EURO RESSOURCES S.A.

Independent auditor's report

Independent auditor's report

EURO RESSOURCES S.A.
23, rue du Roule
75001 Paris, France

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of EURO Ressources S.A. (the "Company") as of December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Company's financial statements comprise:

- Balance sheets;
- Income statements;
- Statements of comprehensive income;
- Cash flows statements;
- Statements of changes in Equity;
- Notes to financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the "Code de Déontologie des Commissaires aux Comptes" that are relevant to our audit of the financial statements in France. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the "Code de Déontologie des Commissaires aux Comptes".

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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
Amortization expense and Impairment of non-financial assets (Notes 3.1.3 and 3.3 to the financial statements) Euro Ressources' royalty assets include: - The royalty right in respect of the Rosebel mine, and - The Net Smelter Returns ("NSR") production 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 intangible assets, the ratio between the total quantity of gold extracted during the year and the estimated quantity of gold remaining to be extracted. We focused on this area because any material change in the estimated total amount of the gold remaining to be extracted could have a significant impact on the financial statements. The carrying amounts of the non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. The Company records an impairment loss if the carrying amount of these assets exceeds the recoverable amount which is determined based on several assumptions such as : - The quantity of gold produced during the year, - The estimated quantity of remaining gold to be extracted (proven and probable reserves), - The estimated future gold price and the actualization rate applied to determine future cash-flows. We focused on this area due to the significant values and the nature of the judgments and assumptions management are required to make in determining whether there are any impairment triggers or impairments.	*Amortization expense* We compared the data used by the management to determine the amortization expense (relating to the reserves at the beginning of the year) with the data published in the official news release issued by IAMGOLD Corporation, the parent company, for the Rosebel gold mine. The data on reserves and resources is supervised by the "qualified person" as requested by the Canadian regulations (National Instrument 43-101 standard of disclosure of mineral projects). We obtained the monthly reports used for the royalties revenue calculation on gold extracts from the parent company and corroborated the total production for the year used for amortization calculation. *Impairment of non-financial assets* The estimated future gold production for the Rosebel mine is based on the production budget established by the management of the mine and provided by the parent company. For the Paul Isnard concessions, we obtained the mineral resource estimate from Columbus Gold Corp.'s news releases. We verified the coherence of the future estimated gold production with the estimation of reserves and resources in the official news release. Regarding the estimated gold price, we obtained from the client the average analysis made by several financial groups on gold price for the years 2018 to 2022 to assess its consistency. We controlled the coherence of the estimated gold price used in the discounted cash flow. We compared the actualization rate used with external sources. The adequacy of the actualization rate used in the discounted future cash flows was validated by the parent company's auditors.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and generally accepted accounting principles in France, 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers Audit France

Gérard Morin

March, 2 2018

EURO Ressources SA

A Gold Resource Royalty Company

Audited Financial Statements (per IFRS)

Year ended December 31, 2017

Contents

Balance Sheets
(In thousands of euros)

	Notes		December 31, 2017		December 31, 2016
Non-current assets		€	**18,183**	€	**18,228**
Royalty assets	6		8,539		10,412
Marketable securities	7		9,644		7,816
Current assets			**24,887**		**18,656**
Trade receivables	8		6,631		7,522
Other current assets			51		15
Income tax receivable	11.3		2,725		-
Cash	9		15,480		11,119
Total assets		€	**43,070**	€	**36,884**
Equity		€	**41,028**	€	**33,955**
Share capital	10.1		625		625
Additional paid-in-capital	10.1		84		84
Other reserves			21,662		17,318
Net profit for the year			18,657		15,928
Non-current liabilities			**1,696**		**1,742**
Deferred tax liabilities	11.2		1,696		1,742
Current liabilities			**346**		**1,187**
Trade payables and current liabilities			346		158
Income tax payable	11.3		-		1,029
Total equity and liabilities		€	**43,070**	€	**36,884**
Contingencies	17				
Subsequent event	18				

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

Income Statements
(In thousands of euros, except per share amount)

	Notes		Year ended December 31, 2017		2016 [1]
Revenues	13	€	**26,055**	€	26,107
Operating expenses	14		**(494)**		(425)
Amortization expense	6		**(643)**		(728)
Operating profit			**24,918**		24,954
Investment income			**174**		39
Foreign exchange gain (loss)			**(277)**		135
Net financial gain (loss)			**(103)**		174
Profit before income tax			**24,815**		25,128
Income tax expense	11		**(6,158)**		(9,200)
Net profit		€	**18,657**	€	15,928
Basic and diluted earnings per share (€/share)	10.2	€	**0.299**	€	0.255

