payables and current liabilities		145	174
Total equity and liabilities		€ 40,152	€ 46,453
Contingencies	18		

The accompanying notes are an integral part of these audited financial statements.

Income Statements

(In thousands of euros, except per share amount)

	Notes	Years ended December 31,	
		2021	2020
Revenues	14	€ 12,602	€ 19,206
Operating expenses	15	(667)	(703)
Amortization expense	7	(174)	(278)
Operating profit		11,761	18,225
Investment income		114	273
Foreign exchange loss		(234)	(90)
Net financial gain (loss)		(120)	183
Profit before income tax		11,641	18,408
Income tax expense	12	(4,038)	(4,445)
Net profit		€ 7,603	€ 13,963
Basic and diluted earnings per share (€/share)	11.2	€ 0.122	€ 0.223

The accompanying notes are an integral part of these audited financial statements.

Statements of Comprehensive Income

(In thousands of euros)

	Note	Years ended December 31,	
		2021	2020
Net profit		€ 7,603	€ 13,963
Other comprehensive income (loss)			
Items that will not be reclassified to the income statement			
Net unrealized change in fair value of marketable securities, net of tax	8	(772)	452
Currency translation adjustments		2,765	(3,635)
Other comprehensive income (loss)		1,993	(3,183)
Total comprehensive income		€ 9,596	€ 10,780

The accompanying notes are an integral part of these audited financial statements.

Cash Flow Statements

(In thousands of euros)

	Notes	Years ended December 31,	
		2021	2020
Operating activities			
Net profit		€ 7,603	€ 13,963
Elimination of items which do not have an impact on cash flow:			
Amortization expense		174	278
Foreign exchange loss		234	90
Income tax expense		4,038	4,445
Movements in non-cash working capital items	16	(437)	2,778
Cash from operating activities before income tax paid		11,612	21,554
Income tax paid		(2,458)	(6,606)
Net cash flow from operating activities		9,154	14,948
Financing activities			
Dividends paid	11.3	(15,623)	(12,498)
Investing activities			
Acquisition of royalty asset	7	(6,285)	-
Unrealized impact from changes in foreign currency exchange rates on cash		1,625	(2,574)
Decrease in cash		(11,129)	(124)
Cash, beginning of the year		31,496	31,620
Cash, end of the year		€ 20,367	€ 31,496

The accompanying notes are an integral part of these audited financial statements.

Statements of Changes in Equity

(In thousands of euros)

	Share capital	Additional paid-in capital	Fair value reserve	Currency translation adjustments	Retained earnings	Net profit for the period	Total equity
Balance as of							
December 31, 2020	€ 625	€ 84	€ (1,739)	€ 2,950	€ 29,962	€ 13,963	€ 45,845
Appropriation of 2020 profit	-	-	-	-	13,963	(13,963)	-
Position as of December 31, 2020 after appropriation of profit	625	84	(1,739)	2,950	43,925	-	45,845
Dividends (note 11.3)	-	-	-	-	(15,623)	-	(15,623)
Total comprehensive income	-	-	(772)	2,765	-	7,603	9,596
Balance as at							
December 31, 2021	€ 625	€ 84	€ (2,511)	€ 5,715	€ 28,302	€ 7,603	€ 39,818

	Share capital	Additional paid-in capital	Fair value reserve	Currency translation adjustments	Retained earnings	Net profit for the period	Total equity
Balance as of							
December 31, 2019	€ 625	€ 84	€ (2,191)	€ 6,585	€ 26,494	€ 15,966	€ 47,563
Appropriation of 2019 profit	-	-	-	-	15,966	(15,966)	-
Position as of December 31, 2019 after appropriation of profit	625	84	(2,191)	6,585	42,460	-	47,563
Dividends (note 11.3)	-	-	-	-	(12,498)	-	(12,498)
Total comprehensive income	-	-	452	(3,635)	-	13,963	10,780
Balance as at							
December 31, 2020	€ 625	€ 84	€ (1,739)	€ 2,950	€ 29,962	€ 13,963	€ 45,845

The accompanying notes are an integral part of these audited financial statements.

Notes to Financial Statements

(Amounts in notes are in euros, and tabular amounts are in thousands of euros, except where otherwise indicated.)

