

**EURO RESSOURCES S.A.**

**INDEPENDENT AUDITORS' REPORT**

**(Year ended December 31, 2011)**



## **INDEPENDENT AUDITORS' REPORT**

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

### **Report on the financial statements**

We have audited the accompanying financial statements of Euro Ressources S.A., which comprise the balance sheet as at December 31, 2011 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion the financial statements present fairly, in all material respects, the financial position of Euro Ressources S.A. as at December 31, 2011, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Neuilly-sur-Seine, March 19, 2012

PricewaterhouseCoopers Audit

(signed) "*Bruno Tesnière*"

Bruno Tesnière

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**IFRS Financial Statements and  
Shareholders' Report**  
**Fiscal Year Ended December 31, 2011**

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## I Balance Sheets

(in thousands of Euro)

	Notes	As at December 31 2011	As at December 31 2010
<b>NON-CURRENT ASSETS</b>		<b><u>€7,019</u></b>	<b><u>€8,043</u></b>
Intangible assets	4, 17,18	7,019	8,043
<b>CURRENT ASSETS</b>		<b><u>€18,629</u></b>	<b><u>€23,792</u></b>
Trade receivables	5	11,657	9,897
Other current assets	5	228	37
Cash and cash equivalents	6	5,584	13,294
Assets held for sale	17	1,160	564
<b>TOTAL ASSETS</b>		<b><u>€25,648</u></b>	<b><u>€31,835</u></b>
<b>EQUITY</b>		<b><u>€19,427</u></b>	<b><u>€26,177</u></b>
Share capital	7	625	625
Additional paid-in capital	7	104	29,477
Other reserves		(4,452)	(22,446)
Net profit for the year		23,150	18,521
<b>TOTAL EQUITY</b>		<b><u>€19,427</u></b>	<b><u>€26,177</u></b>
<b>NON-CURRENT LIABILITIES</b>		<b><u>137</u></b>	<b><u>143</u></b>
Deferred tax liabilities	14.3	137	143
<b>CURRENT LIABILITIES</b>		<b><u>€6,084</u></b>	<b><u>€5,515</u></b>
Trade payables	8	207	198
Other current liabilities	8	94	100
Current income tax payable	8	5,783	5,217
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b><u>€25,648</u></b>	<b><u>€31,835</u></b>

## II Income Statements

(in thousands of Euro, except per share amount)

	Notes	For Fiscal Year Ended	
		December 31 2011	December 31 2010
Revenues from ordinary activities	9	37,023	28,584
Operating expenses	11	(957)	(1,035)
Depreciation and amortization expenses	13	(606)	(648)
Other Income	10	176	568
<b>OPERATING PROFIT</b>		<b><u>€35,636</u></b>	<b><u>€27,469</u></b>
Financial income	12	1,102	434
Financial expenses	12	(1,394)	(1,906)
<b>NET FINANCIAL EXPENSES</b>		<b><u>€(292)</u></b>	<b><u>€(1,472)</u></b>
<b>PROFIT BEFORE TAX</b>		<b><u>€35,344</u></b>	<b><u>€25,997</u></b>
Income tax expense	14.1	(12,194)	(7,476)
<b>NET PROFIT</b>		<b><u>€23,150</u></b>	<b><u>€18,521</u></b>
<b>EARNINGS PER SHARE (€share)</b>			
Basic	15	<b><u>€0.370</u></b>	<b><u>€0.296</u></b>
Diluted	15	<b><u>€0.370</u></b>	<b><u>€0.296</u></b>

### III Statements of Comprehensive Income (in thousands of Euro)

	For Fiscal Year Ended	
	December 31 2011	December 31 2010
<b>NET PROFIT FOR THE YEAR</b>	<u>23,150</u>	<u>18,521</u>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>		
Currency translation adjustments	(546)	2,908
Unrealized gain on available-for-sale assets	29	-
Tax on unrealized gain on available-for- sale assets	<u>(10)</u>	<u>-</u>
Other comprehensive income (loss) for the year	<b>(527)</b>	<b>2,908</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b><u>€22,623</u></b>	<b><u>€1,429</u></b>

## IV Cash Flow Statements

(in thousands of Euro)