1. Refer to note 2.1.

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

Statements of Comprehensive Income
(In thousands of euros)

	Note	Year ended December 31, 2017		Year ended December 31, 2016	
Net profit		€	18,657	€	15,928
Other comprehensive income (loss)					
Items that will not be reclassified to the income statement					
Net unrealized change in fair value of marketable securities, net of tax	7		2,277		2,151
Currency translation adjustments	2.3		(4,487)		579
Other comprehensive income (loss)			(2,210)		2,730
Total comprehensive income		€	16,447	€	18,658

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

Cash Flow Statements
(In thousands of euros)

	Notes		Year ended December 31, 2017		2016 [1]
Operating activities					
Net profit		€	**18,657**	€	15,928
Elimination of items which do not have an impact on cash flow:					
Interest receivable on reimbursement of tax on dividend	14		**(156)**		-
Amortization expense			**643**		728
Foreign currency loss (gain)			**277**		(135)
Income tax expense			**6,158**		9,200
Movements in non-cash working capital items	15		**152**		(1,975)
Cash from operating activities before income tax paid			**25,731**		23,746
Income tax paid			**(10,267)**		(7,634)
Net cash flow from operating activities			**15,464**		16,112
Financing activities					
Dividends paid	10.3		**(9,374)**		(12,499)
Unrealized impact from changes in foreign currency exchange rates on cash			**(1,729)**		(21)
Increase in cash			**4,361**		3,592
Cash, beginning of the year			**11,119**		7,527
Cash, end of the year		€	**15,480**	€	11,119

1. Refer to note 2.1.

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

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
Balance as of December 31, 2016	**€ 625**	**€ 84**	**€ 1,542**	**€ 8,344**	**€ 7,432**	**€ 15,928**	**€ 33,955**
Appropriation of 2016 profit	-	-	-	-	15,928	(15,928)	-
Position as of December 31, 2016 after appropriation of profit	**625**	**84**	**1,542**	**8,344**	**23,360**	**-**	**33,955**
Dividends (note 10.3)	-	-	-	-	(9,374)	-	(9,374)
Total comprehensive income	-	-	2,277	(4,487)	-	18,657	16,447
Balance as at December 31, 2017	**€ 625**	**€ 84**	**€ 3,819**	**€ 3,857**	**€ 13,986**	**€ 18,657**	**€ 41,028**

	Share capital	Additional paid-in capital	Fair value reserve	Currency translation adjustments	Retained earnings	Net profit for the year	Total equity
Balance as of December 31, 2015	**€ 625**	**€ 84**	**€ (609)**	**€ 7,765**	**€ 7,397**	**€ 12,534**	**€ 27,796**
Appropriation of 2015 profit	-	-	-	-	12,534	(12,534)	-
Position as of December 31, 2015 after appropriation of profit	**625**	**84**	**(609)**	**7,765**	**19,931**	**-**	**27,796**
Dividends (note 10.3)	-	-	-	-	(12,499)	-	(12,499)
Total comprehensive income	-	-	2,151	579	-	15,928	18,658
Balance as at December 31, 2016	**€ 625**	**€ 84**	**€ 1,542**	**€ 8,344**	**€ 7,432**	**€ 15,928**	**€ 33,955**

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

Notes to Financial Statements

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

1) Corporate information

EURO Ressources S.A. ("EURO" or the "Company") is a *Société Anonyme*, domiciled in metropolitan France with its registered office located in Paris. EURO is a listed company in France who does not prepare consolidated financial statements.

IAMGOLD France S.A.S., an indirect wholly owned subsidiary of IAMGOLD Corporation ("IAMGOLD"), owned approximately 89.71% of all issued and outstanding shares of EURO at December 31, 2017.

EURO owns a royalty payable by 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 receives quarterly payments from IAMGOLD on this royalty.

2) Basis of preparation

2.1) Statement of compliance

EURO's financial statements as and for the years ended December 31, 2017 and 2016 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as approved by the International Accounting Standard Board ("IASB") to comply with Canadian requirements. In France, only French generally accepted accounting principles can be applied for establishment of individual accounts of listed companies.

These financial statements were prepared on a going concern basis. The significant accounting policies applied in these financial statements are presented in note 3 and have been consistently applied in each of the years presented. 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. This adjustment did not have any impact on the balance sheets and resulted in a reclassification of foreign exchange gain initially included in income tax expense to foreign exchange gain.