1) Corporate information

EURO Ressources S.A. (“EURO” or the “Company”) is a *Société Anonyme*, domiciled in metropolitan France with its registered office located in Paris. EURO is a listed company in France who does not prepare consolidated financial statements.

As at December 31, 2021, IAMGOLD France S.A.S. (“IAMGOLD France”), an indirect wholly owned subsidiary of IAMGOLD Corporation (“IAMGOLD”), owned approximately 89.71% of all issued and outstanding shares of EURO and 94.25% of the voting rights of EURO (note 11.1). EURO’s securities trade on the NYSE Euronext of Paris stock exchange under the symbol EUR.

Main assets are a royalty on the Rosebel gold mine production in Suriname (the “Rosebel royalty”), a royalty on the Paul Isnard concessions, a silver stream from a subsidiary of Orezone Gold Corporation (“Orezone”) and marketable securities. The Rosebel royalty is payable by IAMGOLD. The Rosebel gold mine is 95%-owned by IAMGOLD, and is operated by IAMGOLD. The royalty on the Paul Isnard concessions is a net smelter returns production royalty on future production of the Paul Isnard concessions and an area of interest surrounding the concessions in French Guiana, owned under a joint venture agreement between Orea Mining Corp. and Nord Gold SE (“Compagnie Minière Montagne d’Or” or the “JV”). The silver stream entitles EURO to receive 50% of the payable silver production over the life of mine on Orezone’s Bomboré Project, located in Burkina Faso, West Africa.

2) Basis of preparation

2.1) Statement of compliance

EURO’s financial statements as and for the years ended December 31, 2021 and 2020 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as approved by the International Accounting Standard Board (“IASB”) to comply with Canadian requirements. In France, only French generally accepted accounting principles can be applied for establishment of individual accounts of listed companies.

These financial statements were prepared on a going concern basis. The significant accounting policies applied in these financial statements are presented in note 4 and have been consistently applied in each of the years presented except for the new accounting standards presented in note 3.

These financial statements have been approved for publication by the Board of Directors on February 24, 2022.

2.2) Basis of measurement

Financial statements for the years ended December 31, 2021 and 2020 have been prepared on a historical cost basis, except for items measured at fair value as discussed in note 13.

2.3) Functional and presentation currencies

Financial statements of the Company are presented in Euros (“€” or “euros”).

The functional currency of EURO is the United States dollars (“US\$”), determined on the basis of the economic environment in which the Company operates. The United States dollar is the currency in which major transactions of the Company, such as income from royalties and the related cash, are denominated. Certain additional information are presented in these financial statements in United States dollars and in Canadian dollars (“C\$”).

Transactions denominated in foreign currencies (€ and C\$) are converted into the Company's functional currency (US\$) on the basis of the spot exchange rates applying on the transaction dates. Foreign exchange gains and losses are related to the revaluation of bank accounts and other balance sheet accounts denominated in foreign currencies, and the revaluation and payment of dividends and income tax payable. Foreign exchange gains and losses are included in the income statements. Foreign exchange gains and losses related to deferred tax liabilities are included in the income tax expense.

Financial statements in United States dollars are then converted into euros as follows:

- Assets and liabilities are translated at the closing rate at the date of the balance sheet;
- Income and expenses for each significant transaction are translated at the exchange rate at the date of the transaction; otherwise an average rate for the period is used;
- When a gain or loss on financial assets at fair value through other comprehensive income ("OCI"), is recognized in OCI, the translation differences are also recognized in OCI;
- Equity transactions are translated using the exchange rate at the date of the transaction.

Translation adjustments arising from conversion of the financial statements into the presentation currency are recognized in other comprehensive income ("currency translation adjustments"). The currency exchange rate used to present the balance sheets in euros was €1 for US\$1.1377 at December 31, 2021 (€1 for US\$1.2228 as at December 31, 2020). The average currency exchange rate for the year ended December 31, 2021, used to present the Company's income statement, statement of comprehensive income and cash flow statement, was €1 for US\$1.1866 (2020: €1 for US\$1.1392). Significant transactions are translated at the exchange rate of the date of the transaction. The fluctuation in foreign exchange rates explains the currency translation adjustments in the statement of comprehensive income.

3) Adoption of new accounting standards

These financial statements, including comparatives, have been prepared following the same accounting policies and methods of computation as the annual audited financial statements for the year ended December 31, 2020.

