



## **MANAGEMENT'S DISCUSSION AND ANALYSIS THIRD QUARTER ENDED SEPTEMBER 30, 2016**

The following management's discussion and analysis ("MD&A") of EURO Ressources S.A. ("EURO" or the "Company") for the third quarter ended September 30, 2016 and dated November 9, 2016, has been prepared by management and approved by 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 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 royalty payable by IAMGOLD Corporation ("IAMGOLD") related to the gold production of the Rosebel gold mine in Suriname (the "Rosebel royalty"). The Rosebel gold mine is 95%-owned by IAMGOLD, and is operated by IAMGOLD. EURO has approximately 62.5 million shares outstanding. IAMGOLD France S.A.S., an indirect wholly owned subsidiary of IAMGOLD, owned approximately 89.71% of all issued and outstanding shares of EURO at September 30, 2016.

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 September 30, 2016, the Rosebel mine had produced approximately 4.3 million ounces of gold since the beginning of its production, and 2.7 million ounces of gold remain under the Rosebel royalty contract. Rosebel's proven and probable gold reserves as at December 31, 2015 were estimated to 2.4 million ounces of gold. 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.

**INTRODUCTION**

EURO presents its financial statements in 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\$1.1240 at September 30, 2016 (€1 for US\$1.0860 as at December 31, 2015). The average currency exchange rate for the first nine months ended September 30, 2016, used to present the Company's income statements, statements of other comprehensive income and cash flow statements, was €1 for US\$1.1102 (first nine months of 2015: €1 for US\$1.1210). Significant transactions were translated at the exchange rate of the date of the transaction.

**RESULTS OF OPERATIONS****Third quarter ended September 30, 2016 compared to the same period in 2015**

EURO reported a net profit of €4.4 million (€0.070 per share) for the third quarter of 2016 compared to €3.4 million (€0.054 per share) for the third quarter of 2015. The increase was mainly the result of higher revenues partially offset by higher income tax expense.

Revenues were €6.9 million during the third quarter of 2016, an increase of 30% compared to revenues of €5.3 million for the third quarter of 2015. Revenues were mainly attributable to the Rosebel royalty of €6.7 million (third quarter of 2015: €5.2 million). The increase in revenues was due to a higher average gold price in the third quarter of 2016 of US\$1,335 per ounce compared to US\$1,124 per ounce in the third quarter of 2015 (€1.4 million), and a higher gold production of 75,296 ounces in the third quarter of 2016 compared to 73,435 ounces in the third quarter of 2015 (€0.1 million). Other royalties were €0.16 million from third parties in French Guiana during the third quarter of 2016 (third quarter of 2015: €0.09 million).

During the third quarter of 2016, the Company recorded operating expenses of €0.12 million compared to a credit balance of €0.03 million during the same period in 2015. The difference was mainly due to an adjustment of the 2014 administrative costs recorded during the third quarter of 2015 (refer to the Related party transactions section of this MD&A).

The amortization expense of €0.17 million during the third quarter of 2016 was higher than the amortization expense of €0.14 million recorded during the same period in 2015, mainly due to lower gold reserves at the Rosebel mine.

EURO recorded an income tax expense of €2.2 million in the third quarter of 2016 compared to €1.8 million in the third quarter of 2015. The increase was mainly due to higher taxable income partially offset by translation adjustments.

**Nine months ended September 30, 2016 compared to the same period in 2015**

EURO reported a net profit of €11.8 million (€0.189 per share) for the nine months ended September 30, 2016 compared to €9.8 million (€0.157 per share) for the nine months ended September 30, 2015. The increase was mainly the result of higher revenues and a lower income tax expense.

Revenues were €18.9 million during the nine months ended September 30, 2016, an increase of 8% compared to revenues of €17.5 million for the same period in 2015. Revenues were mainly attributable to the Rosebel royalty of €18.6 million (nine months ended September 30, 2015: €17.2 million). The increase in revenues was due to a higher average gold price in the nine months ended September 30, 2016 of US\$1,260 per ounce compared to US\$1,180 per ounce in the nine months ended September 30, 2015 (€1.7 million), and the impact of a weaker euro (€0.1 million), partially offset by lower production with 223,687 ounces in the nine months ended September 30, 2016 compared to 228,732 ounces in the same period of 2015 (€0.4 million). Other royalties were €0.31 million from third parties in French Guiana during the first nine months of 2016 (first nine months of 2015: €0.28 million).

