



MANAGEMENT’S DISCUSSION AND ANALYSIS 2017

The following management’s discussion and analysis (“MD&A”) of EURO Ressources S.A. (“EURO” or the “Company”) for the year ended December 31, 2017 and dated February 23, 2018, 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, 2017. Financial information is presented in Euros (€ or euros), unless stated otherwise and in accordance with International Financial Reporting Standards (“IFRS”) as approved by the International Accounting Standards Board. Additional information on EURO can be found at 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. At December 31, 2017, IAMGOLD France S.A.S., a wholly owned subsidiary of IAMGOLD, owned approximately 89.71% of all issued 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, 2017, the Rosebel mine produced 4.7 million ounces of gold and 2.3 million ounces of gold remain under the Rosebel royalty contract. Rosebel’s proven and probable gold reserves as at December 31, 2017 were estimated to 3.5 million ounces of gold (June 30, 2017: 3.7 million ounces; December 31, 2016: 2.1 million ounces). 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 23, 2018**Carol T. Banducci**

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

Susanne A. Hermans¹

Financial accounting consulting
Littleton, Colorado, United States of America

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

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Affie A. Simanikas

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Ian Smith^{1,2}

Director, Canada Coal Inc.
Vancouver, British Columbia, Canada

David H. Watkins^{1,2}

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

¹ Member of the Audit Committee.

² Member of the Compensation Committee.

Stock Exchange Listing

EURONEXT

Symbol: EUR

During 2017, the Company's shares were listed on Compartment B of Euronext Paris.

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:

Société Générale Securities Services
SGSS/SBO/CIS/ISS/SRP
32 rue du Champ de Tir CS 30812
44308 Nantes Cedex 3, France
www.sharinbox.societegenerale.com

TSX Trust
200 University Avenue, Suite 300
Toronto, Ontario, Canada M5H 4H1
Toll Free: 1 (866) 393-4891
Fax: (416) 361-0470
tmxeinvestorservices@tmx.com
www.tsxtrust.com/resources/investor-centre

Auditors

PricewaterhouseCoopers Audit, SA
63 rue de Villiers
92208 Neuilly-sur-Seine Cedex
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Registered Office

EURO Ressources S.A.
23 rue du Roule
75001 Paris
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Société anonyme with a share capital of €624,913
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Information requests should be addressed to:

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INTRODUCTION

EURO presents its financial statements in Euros (€ or euros). Under IFRS, 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\$1.2020 at December 31, 2017 (€1 for US\$1.0554 as at December 31, 2016). The average currency exchange rate for the year ended December 31, 2017, used to present the Company's income statements, statements of comprehensive income and cash flow statements, was €1 for US\$1.1273 (2016: €1 for US\$1.1058). Significant transactions are translated at the exchange rate of the date of the transaction.

RESULTS OF OPERATIONS UNDER IFRS**2017 compared to 2016**

EURO recorded a net profit of €18.7 million (€0.299 per share) in 2017 compared to €15.9 million (€0.255 per share) during 2016.

Revenues totaled €26.1 million in 2017 similar to revenues reported in 2016. Revenues were mainly attributable to the Rosebel royalty for €25.7 million in 2017 (2016: €25.7 million). Revenues were similar but included the impact of a higher average gold price of US\$1,258 per ounce in 2017 compared to US\$1,249 per ounce in 2016 (€0.3 million), and higher gold production with 318,117 ounces in 2017 compared to 311,808 ounces during 2016 (€0.2 million), offset by the negative impact of a stronger euro (€0.5 million).

Operating expenses in 2017 were €0.5 million, higher than €0.4 million in 2016. The difference was mainly due to higher administrative costs in 2017 following the accounting of a credit adjustment in 2016, higher legal fees during 2017 mainly due to legal fees related to the claim of prior years' tax on dividends, partially offset by a reimbursement of operating taxes paid in prior years and interest receivable on the reimbursement of tax on dividends.

The amortization expense of €0.6 million during 2017 was lower than the amortization expense of €0.7 million recorded during 2016, mainly due to higher gold reserves at the Rosebel mine.

EURO recorded an income tax expense of €6.2 million in 2017 compared to €9.2 million in 2016. The decrease was mainly due to translation adjustments and the reimbursement receivable of the 3% tax on dividends paid during prior years. On October 6, 2017, the Constitutional Council of France ruled that the 3% tax on dividends in its entirety is contrary to the Constitution. Therefore, whatever the origin of the dividends distributed (distribution of dividends from subsidiaries or operating profit), this 3% tax is abolished from that date. The Constitutional Court's decision also applies retrospectively. EURO's estimated refund of tax on dividends paid from 2014 to 2017 of €1.56 million was accounted for in 2017.

Fourth quarter ended December 31, 2017 compared to the same period in 2016

EURO recorded a net profit of €6.1 million (€0.097 per share) for the fourth quarter of 2017 compared to €4.1 million (€0.066 per share) for the fourth quarter of 2016.

Revenues were €6.65 million during the fourth quarter of 2017, a decrease of 8% compared to revenues of €7.24 million for the fourth quarter of 2016. Revenues were mainly attributable to the Rosebel royalty of €6.6 million (fourth quarter of 2016: €7.2 million). The decrease in revenues was mainly due to lower gold production with 83,595 ounces in the fourth quarter of 2017 compared to 88,121 ounces during the fourth quarter of 2016 (€0.5 million), and the strengthened euro (€0.5 million), partially offset by the higher average gold price during the fourth quarter of 2017 of US\$1,275 per ounce of gold compared to US\$1,222 per ounce of gold during the fourth quarter of 2016 (€0.4 million).