4) Summary of significant accounting policies

4.1) Financial instruments

The Company recognizes financial assets and financial liabilities on the date the Company becomes a party to the contractual provisions of the instruments. A financial asset is derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset or when cash flows expire. A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expired. Certain financial instruments are recorded at fair value on the balance sheet. Refer to note 13 on fair value determination.

Non-derivative financial instruments are recognized initially at fair value plus attributable transaction costs, where applicable for financial instruments not classified as fair value through profit or loss. Subsequent to initial recognition, non-derivative financial instruments are classified and measured as described below.

4.1.1) Financial assets at fair value through other comprehensive income

The Company's investments in equity marketable securities are designated as financial assets at fair value through other comprehensive income, and are recorded at fair value on the trade date with directly attributable transaction costs included in the recorded amount. Gains upon initial recognition are recorded in other comprehensive income. Subsequent changes in fair value are recognized in other comprehensive income.

4.1.2) Financial assets at fair value through profit or loss

Cash is classified as financial assets at fair value through profit or loss and is measured at fair value. The unrealized gains or losses related to changes in fair value are reported in other income in the income statement.

4.1.3) Amortized cost

Trade receivables are classified as and measured at amortized cost using the effective interest rate method, less impairment losses, if any.

Trade receivables are initially recognized at their fair value which generally equates with their nominal amount. They are subject to impairment testing if any indication of impairment exists. Any excess of their carrying amount over their recoverable amount is recognized as an operating expense. A prior period impairment loss is tested for possible reversal of impairment whenever an event or change in circumstance indicates the impairment may have reversed. If it has been determined that the impairment has reversed, the carrying amount of the asset is increased to its recoverable amount to a maximum of the carrying amount that would have been determined had no impairment loss been recognized in prior period. Impairment loss reversals are recognized as operating income.

4.1.4) Non-derivative financial liabilities

Trade payables are accounted for at amortized cost, using the effective interest rate method.

4.2) Royalty assets

Royalty assets are recognized if it is probable that the expected future economic benefits associated with them will flow to the entity, and if their cost can be measured reliably.

Royalty assets are measured at cost, less accumulated amortization and accumulated impairment charges, if any. The Company's royalty assets comprise:

- the royalty right in respect of the Rosebel mine,
- the net smelter returns royalty on the Paul Isnard concessions, and
- the right to 50% of the silver production on the Bombore Project.

The amortization expense is calculated on a unit-of-production basis by applying to the carrying amount of the royalty asset on January 1 the ratio between the quantity of gold/silver extracted during the year and the total estimated quantity of gold/silver remaining to be extracted as of January 1. In accordance with IFRS, any material change in the estimated total amount of the mine's reserves impacting the estimated quantity of metal remaining gives rise to a prospective recalculation of the amortization schedule for the royalty asset.

4.3) Impairment of royalty assets

The carrying amounts of the Company's royalty assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indicator exists, the Company performs an impairment review. If the carrying amounts of the royalty assets exceed its recoverable amount, an impairment loss is recorded.

The recoverable amount is determined based on the present value of estimated future cash flows from each royalty asset, which is calculated based on numerous assumptions such as proven and probable reserves, life of mine plans, and estimates of gold and silver prices, foreign exchange rates and discount rates. Management's assumptions and estimate of future cash flows are subject to risk and uncertainties, particularly in market conditions where higher volatility exists, and may be partially or totally outside of the Company's control. Therefore, it is reasonably possible that changes could occur with evolving economic conditions, which may affect the recoverability of the Company's royalty assets. If the Company fails to achieve its valuation assumptions or if any of its royalty assets experience a decline in their fair value, this may result in an impairment charge in future periods, which would reduce the Company's earnings.

An assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses may no longer exist or have decreased. If it has been determined that the impairment has reversed, the carrying amount of the asset is increased to its recoverable amount to a maximum of the carrying amount that would have been determined had no impairment loss been recognized in prior periods. A reversal of an impairment loss is recognized in the income statement.

4.4) Current and deferred income tax

Income tax expenses for the period comprise current and deferred income tax. Income tax expenses are recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. EURO considers that the value added tax (*Cotisation sur la Valeur Ajoutée des Entreprises* ("C.V.A.E.")) is an income tax expense.

