



## MANAGEMENT'S DISCUSSION AND ANALYSIS 2015

The following management's discussion and analysis ("MD&A") of EURO Ressources S.A. ("EURO" or the "Company") for the year ended December 31, 2015 and dated February 19, 2016, 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, 2015. Financial information is presented in Euros (€ or euros), unless stated otherwise and in accordance with International Financial Reporting Standards as adopted by the International Accounting Standards Board. 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 stock exchange under the symbol EUR. Readers are cautioned that this financial information contains certain forward-looking information as described in this MD&A.

### **About EURO**

EURO is a French company whose principal asset is a gold production royalty from the Rosebel gold mine in Suriname (the "Rosebel royalty"). The Rosebel gold mine is 95%-owned by IAMGOLD Corporation ("IAMGOLD"), and is operated by IAMGOLD. EURO has approximately 62.5 million shares outstanding. On December 17, 2015, IAMGOLD announced the closing of its simplified public tender offer (the "Offer") for EURO launched on November 16, 2015. The Offer was to acquire all of the outstanding commons shares of EURO that IAMGOLD did not already own for cash consideration of €2.84 per share. Following the completion of the Offer by IAMGOLD, IAMGOLD now owns directly and indirectly, a total of 56,058,191 common shares of the Company, representing 89.71% of the issued and outstanding common shares of the Company. At December 31, 2014, IAMGOLD France S.A.S., a wholly owned subsidiary of IAMGOLD, owned approximately 86% of all outstanding shares of EURO.

EURO receives quarterly royalty payments from IAMGOLD. The Rosebel royalty payments from IAMGOLD apply to the first seven million ounces of gold production at the Rosebel mine and the market price of gold based on the London PM fixing price. As of December 31, 2015, the Rosebel mine produced 4.1 million ounces of gold and 2.9 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 19, 2016**

#### **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**

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

#### **Line Lacroix**

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

#### **Benjamin Little**

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

#### **Phillip Marks**

Associate General Counsel, IAMGOLD Corporation  
Toronto, Ontario, Canada

#### **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 2015, the Company's shares were listed on Compartment C of Euronext Paris. They were transferred from Compartment C to Compartment B in January 2016.

## **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.

The currency exchange rate used to present the balance sheets in euros was €1 for US\$1.0860 at December 31, 2015 (€1 for US\$1.2101 as at December 31, 2014). The average currency exchange rate for the year ended December 31, 2015, used to present the Company's income statements, statements of comprehensive income and cash flow statements, was €1 for US\$1.1136 (2014: €1 for US\$1.3348). Significant transactions are translated at the exchange rate of the date of the transaction.

## **RESULTS OF OPERATIONS**

### **2015 compared to 2014**

EURO recorded a net profit of €12.5 million (€0.201 per share) in 2015 compared to €13.1 million (€0.209 per share) during 2014.

Revenues totaled €22.8 million in 2015, a decrease of 6% compared to revenues of €24.2 million during 2014. Revenues are mainly attributable to the Rosebel royalty for €22.4 million in 2015 (2014: €23.9 million). The decrease in revenues is due to the lower gold production with 301,813 ounces in 2015 compared to 342,057 ounces during 2014 (€2.7 million), and the lower average gold price of US\$1,162 per ounce in 2015 compared to US\$1,266 per ounce in 2014 (€2.3 million), partially offset by the weaker euro (€3.6 million).

The increase in amortization expense to €0.6 million in 2015 was higher than in 2014 (€0.5 million) due to the impact of a weaker euro partially offset by lower gold production during 2015.

EURO recorded an income tax expense of €8.6 million for 2015 compared to €9.7 million in 2014. The decrease is mainly due to lower royalty revenues in 2015 compared to 2014, and the tax impact of a lower dividend in 2015.

### **Three months ended December 31, 2015 compared to three months ended December 31, 2014**

EURO recorded a net profit of €2.7 million (€0.045 per share) for the fourth quarter of 2015 compared to €3.4 million (€0.055 per share) for the fourth quarter of 2014. The decrease is mainly explained by lower revenues from royalties in 2015.

Revenues were €5.3 million during the fourth quarter of 2015, a decrease of 23% compared to revenues of €6.9 million for the fourth quarter of 2014. Revenues are mainly attributable to the Rosebel royalty of €5.2 million (fourth quarter of 2014: €6.9 million). The decrease in revenues is due to lower gold production with 73,081 ounces in the fourth quarter of 2015 as compared to 98,901 ounces during the fourth quarter of 2014 (€1.7 million), and by the lower average gold price during the fourth quarter of 2015 of US\$1,106 per ounce of gold compared to US\$1,201 per ounce of gold during the fourth quarter of 2014 (€0.5 million), partially offset by the weakened euro (€0.6 million).

EURO recorded an income tax expense of €1.9 million during the fourth quarter of 2015 compared to €3.0 million during the fourth quarter of 2014. The decrease is mainly due to lower royalty revenues in 2015 compared to 2014 and the tax impact of dividend distributions in November 2014.