	2016
Foreign exchange gain reclassified from income tax expense to foreign exchange gain	€ 177

These financial statements have been approved for publication by the Board of Directors on February 23, 2018.

2.2) Basis of measurement

Financial statements for the period ended December 31, 2017 and 2016 have been prepared on a historical cost basis, except for items measured at fair value as discussed in note 12.

2.3) Functional and presentation currencies

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

The functional currency of EURO is the United States dollars ("US$"), determined on the basis of the economic environment in which the Company operates. The United States dollar is the currency in which major transactions of the Company, such as income from royalties and the related cash, are denominated. Certain additional information are presented in these financial statements in United States dollars and in Canadian dollars ("C$").

Transactions denominated in foreign currencies (€ and C$) are converted into the Company's functional currency (US$) 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 balance sheet accounts denominated in foreign currencies, and the revaluation and payment of dividends and income tax payable. Foreign exchange gains and losses are included in the income statements. Gain or loss related to deferred tax liabilities are included in the income tax expense.

Financial statements in United States dollars are then 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;
- When a gain or loss on financial assets at fair value through other comprehensive income ("OCI"), is recognized in OCI, the translation differences are also recognized in OCI;
- 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"). 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. The large fluctuation in foreign exchange rates explains the currency translation adjustments in the statement of comprehensive income.

3) Summary of significant accounting policies

The accounting policies set out below have been applied consistently by the Company in all period presented in these financial statements.

3.1) 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 12 on fair value determination.

Non-derivative 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.

3.1.1) 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, and are recorded at fair value on the trade date with directly attributable transaction costs included in the recorded amount. Gains upon initial recognition are recorded in other comprehensive income. Subsequent changes in fair value are recognized in other comprehensive income.

3.1.2) Financial assets at fair value through profit or loss

Cash is classified as financial assets at fair value through profit or loss and is measured at fair value. The unrealized gains or losses related to changes in fair value are reported in other income in the income statement.

3.1.3) 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 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. 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 period. Impairment loss reversals are recognized as operating income.

3.1.4) Non-derivative financial liabilities

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

3.2) Royalty assets

Royalty 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.

Royalty assets are measured at cost, less accumulated amortization and accumulated impairment charges, if any. The Company's royalty 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 asset 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 asset.

3.3) Impairment of royalty assets

The carrying amounts of the Company's royalty assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indicator exists, the Company performs an impairment review. If the carrying amounts of the royalty assets exceed its recoverable amount, an impairment loss is recorded.

The recoverable amount is determined based on the present value of estimated future cash flows from each royalty 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 royalty assets. If the Company fails to achieve its valuation assumptions or if any of its royalty 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.

An assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses may no longer exist or have decreased. 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.

3.4) Current and deferred income tax

Income tax expenses for the period comprise current and deferred income tax. Income tax expenses are 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 expense.

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 goodwill or 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, and the carry forward of unused tax credits and unused tax losses can be utilized, except when 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 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.

A translation gain or loss will arise as the local tax currency is not the same at the functional currency. A deferred tax asset or liability is recognized on the difference between the carrying amount of the non-monetary assets and the underlying tax basis, translated to the functional currency using the current foreign exchange rate. The translation gain or loss is recorded in Income tax expense on the income statement.

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.

3.5) Revenue recognition

Revenues 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.

3.6) Investment income

Investment income comprises interest income in respect of bank accounts.

3.7) Earnings per share

The Company presents basic and diluted earnings per share data for its common shares. Basic earnings per share are calculated by dividing the net profit attributable to equity shareholders by the weighted average number of shares outstanding during the year.

3.8) 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.

3.9) 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 royalty assets and provisions.

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. The determination of the useful life of royalty assets, the measurement of the depreciation expense and the impairment analysis are impacted by the mineral reserves and resources estimates.

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. Refer to note 17.

4) New accounting standards issued but not yet effective

The following new accounting standards were not yet effective for the year ended December 31, 2017, and have not been applied in preparing these financial statements.

IFRS 15, Revenue from contracts with customers

In May 2014, the IASB 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, 2018. The objective of IFRS 15 is to establish a single, principles based 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 and relevant disclosures.

As at December 31, 2017, the Company has analyzed all revenue contracts to determine the impact that IFRS 15 is expected to have on the Company's financial statements. The Company's main revenue stream is royalty income. The preliminary assessment using the new five-step model in IFRS 15 focused on identifying potential multiple performance obligations as well as applying the concept of control transfer as opposed to transfer of risks and rewards of ownership, and revealed that there is no difference in the timing and nature of revenue recognition compared to IAS 18, Revenue. Furthermore, the Company's revenue contracts do not contain significant variable consideration, financing components or non-cash consideration.