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. Tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities in the balance sheet and its tax base. Deferred income tax liabilities are recognized for all taxable temporary differences, except where the deferred income tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit. Deferred income tax assets are recognized for all deductible temporary differences, and carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except when results from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is expected to be realized or the liability settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

A translation gain or loss will arise as the local tax currency is not the same at the functional currency. A deferred tax asset or liability is recognized on the difference between the carrying amount of the non-monetary assets and the underlying tax basis, translated to the functional currency using the current foreign exchange rate. Foreign exchange gains or losses related to deferred tax liabilities are included in income tax expense on the income statement.

There is no certainty that future income tax rates will be consistent with current estimates. Changes in tax rates increase the volatility of the Company's earnings.

4.5) Revenue recognition

The Company's main revenue stream is royalty income. Royalty revenue is recognized on an accrual basis, when the Company has reasonable assurance with respect to measurement and collectability. Royalties are payable based on volume of gold/silver production and the gold/silver price as determined by the corresponding royalty agreement with the owner of the royalty property. The unit of account considered for the accounting of royalty revenues is the ounce of gold/silver and not the right to a royalty itself.

4.6) Investment income

Investment income comprises interest income in respect of bank accounts.

4.7) Earnings per share

The Company presents basic and diluted earnings per share data for its common shares. Basic earnings per share are calculated by dividing the net profit attributable to equity shareholders by the weighted average number of shares outstanding during the year.

4.8) Segmented information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for assessing performance of the operating segments, has been identified as the Directeur Général who makes strategic decisions. The chief operating decision-maker considers the business from a product perspective. Only one segment has been identified, namely revenues from gold mine royalties. Concerning information about geographical areas, only one geographical area has been identified, namely Canada. The Rosebel royalty emanates from Canada and accounts for almost 100% of the Company's operating revenues.

4.9) Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Assumptions about the future and other major sources of estimation uncertainty at the end of the reporting period have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities, within the next financial year. The most significant judgments and sources of estimation uncertainty that the Company believes could have a significant impact on the amounts recognized in its financial statements are mainly the valuation of royalty assets and provisions.

The mineral reserve and resource estimates are subject to uncertainty and actual results may vary from these estimates. Results from drilling, testing and production, as well as material changes in metal prices and operating costs subsequent to the date of an estimate, may justify revision of such estimates. The determination of the useful life of royalty assets, the measurement of the depreciation expense and the impairment analysis are impacted by the mineral reserves and resources estimates.

Judgments are required to determine if a present obligation exists at the end of the reporting period by considering all available evidence, including the opinion of experts. Refer to note 18.

5) New accounting standards issued but not yet effective

Certain pronouncements have been issued by the IASB that are mandatory for accounting periods after December 31, 2021. There are currently no such pronouncements that are expected to have a significant impact on the Company's financial statements upon adoption.

6) Management of financial risk

EURO is exposed to different types of financial risks:

- Market risk (principally the market price for gold and silver, marketable securities, and foreign currency risk),
- Credit risk, and
- Liquidity risk.

EURO monitors the volatility of financial markets and seeks to minimize the potentially unfavorable effects of that volatility for EURO's financial performance.

6.1) Market risk**6.1.1) Gold price risk**

EURO is exposed to the risk of changes in the market price of gold. In 2022, the Rosebel royalty production is anticipated to be between 113,000 ounces and 139,000 ounces, and the Rosebel royalty is expected to provide revenues to the Company of between approximately €12.2 million and €15.2 million (US\$14.7 million and US\$18.2 million). These pre-tax numbers assume a gold price of US\$1,700 per ounce and an exchange rate of €1 for US\$1.20. The impact of changes in the average gold price on EURO's annual revenues, based on an estimated production of 126,000 ounces, would be approximately US\$1.2 million for each US\$100 per ounce change in the gold price. The impact of a 5% change in the average foreign exchange rate on EURO's annual revenues would be approximately €0.7 million.

6.1.2) Foreign currency translation risk

The functional currency of EURO is the United States dollars ("US\$") and its financial statements are presented in euros. EURO is exposed to foreign currency translation risk arising from various currency exposures, primarily with respect to the euro. Most revenues are initially denominated in the US\$ functional currency. On the other side, the income tax expense is denominated in euros which is not the Company's functional currency. Accordingly, the largest foreign currency translation risk is related to income tax expense.