## OUTLOOK

In 2016, the Rosebel royalty is expected to provide revenues to the Company of between approximately €21.9 million and €22.6 million (US\$24.1 million and US\$24.9 million). These pre-tax numbers assume a gold price of US\$1,150 per ounce and an exchange rate of €1 for US\$1.1. The Rosebel royalty production in 2015 was 302,000 ounces and is anticipated to be between 300,000 and 310,000 ounces in 2016. The impact of changes in the average gold price on EURO's annual revenues, based on an estimated production of 305,000 ounces, would be approximately US\$3.0 million for each US\$100 per ounce change in the gold price. EURO's cash flow will primarily be affected by income tax payments, since there are no tax losses carried forward to offset any future revenue. EURO expects its cash flow will be adequate to meet all corporate and related expenses.

## KEY FINANCIAL DATA

### Annual financial information

(In millions of euros, except per share data)	2015	2014
Revenues	22.8	24.2
Operating expenses	0.9	0.9
Profit before income tax	21.2	22.8
Income tax expense	8.6	9.7
Net profit	12.5	13.1
Basic and diluted net profit per share	0.201	0.209
Total assets	28.9	24.4
Dividend and interim dividend paid	9.4	20.6
Dividend per share (€ per share)	0.15	0.33

### Quarterly data

(In millions of euros, except per share data)	2015				2014			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	5.3	5.3	6.0	6.2	6.9	6.3	5.0	6.0
Net cash flow from operating activities	3.1	3.7	3.5	5.3	5.5	3.3	2.7	1.8
Net profit	2.7	3.4	3.6	2.8	3.4	3.5	2.6	3.6
Basic and diluted net profit per share	0.045	0.054	0.057	0.045	0.055	0.055	0.041	0.059

## **LIQUIDITY AND CAPITAL RESOURCES**

Cash and cash equivalents at December 31, 2015 totaled €7.5 million as compared to €1.1 million at December 31, 2014. The increase is mainly due to higher cash flow from operating activities and a lower dividend paid in 2015. All of the cash and cash equivalents are unrestricted. EURO expects to have sufficient cash flow to fund its on-going operational needs.

During 2015, EURO continued to invest a portion 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.

## **SHARE CAPITAL**

As at December 31, 2015, and the date of this MD&A, the Company had 62,491,281 common shares outstanding with a par value of €0.01 per share. There were no shares issued during 2015.

## **DIVIDENDS**

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

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.

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

## **CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

The Company's management makes judgments in its process of applying its accounting policies in the preparation of its financial statements. In addition, the preparation of financial data requires that the Company's management make assumptions and estimates of effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. The critical judgments, estimates and assumptions of the Company are reflected in note 2.10 of the Company's financial statements for the year ended December 31, 2015.

## **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, 2014, except for an interpretation from the IFRS Interpretation Committee regarding the treatment of a translation gain or loss arising when the local tax currency is not the same as the functional currency, which was applied in preparing these financial statements as described in note 2.1.1 of the 2015 Company's financial statements.

## **FUTURE ACCOUNTING POLICIES**

For a discussion of future accounting policies that may impact the Company in the future, refer to note 2.1.2 of the 2015 Company's financial statements.

## **RELATED PARTY TRANSACTIONS**

Revenues from royalties related to the Rosebel mine during 2015 were €22.4 million compared to €23.9 million during 2014. The related amount receivable at December 31, 2015 was €5.2 million (December 31, 2014: €7.1 million) and was included in trade receivables.

On November 10, 2015, the independent directors of the Company approved a new support services agreement between IAMGOLD and EURO, effective as of that date, and subject to the ratification by EURO's shareholders other than IAMGOLD at the next general meeting of EURO (hereafter the "Agreement"). The objective of the new Agreement was to provide clarification on support services provided. A copy of the Agreement will be available under the Company's issuer profile on [www.sedar.com](http://www.sedar.com) following the ratification. The previous services agreement between IAMGOLD and EURO was in place since February 1, 2009. The Agreement covers certain day-to-day services (including assistance with (i) cash management and investment, (ii) accounting and financial services, (iii) corporate secretary, (iv) investor relations and shareholder communications, as well as governmental relations, (v) legal and tax services, and (vi) technical and geological support) provided by IAMGOLD to the Company. IAMGOLD's address is Suite 3200, 401 Bay Street, Toronto, Ontario, Canada M5H 2Y4. The Agreement provides that the Company will pay IAMGOLD all direct and indirect costs incurred by IAMGOLD in providing the support services, plus a mark-up equal to 5% of such costs. During 2015, IAMGOLD adjusted support fees charged to EURO and sent a fees reduction to adjust the 2014 fees based on the actual cost incurred by IAMGOLD as per the previous Agreement. The 2015 support fees have also been decreased based on the forecast for the year. These charges are included in operating expenses (administrative costs). During 2015, the Company accounted for support fees totalling €0.1 million, net of the 2014 adjustment, compared to €0.3 million in 2014. The related amount receivable at December 31, 2015 was €22,000 and was included in trade receivables (December 31, 2014: payable of €35,000 included in trade payables and other current liabilities).

## **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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