Operating expenses for the nine months ended September 30, 2016 were €0.30 million, lower than €0.47 million in the same period in 2015. The difference was mainly due to lower administrative costs during 2016 (refer to the Related party transactions section of this MD&A).

The amortization expense of €0.52 million during the first nine months of 2016 was higher than the amortization expense of €0.42 million recorded during the same period in 2015, mainly due to lower gold reserves at the Rosebel mine.

EURO recorded an income tax expense of €6.3 million in the nine months ended September 30, 2016 compared to €6.8 million in the same period of 2015. The decrease was mainly due to translation adjustments partially offset by the tax impact of higher revenues.

**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 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 net income. EURO expects its cash flow will be adequate to meet all corporate and related expenses.

**KEY FINANCIAL DATA****Quarterly financial information**

(In millions of euros, except per share data)	Third quarter ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Revenues	€ 6.9	€ 5.3	€ 18.9	€ 17.5
Profit before income tax	€ 6.6	€ 5.2	€ 18.1	€ 16.6
Income tax expense	€ 2.2	€ 1.8	€ 6.3	€ 6.8
Net profit	€ 4.4	€ 3.4	€ 11.8	€ 9.8
Basic net earnings (€ per share)	€0.070	€0.054	€0.189	€0.157
Total assets			€ 31.0	€ 25.7

**Quarterly data**

(In millions of euros, except per share data)	2016			2015				2014
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenues	€ 6.9	€ 6.3	€ 5.7	€ 5.3	€ 5.3	€ 6.0	€ 6.2	€ 6.9
Net cash flow from operating activities	€ 3.9	€ 4.1	€ 3.2	€ 3.1	€ 3.7	€ 3.5	€ 5.3	€ 5.5
Net profit	€ 4.4	€ 3.3	€ 4.1	€ 2.7	€ 3.4	€ 3.6	€ 2.8	€ 3.4
Basic net earnings (€ per share)	€0.070	€0.053	€0.066	€0.045	€0.054	€0.057	€0.045	€0.055

**LIQUIDITY AND CAPITAL RESOURCES**

Cash at September 30, 2016 totaled €5.6 million compared to €7.5 million at December 31, 2015. EURO expects to have sufficient cash flow to fund its on-going operations.

**DIVIDENDS**

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

**SHARE CAPITAL AND VOTING RIGHTS**

As at September 30, 2016, and the date of this MD&A, the Company had 62,491,281 common shares outstanding with a par value of €0.01 per share. There were no shares issued during the first nine months of 2016.

As at September 30, 2016, there was a total number of 62,816,589 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).

**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 unaudited condensed interim financial statements have been prepared following the same accounting policies and methods of computation as the annual audited financial statements for the fiscal year ended December 31, 2015.

**NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE**

For a discussion of new accounting standards issued but not yet effective that may impact the Company, refer to note 2.1.2 of the Company's unaudited condensed interim financial statements for the third quarter ended September 30, 2016.

**RELATED PARTY TRANSACTIONS**

Revenues from royalties related to the Rosebel mine during the third quarter of 2016 were €6.7 million (first nine months of 2016: €18.6 million) compared to €5.2 million during the third quarter of 2015 (first nine months of 2015: €17.2 million). The related amount receivable from IAMGOLD at September 30, 2016 was €6.7 million (December 31, 2015: €5.2 million) and was included in trade receivables.

During the third quarter of 2016, the Company accounted for IAMGOLD's support fees totalling €0.03 million. During the first nine months of 2016, the Company accounted for support fees totalling €0.09 million less a fee reduction of €0.145 million to adjust the 2015 fees based on the actual cost incurred by IAMGOLD. During the third quarter of 2015, IAMGOLD adjusted support fees charged to EURO and sent a credit adjustment of €0.155 million to adjust the 2014 fees based on the actual cost incurred by IAMGOLD as per the agreement. These adjustments resulted in a net recovery of €0.121 million during the quarter ended September 30, 2015 (first nine months of 2015: net charge of €0.076 million). The related amount payable at September 30, 2016 was €0.03 million and was included in trade payables and other current liabilities (December 31, 2015: receivable of €0.02 million included in trade receivables).

**DISCLOSURE CONTROLS AND PROCEDURES 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:

Benjamin Little  
Directeur-Général  
Tel: +1 416 933 4954  
Email: [blittle@euroressources.net](mailto:blittle@euroressources.net)

Line Lacroix  
Directeur-Général Délégué  
Tel: +1 450 677 2056  
Email: [llacroix@euroressources.net](mailto:llacroix@euroressources.net)