Year ended December 31, 2021					Exposure to currency translation risk %
(In thousands of euros)	Total	US\$	€	C\$	
Revenues	€ 12,602	€ 12,602	€ -	€ -	-
Operating expenses	€ 667	€ 343	€ 211	€ 113	49%
Investment income	€ 114	€ 114	€ -	€ -	-
Income tax expense	€ 4,038	€ -	€ 4,038	€ -	100%

6.2) Credit risk

EURO is subject to a concentrated credit risk with almost 100% of its revenues receivable from one source, namely the Rosebel royalty. This royalty is payable by one company, IAMGOLD, which operates the Rosebel mine. Management considers that in view of the financial standing and nature of IAMGOLD's continuing operating activities, the risk of loss is minimal.

6.3) Liquidity risk

Prudent management of liquidity risk requires the retention of adequate liquidity to meet expected expenditures and possible contingencies. EURO believes that its recurring operational income is adequate to cover spending requirements.

7) Royalty assets

	December 31, 2020		Movement	Translation adjustment	December 31, 2021	
<u>Costs</u>						
Rosebel ¹	€	12,555	€ -	€ 939	€	13,494
Paul Isnard ²		4,580	-	342		4,922
Bombore ³		-	6,285	-		6,285
		17,135	6,285	1,281		24,701
<u>Accumulated amortization</u>						
Rosebel		(9,916)	(174)	(749)		(10,839)
	€	7,219	€ 6,111	€ 532	€	13,862
<hr/>						
	December 31, 2019		Movement	Translation adjustment	December 31, 2020	
<u>Costs</u>						
Rosebel ¹	€	13,675	€ -	€ (1,120)	€	12,555
Paul Isnard ²		4,988	-	(408)		4,580
		18,663	-	(1,528)		17,135
<u>Accumulated amortization</u>						
Rosebel		(10,518)	(278)	880		(9,916)
	€	8,145	€ (278)	€ (648)	€	7,219

¹ The Rosebel royalty quarterly payments from IAMGOLD apply to the first seven million ounces of gold produced from the Rosebel mine and are calculated on the basis of gold production at the Rosebel mine and the market price of gold based on the Afternoon London Price. As of December 31, 2021, the Rosebel mine had produced approximately 5.5 million ounces of gold and 1.5 million ounces of gold remained under the Rosebel royalty agreement. Per IAMGOLD, Rosebel's proven and probable gold reserves as at December 31, 2021 were estimated to be 2.6 million ounces of gold (December 31, 2020: 3.4 million ounces of gold). These reserves do not include reserves of the Saramacca deposit of the Rosebel mine as they are not included in the definition of the property per the participation right agreement. 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.

² The net smelter returns production royalty covers future production of the Paul Isnard concessions and an area of interest surrounding the concessions in French Guiana. Royalty income will be calculated by applying the percentage of royalty to the net smelter returns royalty established based on revenues from the sale of gold calculated per the average monthly gold price (in United States dollars) less applicable deductions per the agreement. The royalty percentage is 1.8% on the first two million ounces of gold and 0.9% on the next three million ounces of gold.

³ The silver stream entitles to receive 50% of the payable silver production over the life of mine on Orezone's Bomboré Project, located in Burkina Faso, West Africa. The silver stream also stipulates a minimum guaranteed delivery obligation of 37,500 ounces of silver per annum subject to a catch-up payment on a shortfall on specified timelines, until delivery of 375,000 ounces of payable silver after which the minimum annual payment guarantee will no longer apply. Orezone has the right to buy back 50% of the silver stream in certain circumstances for \$7.15 million.

Impairment of intangible assets

The carrying amounts of the Company's royalty are reviewed at each reporting date to determine whether there is any indication of impairment (significant decrease in proven and probable gold or silver reserves, decrease in the gold or silver price on the London Bullion Market, deterioration of the dollar exchange rate).

An impairment test is performed at each year-end, the projection period ending when all of gold or silver ounces under the royalty agreement have been mined (forecasts until 2026 for the Rosebel mine, 2032 for the Paul Isnard project and 2036 for the Bombore project). The test takes into account the following assumptions:

- The comparison between the proven and probable reserves defined by a qualified person within the meaning of Canadian mining law and the remaining quantities to be extracted under the royalty agreement (as at December 31, 2021, 2.7 million of ounces of gold for Paul Isnard, 2.6 million of ounces of gold for Rosebel and 0.5 million ounces of silver for Bombore, representing EURO's share, i.e. 50%, of silver production).
- The estimated average price of gold and silver based on the analysis of multiple financial institutions (\$1,275 per ounce of gold for Paul Isnard, an estimated average price ranging from \$1,600 to \$1,700 per ounce of gold for Rosebel, and an estimated average price ranging from \$21 to \$24 per ounce of silver for Bombore).
- The average rate of the US dollar, estimated at US\$1.20 for €1 over the projection period for Paul Isnard, Rosebel and Bombore.
- The discount rate ranging from 6.5% to 7%.