The amortization expense of €0.14 million during the fourth quarter of 2017 was lower than the amortization expense of €0.21 million recorded during the fourth quarter of 2016, mainly due to higher gold reserves at the Rosebel mine.

EURO recorded income tax expense of €0.4 million during the fourth quarter of 2017 compared to €2.9 million during the fourth quarter of 2016. The decrease was mainly due to translation adjustments and the reimbursement receivable of the 3% tax on dividends paid during prior years as mentioned above.

OUTLOOK

The Rosebel royalty production in 2017 was 318,117 ounces and is anticipated to be between 311,000 ounces and 326,000 ounces in 2018. In 2018, the Rosebel royalty is expected to provide revenues to the Company of between approximately €23.7 million and €24.9 million (US\$28.0 million and US\$29.4 million). These pre-tax numbers assume a gold price of US\$1,250 per ounce and an exchange rate of €1 for US\$1.18. The impact of changes in the average gold price on EURO's annual revenues, based on an estimated production of 318,000 ounces, would be approximately US\$3.1 million for each US\$100 per ounce change in the gold price. The impact of a 5% change in the average foreign exchange rate on EURO's annual revenues would be approximately €1.2 million. EURO's cash flow is expected to be primarily affected by income tax payments.

KEY FINANCIAL DATA

Annual financial information

(In millions of euros, except per share data)	2017	2016
Revenues	26.1	26.1
Operating expenses	0.5	0.4
Profit before income tax	24.8	25.1
Income tax expense	6.2	9.2
Net profit	18.7	15.9
Basic and diluted profit per share	0.299	0.255
Total assets	43.1	36.9
Dividends paid	9.4	12.5
Dividends paid per share (€ per share)	0.15	0.20

Quarterly data

(In millions of euros, except per share data)	2017				2016			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	6.7	6.4	6.5	6.5	7.2	6.9	6.3	5.7
Net cash flow from operating activities	4.0	3.4	2.6	5.4	4.9	3.9	4.1	3.2
Net profit	6.1	4.3	4.2	4.1	4.1	4.4	3.3	4.1
Basic and diluted profit per share	0.097	0.069	0.067	0.066	0.066	0.070	0.053	0.066

LIQUIDITY AND CAPITAL RESOURCES

Cash at December 31, 2017 totaled €15.5 million as compared to €11.1 million at December 31, 2016. The increase was mainly due to cash flow from operating activities partially offset by a dividend paid in 2017. EURO expects to have sufficient cash flow to fund its on-going operational needs.

MARKETABLE SECURITIES

EURO holds marketable securities related to mining companies which are part of a volatile market. Share market price exposure risk is related to the fluctuation in the market price of marketable securities. This investment in marketable securities is recorded at fair value.

Marketable securities are comprised of 19.1 million shares of Columbus Gold Corp. ("Columbus") (12.0% of outstanding shares at December 31, 2017; December 31, 2016: 13.4%).

SUBSEQUENT EVENT

Following the approval of an arrangement by Columbus' shareholders on November 27, 2017, and the approval from the TSX Venture exchange, Columbus completed the spin-out of Allegiant Gold Ltd ("Allegiant") to Columbus shareholders. EURO holds 19,095,345 shares of Columbus. Accordingly, EURO received in January 2018, a common share of Allegiant for every five Columbus shares held, being 3,819,069 shares. This transaction resulted in a non-cash gain of €1.7 million which will be accounted for in 2018 in other comprehensive income, based on the fair value of shares received of C\$0.68 per share on the date of the transaction.

SHARE CAPITAL

As at December 31, 2017, 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 2017.

DIVIDENDS

The annual ordinary general meeting of shareholders held May 24, 2017 approved dividends in the amount of €9.4 million (€0.15 per share) which were paid to the Company's shareholders on June 15, 2017. The annual ordinary and extraordinary general meeting of shareholders held May 25, 2016 approved dividends in the amount of €12.5 million (€0.20 per share) which was paid to the Company's shareholders on June 16, 2016.

Any dividends proposed by the Board of Directors take into account various factors, including EURO's net profit, financial condition, current and anticipated cash needs and are 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 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 significant accounting judgments, estimates and assumptions of the Company are reflected in note 3.9 of the Company's financial statements for the year ended December 31, 2017.

SIGNIFICANT 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, 2016. In 2017, the Company decided to account for foreign exchange differences arising from current foreign currency tax assets and liabilities within foreign exchange gain or loss instead of including it in income tax expense. This reclassification was applied to prior year.

NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

For a discussion of new accounting standards that may impact the Company in the future, refer to note 4 of the 2017 Company's financial statements.

RELATED PARTY TRANSACTIONS

Revenues from royalties related to the Rosebel mine during 2017 were €25.7 million compared to €25.7 million during 2016. The related amount receivable at December 31, 2017 was €6.4 million (December 31, 2016: €7.4 million) and was included in trade receivables.

During 2017, the Company accounted for IAMGOLD's support fees totaling €0.12 million. During 2016, the Company accounted for support fees totaling €0.12 million less a fee reduction of €0.15 million to adjust the 2015 fees based on the actual cost incurred by IAMGOLD. These charges are included in administrative costs in operating expenses. The related amount payable at December 31, 2017 was €0.03 million and was included in trade payables and other current liabilities (December 31, 2016: €0.03 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. Information related to the Rosebel royalty can be found at IAMGOLD's website at www.iamgold.com. Further requests for information should be addressed to:

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