



## **MANAGEMENT'S DISCUSSION AND ANALYSIS 2014**

The following management's discussion and analysis ("MD&A") of EURO Ressources S.A. ("EURO" or the "Company") for the year ended December 31, 2014 and dated February 25, 2015, 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, 2014. Financial information is presented in Euros and, where appropriate, in United States dollars, in accordance with International Financial Reporting Standards as adopted by the International Accounting Standards Board. All figures in this MD&A are in Euros (€ or euros), unless stated otherwise. Additional information on EURO can be found at [www.sedar.com](http://www.sedar.com). EURO's securities trade on the NYSE Euronext of Paris (EUR). Readers are cautioned that this financial information contains certain forward-looking information as described in management's discussion and analysis.

### **About EURO**

EURO is a French company whose principal asset is the Rosebel gold production royalty from the Rosebel mine in Suriname (the "Rosebel royalty") owned and operated by IAMGOLD Corporation ("IAMGOLD"). EURO has approximately 62.5 million shares outstanding. IAMGOLD France S.A.S., an indirect wholly owned subsidiary of IAMGOLD, owned approximately 86% at December 31, 2014 (86% at December 31, 2013) of all outstanding shares of EURO.

EURO receives quarterly royalty payments from IAMGOLD. The Rosebel royalty applies to the first seven million ounces of gold produced from the Rosebel mine and is calculated on the basis of gold production at the Rosebel mine and the market price of gold based on the London PM fixing price. As of December 31, 2014, the Rosebel mine produced 3.8 million ounces of gold and 3.2 million ounces of gold remain under the Rosebel royalty contract. 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 25, 2015**

#### **Carol T. Banducci**

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

#### **Ian L. Boxall**<sup>1</sup>

Businessman  
George Town, Grand Cayman, Cayman Islands

#### **Stephen Edward Crozier**

Director 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, IAMGOLD Corporation  
Toronto, Ontario, Canada

#### **Phillip Marks**

Associate General Counsel, IAMGOLD Corporation  
Toronto, Ontario, Canada

#### **Jennifer Olson**

Director Corporate Accounting, IAMGOLD Corporation  
Toronto, Ontario, Canada

#### **Ian Smith**<sup>1,2</sup>

Chairman, Santa Fe Metals Corp.  
Vancouver, British Columbia, Canada

#### **David H. Watkins**<sup>1,2</sup>

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

<sup>1</sup> Member of the Audit Committee.

<sup>2</sup> Member of the Compensation Committee.

## **Stock Exchange Listing**

EURONEXT

Symbol: EUR

During 2014, the Company's shares were listed on Compartment B (Mid Caps) of Euronext Paris. They were transferred from Compartment B to Compartment C in January 2015.

## **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:

BNP Paribas Securities Services  
Registered shareholders relationships  
9 rue du Débarcadère,  
93761 Pantin cedex, France  
paris.bp2s.service.actionnaires.nominatif@bnpparibas.com

TMX Equity Transfer Services  
200 University Avenue, Suite 300  
Toronto, Ontario, Canada M5H 4H1  
Toll Free: 1 (866) 393-4891  
Fax: (416) 361-0470  
tmxeinvestorservices@tmx.com

## **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). 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. Certain additional information are presented in these financial statements in United States dollars ("US\$") and in Canadian dollars ("C\$").

The currency exchange rate used to present the balance sheets in euros was €1 for US\$1.2101 at December 31, 2014 (€1 for US\$1.3791 as at December 31, 2013). The average currency exchange rate for the year ended December 31, 2014, used to present the Company's income statements, statements of other comprehensive income and cash flow statements, was €1 for US\$1.3348 (2013: €1 for US\$1.3281). Significant transactions are translated at the exchange rate of the date of the transaction.

## **RESULTS OF OPERATIONS**

### **2014 compared to 2013**

EURO recorded a net profit of €13.1 million (€0.209 per share) in 2014 compared to €23.8 million (€0.381 per share) during 2013.