The Company will adopt IFRS 15 for the annual period beginning on January 1, 2018, and expects that there will be no material impact on the Company's financial statements.

IFRS 9, Financial instruments

In July 2014, the IASB issued the final version of IFRS 9 (2014) – Financial Instruments ("IFRS 9") to replace IAS 39 – Financial instruments: recognition and measurement. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking 'expected loss' impairment model (the "ECL model"). The standard is effective for annual periods beginning on or after January 1, 2018.

Effective April 1, 2014, the Company had early adopted all of the requirements of IFRS 9 (2013), which was the previously issued version of IFRS 9. As a result of early adoption of IFRS 9 (2013), which is largely aligned with the requirements of IFRS 9, the Company will have no further impact on adoption of IFRS 9, with respect to the classification of financial assets and liabilities and hedge accounting.

The Company has completed its assessment of the ECL model, and does not expect the adoption of IFRS 9 to have any material impact on the Company's financial statements with respect to the amended impairment model for the annual period beginning January 1, 2018.

IFRIC 22, Foreign currency transactions and advance consideration

In December 2016, the IASB issued IFRIC Interpretation 22, Foreign currency transactions and advance consideration. The Interpretation clarifies which date should be used for translation of a foreign currency transaction when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income (or part of it). The Interpretation is applicable for annual periods beginning on or after January 1, 2018. Based on the Company's review, EURO does not have any non-monetary asset or non-monetary liability arising from the payment of receipt of advance consideration. Accordingly, there will be no impact on the Company's financial statements upon the adoption of IFRIC 22 on January 1, 2018.

IFRS 16, Leases

In January 2016, the IASB issued IFRS 16, Leases. The objective of IFRS 16 is to bring all leases on balance sheet for lessees. IFRS 16 requires lessees to recognize a "right of use" asset and a lease liability calculated using a prescribed methodology. The mandatory effective date of IFRS 16 is for annual periods beginning on or after January 1, 2019. Early adoption is permitted provided that IFRS 15, Revenue from contracts with customers, is also adopted. EURO does not have any lease agreement and accordingly, if no change, there will be no impact upon the adoption of this standard.

IFRIC 23, Uncertainty over income tax treatments

On June 7, 2017, the IASB issued IFRIC Interpretation 23, Uncertainty over income tax treatments. The Interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual periods beginning on or after January 1, 2019. The extent of the impact of adoption of the Interpretation has not yet been determined.

5) 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.

5.1) Market risk

5.1.1) Gold price risk

EURO is exposed to the risk of changes in the market price of gold. In 2018, the Rosebel royalty production is anticipated to be between 311,000 ounces and 326,000 ounces, and 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.

5.1.2) Foreign currency translation risk

The functional currency of EURO is the United States dollars ("US$") and its financial statements are presented in euros. EURO is exposed to foreign currency translation risk arising from various currency exposures, primarily with respect to the euro. Most revenues are initially denominated in the US$ functional currency. On the other side, the income tax expense is denominated in euros which is not the Company's functional currency. Accordingly, the largest foreign currency translation risk is related to income tax expense.

Year ended December 31, 2017 (In thousands of euros)	Total	US$	€	C$	Exposure to currency translation risk %
Revenues	€ 26,055	€ 25,826	€ 229	€ -	1%
Operating expenses	€ 494	€ 267	€ 184	€ 43	46%
Investment income	€ 174	€ 174	€ -	€ -	-
Income tax expense	€ 6,158	€ -	€ 6,158	€ -	100%

5.2) 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.

5.3) 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.

6) Royalty assets

	December 31, 2016	Movement	Translation adjustment	December 31, 2017
Costs				
Rosebel [1]	€ 14,546	€ -	€ (1,774)	€ 12,772
Paul Isnard [2]	5,306	-	(647)	4,659
	19,852	-	(2,421)	17,431
Accumulated amortization				
Rosebel	(9,440)	(643)	1,191	(8,892)
	€ 10,412	**€ (643)**	**€ (1,230)**	**€ 8,539**

	December 31, 2015	Movement	Translation adjustment	December 31, 2016
Costs				
Rosebel [1]	€ 14,137	€ -	€ 409	€ 14,546
Paul Isnard [2]	5,156	-	150	5,306
	19,293	-	559	19,852
Accumulated amortization				
Rosebel	(8,433)	(728)	(279)	(9,440)
	€ 10,860	**€ (728)**	**€ 280**	**€ 10,412**

[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, 2017, the Rosebel mine had produced approximately 4.7 million ounces of gold and 2.3 million ounces of gold remained 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.

