

EURO RESSOURCES S.A.
INDEPENDENT AUDITORS' REPORT
(Year ended December 31, 2014)



INDEPENDENT AUDITORS' REPORT

To the shareholders and Board of directors of Euro Ressources S.A.

Report on the financial statements

We have audited the accompanying financial statements of Euro Ressources S.A., which comprise the balance sheet as at December 31, 2014 and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion the accompanying financial statements present fairly, in all material respects, the financial position of Euro Ressources S.A. as at December 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Neuilly-sur-Seine, February 27, 2015

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Audited Financial Statements (per IFRS)

Year Ended December 31, 2014

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I Balance Sheets

(In thousands of euros)

	Notes	December 31, 2014	December 31, 2013
Non-current assets		€ 15,977	€ 13,383
Intangible assets	4	10,264	9,478
Marketable securities	5	5,713	3,905
Current assets		8,430	13,670
Trade receivables	6	7,289	5,208
Other current assets		27	27
Income tax receivable		-	409
Cash and cash equivalents	7	1,114	8,026
Total assets		€ 24,407	€ 27,053
Equity		€ 23,247	€ 26,750
Share capital	8.1	625	625
Additional paid-in capital	8.1	84	84
Other reserves		9,466	2,249
Net profit for the year		13,072	23,792
Non-current liabilities		936	83
Deferred tax liabilities	9.2	936	83
Current liabilities		224	220
Trade payables and other current liabilities	10	164	220
Income tax payable		60	-
Total equity and liabilities		€ 24,407	€ 27,053

Contingencies (Note 18)

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

II Income Statements

(In thousands of euros, except per share amount)

	Notes	Year ended December 31,	
		2014	2013
Revenues from ordinary activities	12	€ 24,221	€ 29,312
Operating expenses	13	(863)	(1,016)
Amortization expense	4	(487)	(569)
Other income	14	-	10,015
Operating profit		22,871	37,742
Investment income		18	31
Impairment of marketable securities	5	-	(211)
Foreign exchange loss	15	(668)	(76)
Net financial losses		(650)	(256)
Profit before income tax		22,221	37,486
Income tax expense	9.1	(9,149)	(13,694)
Net profit		€ 13,072	€ 23,792
Basic and diluted earnings per share (€/share)	8.2	€ 0.209	€ 0.381

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

III Statements of Comprehensive Income

(In thousands of euros)

	Notes	Year ended December 31,	
		2014	2013
Net profit		€ 13,072	€ 23,792
Other comprehensive income (loss)			
Items that may be subsequently reclassified to the income statement			
Net unrealized change in fair value of marketable securities, net of tax	5	-	82
Items that will not be reclassified to the income statement			
Currency translation adjustments		3,298	(1,038)
Net unrealized change in fair value of marketable securities, net of tax	5	749	-
Other comprehensive income (loss)		4,047	(956)
Total comprehensive income		€ 17,119	€ 22,836

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

IV Cash Flow Statements

(In thousands of euros)

	Notes	Year ended December 31,	
		2014	2013
Operating activities			
Net profit		€ 13,072	€ 23,792
Elimination of items which do not have an impact on the cash flow:			
Amortization expense		487	569
Other income		-	(10,015)
Impairment of marketable securities		-	211
Unrealized foreign currency loss (gain)		654	(48)
Income tax expense		9,149	13,694
Movements in non-cash working capital items	16	(1,302)	5,621
Cash from operating activities, before income tax paid		22,060	33,824
Income tax paid		(8,751)	(16,057)
Net cash flow from operating activities		13,309	17,767
Investing activities			
Exercise of the Option agreement	14	-	3,013
Net cash flow from investing activities		-	3,013
Financing activities			
Dividend paid	8.3	(20,622)	(22,499)
Repurchase of shares	8.1	-	(20)
Net cash flow used in financing activities		(20,622)	(22,519)
Unrealized impact from changes in foreign currency exchange rates on cash and cash equivalents		401	(236)
Decrease in cash and cash equivalents		(6,912)	(1,975)
Cash and cash equivalents, beginning of the year		8,026	10,001
Cash and cash equivalents, end of the year		€ 1,114	€ 8,026