Revenues from ordinary activities totaled €24.2 million in 2014, a decrease of 17% compared to revenues of €29.3 million during 2013. Revenues are mainly attributable to the Rosebel royalty for €23.9 million (2013: €28.9 million). The decrease in revenues is due to the lower average gold price of US\$1,266 per ounce in 2014 compared to US\$1,411 per ounce in 2013 for €3.7 million, and to the lower gold production with 342,057 ounces in 2014 compared to 353,677 ounces during 2013 for €1.3 million.

Operating expenses for 2014 were €0.9 million compared to €1.0 million in 2013. The decrease is mainly due to decreased legal fees and administrative costs.

The decrease in amortization expense to €0.5 million in 2014 (2013: €0.6 million), is substantially due to decrease in gold production at the Rosebel mine.

In 2013, the Company recorded other income of €10.0 million (nil in 2014) resulting from the exercise of an option agreement related to the Paul Isnard concessions and an area of interest surrounding the concessions in French Guiana.

EURO recorded net foreign exchange losses of €0.7 million in 2014 compared to €0.1 million in 2013, related to the revaluation of bank accounts and other significant balance sheet accounts denominated in euros, and the revaluation and payment of income taxes.

EURO recorded an income tax expense of €9.1 million for 2014 compared to €13.7 million in 2013. The decrease is mainly due to lower royalty revenues in 2014 as compared to 2013, and the income tax impact of the exercise of the option agreement in 2013.

### **Three months ended December 31, 2014 compared to three months ended December 31, 2013**

EURO recorded a net profit of €3.4 million (€0.055 per share) for the fourth quarter of 2014 compared to €9.8 million (€0.157 per share) for the fourth quarter of 2013. The decrease is mainly explained by the other income of €10.0 million recorded in 2013 as explained above, partially offset by higher revenues from royalties and lower income tax in 2014.

Revenues from ordinary activities were €6.9 million during the fourth quarter of 2014, an increase of 35% compared to revenues of €5.1 million for the fourth quarter of 2013. Revenues are mainly attributable to the Rosebel royalty of €6.9 million (fourth quarter of 2013: €5.1 million). The increase in revenues is due to higher gold production with 98,901 ounces in the fourth quarter of 2014 as compared to 74,216 ounces during the fourth quarter of 2013 for €1.7 million, and the weakened euros for €0.6 million, partially offset by the lower average gold price during the fourth quarter of 2014 of US\$1,201 per ounce of gold compared to US\$1,276 per ounce of gold during the fourth quarter of 2013 for €0.5 million.

EURO recorded an income tax expense of €2.6 million during the fourth quarter of 2014 compared to €4.8 million during the fourth quarter of 2013. The decrease is mainly due to the income tax impact of the exercise of the option agreement in 2013 partially offset by the increase in royalty revenues in 2014 compared to 2013 and dividend distributions in November 2014.

## OUTLOOK

In 2015, the Rosebel royalty is expected to provide cash flow to the Company of between approximately €23.0 million and €23.8 million (US\$27.6 million and US\$28.5 million). These pre-tax numbers assume a gold price of US\$1,250 per ounce and an exchange rate of €1 for US\$1.2. The Rosebel royalty production is anticipated to be approximately between 305,000 and 316,000 ounces in 2015. The impact of changes in the average gold price on EURO's annual revenues, based on an estimated production of 311,000 ounces, would be approximately US\$3.0 million for each change in gold price of US\$100 per ounce. 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)	2014	2013	2012
Revenues from ordinary activities	24.2	29.3	41.5
Other income	-	10.0	0.2
Profit before income tax	22.2	37.5	39.9
Income tax expense	9.1	13.7	14.8
Net profit	13.1	23.8	25.1
Basic and diluted net profit per share	0.209	0.381	0.401
Total assets	24.4	27.1	28.7
Dividend and interim dividend paid	20.6	22.5	18.1
Dividend per share	0.33	0.36	0.29

## Quarterly data

(In millions of euros, except per share data)	2014				2013			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenues from ordinary activities	6.9	6.3	5.0	6.0	5.1	7.3	7.2	9.6
Net cash flow from operating activities	5.5	3.3	2.7	1.8	4.3	2.2	3.1	8.2
Net profit	3.4	3.5	2.6	3.6	9.8	4.4	3.7	5.8
Basic and diluted net profit per share	0.055	0.055	0.041	0.058	0.157	0.070	0.060	0.093

## LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents at December 31, 2014 totaled €1.1 million as compared to €8.0 million at December 31, 2013. The decrease is mainly due to the interim dividend paid on November 26, 2014. All of the cash and cash equivalents are unrestricted. EURO expects to have sufficient cash flow to fund its on-going operational needs.