[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 the sale of gold calculated per the average monthly gold price (in United States dollars) less applicable deductions per the agreement. The royalty percentage is 1.8% on the first two million ounces of gold and 0.9% on the next three million ounces of gold.

As at December 31, 2017, the Company's impairment review indicated that the facts and circumstances did not represent an indication of potential impairment. As a result, there were no impairment charges recorded in the statement of earnings for the year ended December 31, 2017.

7) 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 19,095,345 shares of Columbus Gold Corp. ("Columbus") (12.0% of outstanding shares at December 31, 2017; December 31, 2016: 13.4 %).

	Year ended December 31, 2017		Year ended December 31, 2016	
Balance, beginning of the year	€	**7,816**	€	4,447
Change in fair value of marketable securities		**2,965**		3,093
Translation adjustment		**(1,137)**		276
Balance, end of the year	€	**9,644**	€	7,816

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

	Year ended December 31, 2017		Year ended December 31, 2016	
Net unrealized change in fair value of marketable securities, net of tax				
Change in fair value of marketable securities	€	**2,965**	€	3,093
Income tax impact		**(688)**		(942)
	€	**2,277**	€	2,151

8) Trade receivables

	Note		December 31, 2017		December 31, 2016
Trade receivables from IAMGOLD	16	€	**6,431**	€	7,420
Other trade receivable			**200**		102
		€	**6,631**	€	7,522

9) Cash

		December 31, 2017		December 31, 2016
Cash [1]	€	**15,480**	€	11,119

[1] Approximately 1% of EURO's available cash was held in euros as at December 31, 2017 (December 31, 2016: 3%).

10) Share capital

10.1) 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, 2017 and December 31, 2016	**62,491,281**	**€ 0.01**	**€ 625**	**€ 84**

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).

	December 31, 2017	December 31, 2016
Total number of common shares	**62,491,281**	62,491,281
Double voting rights	**327,851**	327,308
Total number of voting rights	**62,819,132**	62,818,589

10.2) Earnings per share

Basic earnings per share computation

	Year ended December 31, 2017	Year ended December 31, 2016
Net profit attributable to holders of common shares	**€ 18,657**	€ 15,928
Basic weighted average number of common shares	**62,491,281**	62,491,281
Basic earnings per share attributable to holders of common shares	**€ 0.299**	€ 0.255

Diluted earnings per share computation

The double voting rights do not have a dilutive effect on the earnings per share computation.

10.3) Dividends

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

		Year ended December 31, 2017		2016
Dividend paid June 15, 2017[1]	€	**9,374**	€	-
Dividend paid June 16, 2016[2]		**-**		12,499
	€	**9,374**	€	12,499

1 The annual ordinary general meeting of shareholders held May 24, 2017 approved dividends in the amount of €9,374,000 (€0.15 per share) which were paid to the Company's shareholders on June 15, 2017.
2 The annual ordinary and extraordinary general meeting of shareholders held May 25, 2016 approved dividends in the amount of €12,499,000 (€0.20 per share) which were paid to the Company's shareholders on June 16, 2016.

11) Income tax

11.1) Income tax expense

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 2017 (2016: 34.43%) to profit before income tax.

The reasons for the differences are as follows:

		Year ended December 31, 2017		2016[1]
Profit before income tax	€	**24,815**	€	25,128
Theoretical tax calculated at the income tax rate for corporations in France	€	**8,544**	€	8,591
Tax effects of C.V.A.E. (value added tax)[2]		**218**		218
Tax on dividend		**281**		375
Refund receivable of tax related to dividends[3]		**(1,556)**		-
Deferred income tax and related foreign exchange		**(511)**		(132)
Other		**(818)**		148
Income tax expense	€	**6,158**	€	9,200

1 Refer to note 2.1.
2 Value added tax (Cotisation sur la Valeur Ajoutée des Entreprises ("C.V.A.E.").
3 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 estimated a refund of tax receivable of €1,556,000 related to dividends paid from 2014 to 2017.

The income tax expense is made up of the following components:

		Year ended December 31, 2017	Year ended December 31, 2016 [1]
Current income tax expense	€	**6,669**	€ 9,332
Deferred income tax and related foreign exchange		**(511)**	(132)
Income tax expense	€	**6,158**	€ 9,200

[1] Refer to note 2.1.