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

V 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 year	Total equity
Position as of December 31, 2013	€ 625	€ 84	€ 6	€ 1,853	€ 390	€23,792	€26,750
Adjustment related to the adoption of IFRS 9 ¹	-	-	(138)	-	138	-	-
Appropriation of 2013 profit	-	-	-	-	23,792	(23,792)	-
Position as of December 31, 2013 after appropriation of profit	625	84	(132)	1,853	24,320	-	26,750
Dividend in 2014 (note 8.3)	-	-	-	-	(20,622)	-	(20,622)
Total comprehensive income in 2014	-	-	749	3,298	-	13,072	17,119
Position as of December 31, 2014	€ 625	€ 84	€ 617	€ 5,151	€ 3,698	€13,072	€23,247
Position as of December 31, 2012	€ 625	€104	€ (76)	€ 2,891	€(2,202)	€25,091	€26,433
Appropriation of 2012 profit	-	-	-	-	25,091	(25,091)	-
Position as of December 31, 2012 after appropriation of profit	625	104	(76)	2,891	22,889	-	26,433
Dividend in 2013 (note 8.3)	-	-	-	-	(22,499)	-	(22,499)
Repurchase of shares (note 8.1)	-	(20)	-	-	-	-	(20)
Total comprehensive income in 2013	-	-	82	(1,038)	-	23,792	22,836
Position as of December 31, 2013	€ 625	€ 84	€ 6	€ 1,853	€ 390	€23,792	€26,750

¹ Refer to note 2.1.1.

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

VI Notes to Financial Statements

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

1) General information

1.1) EURO Ressources S.A.

These audited financial statements of EURO Ressources S.A. (“EURO” or the “Company”) are prepared in accordance with International Financial Reporting Standards (“IFRS”) to comply with Canadian requirements. In France, only French rules can be applied for establishment of individual accounts of listed companies.

EURO is a *Société Anonyme*, domiciled in metropolitan France with its registered office located in Paris.

These financial statements have been approved for publication by the Board of Directors on February 25, 2015.

At December 31, 2014, IAMGOLD France S.A.S., a wholly owned subsidiary of IAMGOLD Corporation (“IAMGOLD”), owned approximately 86% (86% at December 31, 2013) of all outstanding shares of EURO.

1.2) Description of operations

EURO owns a royalty on the Rosebel gold mine in Suriname (the “Rosebel royalty”), which is owned and operated by IAMGOLD. EURO receives quarterly payments from IAMGOLD on this royalty.

2) Basis of accounting and presentation

2.1) Standards

EURO’s financial statements as and for the year ended December 31, 2014 have been prepared in accordance with IFRS as approved by the International Accounting Standard Board (“IASB”).

Financial statements for the period ended December 31, 2014 have been prepared on a historical cost basis, except for marketable securities which are measured at fair value.

2.1.1) New accounting policies

These financial statements have been prepared following the same accounting policies and methods of computation as the annual audited financial statements for the year ended December 31, 2013, except for the following new accounting standards and interpretations, which were effective January 1, 2014, and were applied in preparing these financial statements. These are summarized as follows:

IFRIC 21, Levies

The interpretation IFRIC 21 provides guidance on accounting for levies in accordance with IAS 37, Provisions, Contingent Liabilities and Contingent Assets. It defines a levy as an outflow from an entity imposed by a government in accordance with legislation and confirms that an entity recognizes a liability for a levy only when the triggering event specified in the legislation occurs. Based on the Company’s review, there was no material impact on the Company’s financial statements upon the adoption of IFRIC 21 on January 1, 2014.