In addition, a sensitivity test was performed on the financial and operational assumptions. It appears that no reasonably possible change of one or more of the key assumptions would require the tested assets to be written down.

Rosebel mine

No indication of impairment was identified for the Rosebel royalty as at December 31, 2021.

Paul Isnard project

In 2019, the statements by the French Government regarding the Compagnie Minière Montagne d'Or, to which the Paul Isnard royalty is attached, have created some uncertainty around the delivery of the various authorizations and permits not yet obtained and required for developing the project, and can potentially affect the operational and financial capacities of the project. Failure to obtain operating permits would result in the need to depreciate in full the net book value of the assets relating to the Paul Isnard royalty.

On December 24, 2020, the Cayenne Administrative Court ordered the French State to extend the Montagne d'Or mining concessions within 6 months of the decision.

On February 3, 2021, the French Government announced that it was appealing the Administrative Court's decision to extend the Montagne d'Or mining concessions.

On July 22, 2021, Orea announced that the Administrative Court of Appeal in Bordeaux has rejected the French Government's appeal and request for a stay of execution of the court rulings of December 24, 2020. In its ruling, the Court of Appeal concluded that the arguments put forth by the French Government were without merit and that the joint venture submitted complete applications and met all requirements for the renewal of the mining concessions. Furthermore, the JV filed additional pleadings before the Court of Appeal in Bordeaux to issue an injunction ordering the French Government to pay a fine of €20,000 per day to the JV, retroactive to the date of the initial court ruling of December 24, 2020.

On October 7, 2021, Orea reported that it had received confirmation that the French Government had filed a final appeal to the French Supreme Court on the renewal of the Montagne d'Or mining titles. The Supreme Court will conduct an analysis on whether to admit or reject to hear the appeal.

On January 10, 2022, Orea reported that the JV is still awaiting a decision by the Supreme Court on whether it will admit and hear a final appeal by the French Government.

In the impairment test performed at December 31, 2021, the Company considered that the various authorizations and permits would be granted under conditions that will allow the JV to go on with this project. The Company believes that it is premature to conclude that an impairment should be recorded on the Paul Isnard royalty asset at this stage. Therefore, The Company continues to assume that the various authorizations and permits would be granted under conditions that will allow the joint venture to go forward with this project, although the timing is somewhat uncertain. No impairment charges were recorded in the statement of earnings for the year ended December 31, 2021.

Bombore project

No indication of impairment was identified for the Bombore project as at December 31, 2021.

8) Marketable Securities

EURO holds marketable securities related to mining companies which are part of a volatile market. Share market price exposure risk is related to the fluctuation in the market price of marketable securities. Investments in marketable securities are recorded at fair value with changes in fair value recorded in other comprehensive income.

As at December 31, 2021, marketable securities comprised 19,095,345 shares of Orea Mining Corp. ("Orea") (9.3% of outstanding shares; December 31, 2020: 9.7%) and 3,819,069 shares of Allegiant Gold Ltd. ("Allegiant") (4.9% of outstanding shares; December 31, 2020: 6.2%).

	Years ended December 31,	
	2021	2020
Balance, beginning of the year	€ 2,988	€ 2,546
Change in fair value of marketable securities	(1,184)	698
Translation adjustment	172	(256)
Balance, end of the year	€ 1,976	€ 2,988

Unrealized gains or losses related to the change in market price of marketable securities are recorded in accumulated other comprehensive income within equity.

	Years ended December 31,	
	2021	2020
Net unrealized change in fair value of marketable securities, net of tax		
Change in fair value of marketable securities	€ (1,184)	€ 698
Income tax impact	412	(246)
	€ (772)	€ 452

9) Trade receivables

	Note	December 31, 2021	December 31, 2020
Trade receivables from IAMGOLD	17	€ 3,526	€ 2,889

10) Cash

	December 31, 2021	December 31, 2020
Cash ¹	€ 20,367	€ 31,496

¹ Approximately 1% of EURO's available cash was held in euros as at December 31, 2021 (December 31, 2020: 1%).