11.2) Deferred tax liabilities

Deferred tax liabilities pertain to temporary differences, mostly due to changes in market price of marketable securities, the value added tax and translation adjustment. There are no tax losses carried forward. Movements related to the deferred tax liabilities are as follows:

		Year ended December 31, 2017	Year ended December 31, 2016
Balance, beginning of the year	€	**1,742**	€ 867
Deferred income tax charge relating to changes in fair value of marketable securities (other comprehensive income)		**688**	942
Deferred income tax recovery related to the origination and reversal of other temporary differences		**(14)**	(29)
Translation adjustment		**(720)**	(38)
Balance, end of the year	€	**1,696**	€ 1,742

The components that give rise to deferred income tax liabilities are as follows:

		December 31, 2017	December 31, 2016
Marketable securities	€	**1,394**	€ 1,029
Royalty assets		**247**	663
Other		**55**	50
Deferred tax liabilities	€	**1,696**	€ 1,742

11.3) Income tax receivable (payable)

		Year ended December 31, 2017	Year ended December 31, 2016
Balance, beginning of the year	€	**(1,029)**	€ 669
Current income tax expense		**(8,225)**	(9,332)
Refund receivable of tax related to dividends		**1,556**	-
Income tax paid		**10,267**	7,634
Interest receivable		**156**	-
Balance, end of the year	€	**2,725**	€ (1,029)

12) 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 the classification of financial instruments in the fair value hierarchy since December 31, 2016.

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

As at December 31, 2017, the Company's following assets were recorded at fair value as follows.

	Level 1	Level 2	Level 3	Total
Marketable securities	€ 9,644	-	-	€ 9,644
Cash	€ 15,480	-	-	€ 15,480

12.2) 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.

13) Revenues

	Year ended December 31,	
	2017	2016
Royalties related to the operation of the Rosebel mine	€ **25,660**	€ 25,732
Royalties related to mining operations from third parties	**395**	375
	€ **26,055**	€ 26,107

14) Operating expenses

	Year ended December 31,			
		2017		2016
Administrative costs	€	**187**	€	25 [1]
Directors' fees (including withholding taxes)		**90**		95
Audit fees		**87**		81
Legal fees		**267**		84
Exchange and listing fees		**113**		113
Interest on reimbursement of tax on dividend		**(156)** [2]		-
Operating taxes		**(94)** [3]		27
	€	**494**	€	425

[1] Net of a credit adjustment of €145,000 accounted for in 2016 related to a reduction of the 2015 support fees based on the actual cost incurred by IAMGOLD (note 16).

[2] Interest receivable on the reimbursement receivable of the tax on dividends (note11.1) included in income tax receivable as at December 31, 2017.

[3] Includes a reimbursement from the Government of France of operating taxes paid in prior years for a total of €104,000.

15) Movements in non-cash working capital items

	Year ended December 31,			
		2017		2016
Change in trade receivables and other current assets	€	**(69)**	€	(1,907)
Change in trade payables and other current liabilities		**221**		(68)
	€	**152**	€	(1,975)

16) Related parties

Revenues from royalties related to the Rosebel mine during 2017 were €25,660,000 compared to €25,732,000 during 2016. The related amount receivable at December 31, 2017 was €6,431,000 (December 31, 2016: €7,420,000) and was included in trade receivables.

During 2017, the Company accounted for IAMGOLD's support fees totalling €122,000. During 2016, the Company accounted for support fees totalling €119,000 less a fee reduction of €145,000 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 €31,000 and was included in trade payables and other current liabilities (December 31, 2016: €30,000).

Compensation to the directors of the Company:

- During 2017 and 2016, each independent director received an annual gross retainer of US$21,428, an additional gross US$1,339 per meeting attended, and gross US$1,071 for each meeting of a committee of the Board of Directors attended. The net compensation accounted and paid to these directors during the year was as follows:

	Year ended December 31, 2017	2016
Ian L. Boxall	€ 9	€ 22
Susanne A. Hermans	13	-
Ian Smith	22	22
David H. Watkins	22	22
	€ 66	€ 66

- None of EURO's other directors received any directors' fees during 2017 and 2016.

17) 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.

As at December 31, 2017, the Company did not have any provisions for litigation claims or regulatory assessments as management considered the related risk to be low. Further, the Company does not believe that claims or regulatory assessments for which no provision has been recorded would have a material impact on the financial position of the Company.

18) 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. As indicated in note 7, 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.