IFRS 9, Financial Instruments

The Company early adopted all of the requirements of IFRS 9, Financial Instruments, as amended in November 2013 (“IFRS 9 (2013)”) with a date of initial application of April 1, 2014. As a result of the early adoption of IFRS 9 (2013), the Company has changed its accounting with respect to financial instruments. The Company’s financial instruments are accounted for as follows under IFRS 9 (2013) as compared to the Company’s previous policy in accordance with IAS 39.

April 1, 2014	IAS 39 ¹	IFRS 9
Assets		
Cash and cash equivalents	Fair value through profit or loss	Fair value through profit or loss
Trade receivables	Amortized cost	Amortized cost
Marketable securities	Fair value through profit or loss	Fair value through other comprehensive income
Liabilities		
Trade payables	Amortized cost	Amortized cost

¹ IAS 39, Financial Instruments: Recognition and Measurement.

The Company’s equity marketable securities are designated as financial assets at fair value through other comprehensive income. Fair value gains and losses on marketable securities are recognized in other comprehensive income with no reclassification to the income statement.

IFRS 9 (2013) does not require restatement of comparative periods. Accordingly, the Company has reflected the retrospective impact of the adoption of IFRS 9 (2013) as an adjustment to opening components of equity balances as at January 1, 2014. There was no impact of IFRS 9 (2013) during the first quarter of 2014.

This retrospective impact of the adoption of IFRS 9 (2013) for EURO relates to the reclassification from the income statement to other comprehensive income of the impairment charge initially recognized in the income statement during the year ended December 31, 2013 of €211,000 less the related tax impact of €73,000, for a net amount of €138,000. There were no changes in the fair value of marketable securities (€6,143,000) determined under IAS 39 and IFRS 9 (2013) as at April 1, 2014, the date of initial application of IFRS 9 (2013).

As a result of the adoption of IFRS 9 (2013), the Company’s accounting policy for financial instruments has been updated in note 2.4.

2.1.2) Future accounting policies

The following new standards were not yet effective for the year ended December 31, 2014, and have not been applied in preparing these annual financial statements.

IFRS 15, Revenues From Contracts With Customers

The IASB has issued IFRS 15, Revenue from Contracts with Customers, which will replace IAS 11, Construction Contracts and IAS 18, Revenue. The mandatory effective date of IFRS 15 is January 1, 2017. The objective of IFRS 15 is to establish a single, principles based five-step model to be applied to all contracts with customers in determining how and when revenue is recognized. IFRS 15 also requires entities to provide users of financial statements with more informative relevant disclosures. The Company will evaluate the impact of adopting IFRS 15 on its financial statements in future periods.

IFRS 9, Financial Instruments

On July 24, 2014, the IASB issued the complete IFRS 9 (“IFRS 9 (2014)”). IFRS 9 (2014) differs in some regards from IFRS 9 (2013) which the Company early adopted effective April 1, 2014. IFRS 9 (2014) includes updated guidance on the classification and measurement of financial assets. The final standard also amends the impairment model by introducing a new “expected credit loss” model for calculating impairment, and new general hedge accounting requirements. The mandatory effective date of IFRS 9 (2014) is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted. The Company will evaluate the impact of adopting IFRS 9 (2014) on its financial statements in future periods.

2.2) Functional and presentation currencies

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

The functional currency of EURO is in 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\$”).

Recognition of transactions in the functional currency

Transactions denominated in foreign currencies are recognized in amounts equating to their value in the functional currency 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 significant balance sheet accounts denominated in euros, and the revaluation and payment of dividends and income tax payable.

Measurement rules

Financial statements in United States dollars are 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;
- 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”).

2.3) 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.

2.4) 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 11 on fair value determination.

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.

2.4.1) 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. They are recorded at fair value on the trade date with directly attributable transaction costs included in the recorded amount. Subsequent changes in fair value are recognized in other comprehensive income.