11) Share capital**11.1) Common shares**

	Number of shares	Nominal value per share (In euros per share)	Share Capital (In thousands of euros)	Additional paid-in capital (In thousands of euros)
As at December 31, 2021 and December 31, 2020	62,491,281	€ 0.01	€ 625	€ 84

Voting rights

Pursuant to Article 223-11, paragraph 2 of the AMF General Regulations, the total number of voting rights is calculated on the basis of all shares to which are attached voting rights, including shares deprived of voting rights. The number of voting rights is different from the number of outstanding shares due to the automatic granting of double voting rights to the shareholders holding registered shares since at least two years (application of article L. 225-123 of the French commercial code).

As at December 31, 2021, IAMGOLD France, an indirect wholly owned subsidiary of IAMGOLD, owned approximately 89.71% of all issued and outstanding shares of EURO. As at December 31, 2021, IAMGOLD France held 56,058,191 shares representing 112,116,382 voting rights or 94.25% of the voting rights of EURO. This threshold crossing results from a double voting rights allocation.

	December 31, 2021	December 31, 2020
Total number of common shares	62,491,281	62,491,281
Double voting rights	56,469,116	56,468,876
Total number of voting rights	118,960,397	118,960,157

11.2) Earnings per share**Basic earnings per share computation**

	Years ended December 31,	
	2021	2020
Net profit attributable to holders of common shares	€ 7,603	€ 13,963
Basic and diluted weighted average number of common shares	62,491,281	62,491,281
Basic and diluted earnings per share attributable to holders of common shares	€ 0.122	€ 0.223

Diluted earnings per share computation

The double voting rights do not have a dilutive effect on the earnings per share computation.

11.3) Dividends

The amount of distributable dividends is based on the annual financial statements prepared in accordance with French generally accepted accounting principles (GAAP).

	Years ended December 31,	
	2021	2020
Dividends paid June 10, 2021 ¹	€ 15,623	€ -
Dividends paid June 11, 2020 ²	-	12,498
	€ 15,623	€ 12,498

¹ The annual ordinary general meeting of shareholders held May 19, 2021 approved dividends in the amount of €15,623,000 (€0.25 per share) which were paid to the Company's shareholders on June 10, 2021.

² The annual ordinary general meeting of shareholders held May 20, 2020 approved dividends in the amount of €12,498,000 (€0.20 per share) which were paid to the Company's shareholders on June 11, 2020.

12) Income tax**12.1) Income tax expense**

The income tax expense differs from the amount that would have been computed by applying the income tax rate for corporations in France. In 2021, the income tax rate applicable to profit before income tax was of 26.5% as well as an additional social contribution tax of 3.3% applied to the tax rate. In 2020, the income tax rate applicable to profit before income tax was of 28% as well as an additional social contribution tax of 3.3% applied to the tax rate.

The reasons for the differences are as follows:

	Years ended December 31,	
	2021	2020
Profit before income tax	€ 11,641	€ 18,408
Theoretical tax calculated at the income tax rate for corporations in France	€ 3,186	€ 5,324
Tax effects of C.V.A.E. (value added tax) ¹	57	170
Deferred income tax and related foreign exchange	147	(204)
Other	648	(845)
Income tax expense	€ 4,038	€ 4,445

¹ Value added tax (Cotisation sur la Valeur Ajoutée des Entreprises ("C.V.A.E.")).

The income tax expense is made up of the following components:

	Years ended December 31,	
	2021	2020
Current income tax expense	€ 3,891	€ 4,649
Deferred income tax and related foreign exchange	147	(204)
Income tax expense	€ 4,038	€ 4,445

12.2) Deferred tax liabilities

Deferred tax liabilities pertain to temporary differences, mostly due to changes in market price of marketable securities, the value added tax and translation adjustment. There are no tax losses carried forward. Movements related to the deferred tax liabilities are as follows:

	Years ended December 31,	
	2021	2020
Balance, beginning of the year	€ 434	€ 428
Deferred income tax charge (recovery) relating to changes in fair value of marketable securities (other comprehensive income)	(412)	247
Deferred income tax charge (recovery) related to the origination and reversal of other temporary differences	(37)	12
Translation adjustment	204	(253)
Balance, end of the year	€ 189	€ 434