During 2014, EURO has continued to invest some of its cash surplus in money market investments that were compliant with its short-term investment strategy to ensure reasonable return with an appropriate level of risk.

## SHARE CAPITAL

During 2013, EURO put in place a share repurchase plan. This share repurchase plan was submitted and initially approved by the combined general meeting of June 25, 2013. At the annual extraordinary general meeting of shareholders held on June 24, 2014, an authorization was granted to the Board of Directors to reduce the share capital by cancellation of common shares for another period of 18 months as from this meeting. The acquisition, disposal or transfer of these shares may be achieved by any means on the market or over the counter, including block trades (without limit), until December 24, 2015. In 2013, EURO repurchased 5,180 of its own shares, at an average price of €2.36 per share for a total amount of €20,000 (including commission and legal fees). There were no repurchases of shares in 2014.

On February 21, 2014, the Board of Directors approved the cancellation of the 5,180 treasury shares repurchased in 2013. Accordingly, the nominal value for an amount of €52 corresponding to the par value of the shares cancelled was reallocated from the additional paid-in capital to the share capital account.

As at December 31, 2014, and the date of this report, the Company had 62,491,281 common shares outstanding with a par value of €0.01 per share. There were no shares issued during 2014 and 2013.

## **DIVIDENDS**

On November 13, 2014, the Board of Directors approved an interim dividend for a total amount of €8.7 million (€0.14 per share), which was paid to shareholders on November 26, 2014.

On June 30, 2014, the Company paid a dividend of €11.9 million (€0.19 per share) as determined by the Board of Directors on June 24, 2014 and according to resolutions approved during the annual general meeting held on June 24, 2014 by shareholders who first approved the resolution providing for the distribution of dividends to a maximum of €13.1 million (€0.21 per share) provided that the Company has 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.

In May 2013, the Board of Directors of EURO recommended a maximum dividend in the amount of €25.0 million (€0.40 per share), subject to the Company having sufficient disposable funds on August 6, 2013. On June 25, 2013, the shareholders approved said recommendation and granted all necessary power to the Board of Directors to adjust, if necessary, this maximum amount with the Company's ongoing operational needs. On June 25, 2013, based on the resolution adopted by the shareholders, the financial situation of the Company and the Company's ongoing operational needs, the Board of Directors determined the amount of the dividend to be €22.5 million (€0.36 per share) which was paid to shareholders on August 6, 2013.

Any future distributions of dividends shall be proposed by the Board of Directors after taking 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 critical judgments, estimates and assumptions of the Company are reflected in note 2.11 of the Company's financial statements for the year ended December 31, 2014.

## **NEW 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, 2013, except for the new accounting standards and amendment to standards and interpretations, and applied in preparing these financial statements as described in note 2.1.1 of the 2014 Company's financial statements.

## **FUTURE ACCOUNTING POLICIES**

For a discussion of future accounting policies that may impact the Company, refer to note 2.1.2 of the 2014 Company's financial statements.

## **RELATED PARTY TRANSACTIONS**

IAMGOLD France S.A.S., an indirect wholly owned subsidiary of IAMGOLD, is the majority shareholder of EURO (approximately 86% of all outstanding and diluted shares). Other than revenues from royalties related to the Rosebel mine, IAMGOLD charged management fees and other fees to EURO during 2014 of €0.343 million compared to €0.220 million during 2013. The related amount payable at December 31, 2014 was €0.035 million (December 31, 2013: €0.020 million).

## **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](http://www.sedar.com). Information related to the Rosebel royalty can be found at IAMGOLD's website at [www.iamgold.com](http://www.iamgold.com). Further requests for information should be addressed to:

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