2.4.2) Financial assets at fair value through profit or loss

Cash and cash equivalents are classified as financial assets at fair value through profit or loss and are measured at fair value. Cash equivalents are short-term investments with initial maturities of three months or less. The unrealized gains or losses related to changes in fair value are reported in other income in the income statement.

2.4.3) 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 and other current assets 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. An impairment loss may be reversed, in which case the reversal is recognized as operating income.

2.4.4) Non-derivative financial liabilities

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

2.5 Intangible assets

Intangible 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.

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

- the royalty right in respect of the Rosebel mine, and
- the Net Smelter Returns ("NSR") royalty on the Paul Isnard concessions.

The amortization expense is calculated on a unit-of-production basis by applying to the carrying amount of the royalty right on January 1 the ratio between the quantity of gold extracted during the year and the total estimated quantity of gold 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 right.

2.6) Impairment of intangible assets

Intangible assets are subject to impairment testing whenever an indicator is identified of possible impairment. If the carrying amount of the intangible asset exceeds its recoverable amount, an impairment loss is recorded.

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 periods. An impairment loss reversal is recognized in the income statements.

The recoverable amount is determined based on the present value of estimated future cash flows from each intangible asset, which is calculated based on numerous assumptions such as proven and probable reserves, life of mine plans, estimates of gold 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 long-lived assets. If the Company fails to achieve its valuation assumptions or if any of its long-lived 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.

2.7) Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Income tax is 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.

Current income tax assets and liabilities for the current and prior periods 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 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, 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, the carry forward of unused tax credits and unused tax losses can be utilized. A deferred income tax asset is not recognized when it 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 deferred income tax 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.

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.

2.8) Revenues from ordinary activities

Revenues from ordinary activities comprise royalty income. Royalties are payable based on volume of gold production and the gold price as determined by the corresponding royalty agreement with the owner of the royalty property. They are recognized on an accrual basis.

2.9) Other income

Other income represents non-recurring income from activities other than those generated in normal business operations.

2.10) Investment income

Investment income comprises interest income in respect of bank accounts and current accounts.

2.11) 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 intangible assets and marketable securities.

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. Intangible assets can be impacted by the reserve and resource estimates.

Marketable securities are recorded at fair value in the balance sheets. Current market conditions have an impact on these fair values.

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.

3) Management of financial risk

EURO is exposed to different types of financial risks:

- Market risk (principally the market price for gold and 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.

3.1) Market risk**3.1.1) Gold price risk**

EURO is exposed to the risk of changes in the market price of gold. Revenues from the Rosebel royalty are determined with reference to the average of the London PM gold price for each calendar quarter. The Rosebel royalty production in 2014 was 342,000 ounces and 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\$3,043,000 for each change in gold price of US\$100 per ounce.

3.1.2) Foreign currency translation risk

EURO is exposed to foreign currency translation risk arising from various currency exposures, primarily with respect to the euros. Most revenues are denominated in US\$ and the income tax expense is denominated in euros which represent the largest foreign currency translation risk.

Year ended December 31, 2014 (In thousands of euros)	Total	US\$	€	C\$	Exposure to currency translation risk %
Revenues from ordinary activities	€ 24,221	€ 23,867	€ 354	€ -	1%
Operating expenses	€ 863	€ 487	€ 339	€ 37	44%
Investment income	€ 18	€ 18	€ -	€ -	-
Income tax expense	€ 9,149	€ -	€ 9,149	€ -	100%

3.2) 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.

3.3) 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. The Company invests its surplus cash to maximize profits and to mitigate any potential risk. EURO has specific guidelines that are followed under its short-term investment policy. EURO reviews its strategies for investments on a quarterly basis and ensures that ratings of financial institutions have remained excellent and that there are no better investment opportunities. The objective is to ensure reasonable shareholders' return and appropriate safeguard of the Company's assets.