The components that give rise to deferred income tax liabilities are as follows:

	December 31, 2021		December 31, 2020	
Marketable securities	€	(160)	€	197
Royalty assets		342		202
Other		7		35
Deferred tax liabilities	€	189	€	434

12.3) Income tax receivable

	Years ended December 31,			
	2021		2020	
Balance, beginning of the year	€	1,836	€	(121)
Current income tax expense		(3,891)		(4,649)
Income tax paid		2,458		6,606
Balance, end of the year	€	403	€	1,836

13) Fair value measurements

The fair value hierarchy categorizes into three levels the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly such as derived from prices.
- Level 3 inputs are unobservable inputs for the asset or liability.

There have been no changes in the classification of financial instruments in the fair value hierarchy since December 31, 2020.

13.1) Assets and liabilities measured at fair value on a recurring basis

As at December 31, 2021, the Company's following assets were recorded at fair value as follows.

	Level 1	Level 2	Level 3	Total
Marketable securities	€ 1,976	-	-	€ 1,976
Cash	€ 20,367	-	-	€ 20,367

13.2) Valuation techniques

Marketable securities

The fair value of marketable securities included in Level 1 is determined based on a market approach. The closing price is a quoted market price from the exchange market that is the principal active market for that particular security.

14) Revenues

	Years ended December 31,	
	2021	2020
Royalties related to the operation of the Rosebel gold mine	€ 12,602	€ 19,206

15) Operating expenses

	Years ended December 31,	
	2021	2020
Administrative costs	€ 222	€ 241
Directors' fees (including withholding taxes)	113	158
Audit fees	83	84
Legal fees	141	108
Exchange and listing fees	108	112
	€ 667	€ 703

16) Movements in non-cash working capital items

	Years ended December 31,	
	2021	2020
Change in trade receivables and other current assets	€ (396)	€ 2,708
Change in trade payables and other current liabilities	(41)	70
	€ (437)	€ 2,778

17) Related party transactions

Revenues from royalties related to the Rosebel mine during 2021 were €12,602,000 compared to €19,206,000 during 2020. The related amount receivable at December 31, 2021 was €3,526,000 (December 31, 2020: €2,889,000) and was included in trade receivables.

During 2021, the Company accounted for IAMGOLD's support fees totalling €73,000 (2020: €71,000). These charges are included in administrative costs in operating expenses. The related amount payable at December 31, 2021 was €6,000 and was included in trade payables and other current liabilities (December 31, 2020: €6,000).

During 2021 and 2020, each independent director of the Company received an annual gross retainer of US\$21,428, an additional gross US\$1,339 per meeting attended, and gross US\$1,071 for each meeting of a committee of the Board of Directors attended. Additionally, in 2020, two independent directors received an exceptional gross compensation of US\$25,000 and US\$20,000 for a special mandate. The net compensation accounted to these directors during the year was as follows:

	Years ended December 31,	
	2021	2020
David H. Watkins	€ 27	€ 41
Susanne A. Hermans	28	27
Ian Smith	28	45
	€ 83	€ 113

None of EURO's other directors received any directors' fees during 2021 and 2020.

18) Provisions for litigation claims and regulatory assessments

By their nature, contingencies will only be determined when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

The Company may be subject to assessments by regulatory authorities which can be complex and subject to interpretation. Assessments may relate to matters such as income and other taxes. The Company is diligent and exercises informed judgment to interpret the provisions of applicable laws and regulations as well as their application and administration by regulatory authorities to reasonably determine and pay the amounts due. From time to time, the Company may undergo a review by the regulatory authorities and in connection with such reviews, disputes may arise with respect to the Company's interpretations about the amounts due and paid.

Legal advisors and other subject matter experts assess the potential outcome of litigation and regulatory assessments. Accordingly, the Company establishes provisions for future disbursements considered probable.

A provision is booked when (i) the Company has a present legal or constructive obligation towards a third party as a result of a past event, (ii) it is probable that an outflow of resources will be required to settle the obligation, and (iii) the amount of the obligation can be estimated reliably.

As at December 31, 2021, the Company did not have any provisions for litigation claims or regulatory assessments as there are no claim or assessment pending.