4) Intangible assets

	December 31, 2013	Movement	Translation adjustment	December 31, 2014
<u>Costs</u>				
Rosebel ¹	€ 11,132	€ -	€ 1,555	€ 12,687
Paul Isnard ²	4,061	-	567	4,628
	15,193	-	2,122	17,315
<u>Accumulated amortization</u>				
Rosebel	(5,715)	(487)	(849)	(7,051)
Total carrying amount	€ 9,478	€ (487)	€ 1,273	€ 10,264
	December 31, 2012	Movement	Translation adjustment	December 31, 2013
<u>Costs</u>				
Rosebel ¹	€ 11,636	€ -	€ (504)	€ 11,132
Paul Isnard ²	-	4,195	(134)	4,061
	11,636	4,195	(638)	15,193
<u>Accumulated amortization</u>				
Rosebel	(5,401)	(569)	255	(5,715)
Total carrying amount	€ 6,235	€ 3,626	€ (383)	€ 9,478

¹ The Rosebel royalty 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 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.

² The net smelter returns production royalty ("NSR 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 return established based on revenues from sales of ounces of gold calculated per the average monthly gold price (in United States dollars) less applicable deduction per the agreement. The percentage of this NSR royalty will pay 1.8% on the first two million ounces of gold followed by 0.9% on the next three million ounces of gold.

5) Marketable securities

EURO holds marketable securities related to a mining company which is part of a volatile market. Share market price exposure risk is related to the fluctuation in the market price of marketable securities. This investment in marketable securities is recorded at fair value. Per the adoption in 2014 of IFRS 9 (2013), Financial Instruments, EURO elected to classify its marketable securities as financial assets measured at fair value through other comprehensive income (note 2.1.1).

	December 31, 2014	December 31, 2013
Marketable securities ¹	€ 5,713	€ 3,905

¹ Marketable securities are comprised of 19,095,345 shares of Columbus Gold Corp. ("Columbus") (14.0% of outstanding shares at December 31, 2014; December 31, 2013: 15.8%).

	2014	2013
At January 1	€ 3,905	€ 206
Proceeds from the exercise of the option agreement (18,208,328 common shares in Columbus)	-	3,918
Changes in fair value of marketable securities	1,143	(87)
Translation adjustment	665	(132)
At December 31	€ 5,713	€ 3,905

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

	Year ended December 31,	
	2014	2013
Net unrealized change in fair value of marketable securities, net of tax		
Unrealized gains (losses)	€ 1,143	€ (87)
Income tax impact	(394)	31
	749	(56)
Transfer of impairment of marketable securities, net of tax		
Impairment charge	-	211
Income tax impact	-	(73)
	-	138
	€ 749	€ 82

6) Trade receivables

	December 31, 2014	December 31, 2013
Trade receivables from IAMGOLD	€ 7,111	€ 5,063
Other trade receivable	178	145
	€ 7,289	€ 5,208

7) Cash and cash equivalents

	December 31, 2014	December 31, 2013
Cash ¹	€ 1,111	€ 7,595
Cash equivalents ^{1,2}	3	431
	€ 1,114	€ 8,026

¹ Approximately 9% of EURO's available cash was held in United States dollars as at December 31, 2014 (December 31, 2013: 96%).

² There is no difference between the fair value and the carrying amount.

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

8) Share capital**8.1) 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, 2012	62,496,461	€ 0.01	€ 625	€ 104
Repurchase of shares in 2013 ^{1,2}	(5,180)	€ 0.01	-	(20)
As at December 31, 2014 and December 31, 2013	62,491,281	€ 0.01	€ 625	€ 84

¹ 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) which was allocated to additional paid-in capital. There were no repurchases of shares in 2014.

² 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.

8.2) Earnings per share

Earnings per share are calculated based on the net profit attributable to holders of common shares of EURO divided by the average number of shares in issue during the year (excluding treasury shares).

	Year ended December 31,	
	2014	2013
Net profit attributable to holders of common shares	€ 13,072	€ 23,792
Basic and diluted weighted average number of common shares	62,491,281	62,496,053
Basic and diluted earnings per share (€/share)	€ 0.209	€ 0.381

8.3) Dividends

The amount of distributable dividends is based on the annual financial statements prepared in accordance with French GAAP.

	€/Share	Year ended December 31,	
		2014	2013
Interim dividend paid November 26, 2014 ¹	0.14	€ 8,749	€ -
Annual dividend paid June 30, 2014 ²	0.19	11,873	-
Annual dividend paid August 6, 2013 ³	0.36	-	22,499
		€ 20,622	€ 22,499

- ¹ On November 13, 2014, the Board of Directors approved an interim dividend for a total amount of €8,749,000 (€0.14 per share), which was paid to shareholders on November 26, 2014.
- ² On June 30, 2014, the Company paid a dividend of €11,873,000 (€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 €13,123,000 (€0.21 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.
- ³ In May 2013, the Board of Directors of EURO recommended a maximum dividend in the amount of €24,999,000 (€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 €22,499,000 (€0.36 per share) which was paid to shareholders on August 6, 2013.

9) Income tax

9.1) Tax reconciliation

The income tax expense differs from the amount that would have been computed by applying the income tax rate for corporations in France of 34.43% in 2014 (2013: 34.43%) to profit before income tax. The reasons for the differences are as follows:

	Year ended December 31,	
	2014	2013
Profit before income tax	€ 22,221	€ 37,486
Theoretical tax calculated at the income tax rate for corporations in France	€ 7,651	€ 12,906
Tax effects of C.V.A.E. (value added tax)	207	247
Taxes on dividend payment	619	675
Translation adjustments and other	672	(134)
Income tax expense	€ 9,149	€ 13,694

The income taxes are made up of the following components:

	Year ended December 31,	
	2014	2013
Current income tax expense	€ 9,221	€ 13,671
Deferred income tax expense (recovery) on temporary differences	(72)	23
	€ 9,149	€ 13,694

9.2) Deferred tax liabilities

Deferred tax liabilities pertain to temporary differences, mostly due to changes in market price of marketable securities and the value added tax (*Cotisation sur la Valeur Ajoutée des Entreprises* ("C.V.A.E.")). There are no tax losses carried forward. Movements related to the deferred tax liabilities are as follows:

	2014	2013
At January 1	€ 83	€ 109
Deferred income tax charge (recovery) relating to changes in fair value of marketable securities (other comprehensive income)	394	(31)
Deferred income tax expense (recovery) related to the origination and reversal of other temporary differences	(72)	23
Translation adjustment	531	(18)
At December 31	€ 936	€ 83

10) Trade payables and other current liabilities

	December 31, 2014	December 31, 2013
Trade payables	€ 71	€ 123
Tax and social security liabilities	45	65
Payable to IAMGOLD	35	20
Directors' fees	13	12
	€ 164	€ 220

11) 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 categories of financial instruments in 2014.

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

As at December 31, 2014, the Company's following assets were recorded at fair value as follows. The fair value hierarchy levels remain unchanged since December 31, 2013:

	Level 1	Level 2	Level 3	Total
Marketable securities	€5,713	-	-	€5,713
Cash and cash equivalents	€1,114	-	-	€1,114

11.2) 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.

12) Revenues from ordinary activities

	Year ended December 31,	
	2014	2013
Royalties related to the operation of the Rosebel mine	€ 23,867	€ 28,936
Royalties related to mining operations by third parties in French Guiana	354	376
	€ 24,221	€ 29,312

13) Operating expenses

	Year ended December 31,	
	2014	2013
Administrative costs	€ 427	€ 488
Directors' fees (including withholding taxes)	73	73
Audit fees	82	83
Legal fees	100	167
Legal exchange and listing fees	130	106
Operating taxes	51	99
	€ 863	€ 1,016

14) Exercise of the Option agreement in 2013

On December 5, 2011, EURO entered into an Option agreement with Columbus allowing for the restructuring of the existing royalty on any future gold production from the Paul Isnard concessions (the "Option"). On November 7, 2013, Columbus exercised the Option in return for cash (€3,013,000), shares of Columbus (€3,918,000) and a net smelter returns ("NSR") royalty (the NSR royalty covers the Paul Isnard concessions and an area of interest surrounding the concessions in French Guiana) with an estimated value of €4,195,000.

In return, the Company transferred to Columbus the intangible asset related to the royalty on any future gold production from the Paul Isnard concessions receivable from Auplata. In addition, the Company was the owner of an exploration permit ("PER") and had applied for an operating permit ("PEX") on November 29, 2010. Following its withdrawal on November 29, 2013 submitted to relevant ministries, the Company also disposed of the PER.

The net impact on results related to the exercise of the Option agreement was a gain in 2013 of €10,015,000.

15) Foreign exchange loss

	Year ended December 31,	
	2014	2013
Foreign exchange gain (loss) related to the:		
Revaluation of bank accounts denominated in euros	€ (89)	€ 55
Revaluation of the dividend payable	-	(174)
Revaluation and payment of taxes	(564)	(7)
Revaluation of other balance sheet accounts	(15)	50
	€ (668)	€ (76)

16) Movements in non-cash working capital items

	Year ended December 31,	
	2014	2013
Change in trade receivables and other current assets	€ (1,223)	€ 5,648
Change in trade payables and other current liabilities	(79)	(27)
	€ (1,302)	€ 5,621

17) Related parties

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 €343,000 (2013: €220,000). The related amount payable at December 31, 2014 was €35,000 (December 31, 2013: €20,000).

Compensation to the directors of the Company:

- During 2014 and 2013, each independent director received an annual retainer of US\$21,000, an additional US\$1,339 per meeting attended, and US\$1,071 for each meeting of a committee of the Board of Directors attended. The net compensation paid and payable to directors of the Company was as follows:

	Year ended December 31,	
	2014	2013
Ian L. Boxall	€ 17	€ 17
David H. Watkins	17	17
Ian Smith	17	17
	€ 51	€ 51

- Mr. Benjamin Little, Senior Vice-President, Corporate Affairs of IAMGOLD, and director and Directeur-Général of EURO, and Mrs Line Lacroix, Directeur-Général Délégué of EURO did not receive any directors' fees during 2014 and 2013.
- Other directors, namely Mrs Carol T. Banducci, Executive Vice President and Chief Financial Officer of IAMGOLD, Mrs Elizabeth Gitajn, Corporate controller of IAMGOLD, Mr. Phillip Marks, Associate General Counsel of IAMGOLD, Mr. Paul Olmsted, former Senior Vice-President, Corporate Development of IAMGOLD, and Mr. Brian Trnkus, former Vice-President Finance of IAMGOLD, did not receive any directors' fees from EURO during 2014 and 2013.

Compensation to the key management officers of the Company:

- EURO's compensation paid and payable to the Directeur-Général Délégué, Mrs Line Lacroix, was €124,000 for 2014 (2013: nil), and the compensation paid to Mrs Susanne Hermans was nil in 2014 (2013: €137,000).
- Other officers did not receive any compensation from EURO during 2014 and 2013. Compensation of officers that are also senior executives of IAMGOLD are included in management fees paid to IAMGOLD.

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.

On December 18, 2014, the Company received a proposal of tax assessment from the French tax authority in regards with an ongoing tax audit related to fiscal years 2011, 2012 and 2013. The Company is in discussion with the tax authorities. As at December 31, 2014, the Company did not have any provisions for litigation claims or regulatory assessments as management considers that the related risk is low. Further, the Company does not believe claims or regulatory assessments for which no provision has been recorded would have a material impact on the financial position of the Company.