	For Fiscal Year Ended		
	Notes	December 31 2011	December 31 2010
<b>CASH FLOW RELATING TO OPERATING ACTIVITIES</b>			
NET PROFIT		23,150	18,521
<i>Elimination of expenses which do not have an impact on the cash flow and/or are not related to operating activities:</i>			
Depreciation and amortization expenses	13	606	648
Income tax expense	14.1	12,194	7,476
Financial instrument expense	12	-	1,804
Gain related to sale of SOTRAPMAG	10	-	(568)
Non-cash other income	10	(117)	-
<b>GROSS CASH FLOW FROM OPERATING ACTIVITIES BEFORE NET CHANGE IN OPERATING WORKING CAPITAL</b>		<b>35,833</b>	<b>27,882</b>
Change in trade receivables and other current assets		(1,420)	(3,713)
Change in trade payables and other current liabilities		20	(216)
<b>NET CHANGE IN OPERATING WORKING CAPITAL</b>		<b>(1,400)</b>	<b>(3,929)</b>
Income tax paid		(11,540)	(2,170)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>€22,893</b>	<b>€21,783</b>
<b>CASH FLOW RELATING TO FINANCING ACTIVITIES</b>			
Reimbursement of derivative financial instrument		-	(2,616)
Payment of issuance premium	7	(29,373)	(17,499)
Payment of financial instruments related to foreign exchange forward contracts		-	(1,964)
<b>CASH FLOW USED IN FINANCING ACTIVITIES</b>		<b>€(29,373)</b>	<b>€(22,079)</b>
Impact of changes in foreign exchange rates on cash and cash equivalents		(1,230)	2,079
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>€(7,710)</b>	<b>€1,783</b>
OPENING BALANCE		13,294	11,511
CLOSING BALANCE		5,584	13,294
INCREASE/(DECREASE)		(7,710)	1,783



**V Statement of Changes in Equity**  
(in thousands of Euro)

	Share Capital	Additional paid-in capital	Currency translation adjustments	Accumulated other comprehensive Income	Retained earnings	Net profit for the year	Total Equity
<b>Position as of January 1, 2010</b>	<b>625</b>	<b>46,976</b>	<b>395</b>	-	<b>(25,749)</b>	-	<b>22,247</b>
Distribution of issuance premium on May 25, 2010 (see note 7)	-	(17,499)	-	-	-	-	(17,499)
Total comprehensive income for the fiscal year ended December 31, 2010	-	-	2,908	-	-	18,521	21,429
<b>Position as of December 31, 2010 before appropriation of profit</b>	<b>625</b>	<b>29,477</b>	<b>3,303</b>	-	<b>(25,749)</b>	<b>18,521</b>	<b>26,177</b>
Appropriation of 2010 profit	-	-	-	-	18,521	(18,521)	-
<b>Position as of December 31, 2010 after appropriation of profit</b>	<b>625</b>	<b>29,477</b>	<b>3,303</b>	-	<b>(7,228)</b>	-	<b>26,177</b>
Distribution of issuance premium on July 11 and November 14, 2011 (note 7)	-	(29,373)	-	-	-	-	(29,373)
Total comprehensive income for year ended December 31, 2011	-	-	(546)	19	-	23,150	22,623
<b>Position as of December 31, 2011</b>	<b>625</b>	<b>104</b>	<b>2,757</b>	<b>19</b>	<b>(7,228)</b>	<b>23,150</b>	<b>19,427</b>

## VI Notes to the Financial Statements

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

### 1) General information

#### 1.1) EURO Ressources S.A.

Effective December 2, 2008, IAMGOLD Corporation ("IAMGOLD") became the parent company of EURO Ressources S.A. ("EURO" or the "Company") when it acquired 43.4 million shares (being 71.6% of the Company) through a successful tender offer. The tender offer was then re-opened, and by December 31, 2008, IAMGOLD had acquired additional shares to own 52.8 million shares, or 84.5% of the Company. From January 1, 2009 to December 31, 2011, IAMGOLD acquired additional shares of the Company increasing its ownership to approximately 86%.

The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") to comply with Canadian requirements. As at December 31, 2010, following the sale of its sole subsidiary, Société de Travaux Publics et de Mines Aurifères en Guyane S.A.S. ("SOTRAPMAG"), in October 2010, EURO no longer prepares and publishes consolidated financial accounts. In France, only French rules can be applied for establishment of individual accounts of listed companies.

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

These financial statements have been approved for publication by the Board of Directors on March 15, 2012.

#### 1.2) Description of operations

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

The Rosebel royalty paid by IAMGOLD applies to the first 7 million ounces of gold produced from the mine and the related payments 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, 2011, the Rosebel mine has produced 2.8 million ounces of gold and there remains approximately 4.2 million ounces of gold under the royalty contract.

This amount 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.

#### 1.3) List of companies

As at December 31, 2011, the financial statements only comprise the accounts of EURO. There has been a change in EURO's consolidation scope during 2010, since SOTRAPMAG was transferred to Auplata S.A. ("AUPLATA") on October 22, 2010 (note 17).

## 2) Basis of accounting and presentation

### 2.1) Standards

The financial statements are prepared in accordance with the International Financial Reporting Standards ("IFRS") as approved by the International Accounting Standard Board ("IASB").

Financial statements for the period ended December 31, 2011 have been prepared using the historical cost basis of accounting adjusted by revaluation through profit or loss of financial liabilities in order to recognize derivative financial instruments at their fair value.

EURO prepares its financial accounts in Euros (€ or Euro) and presents its financial statements in Euros. However, the functional currency of EURO is the US dollar, since this is the currency in which its major transactions, such as income from royalties and the related cash are denominated. Certain additional information is presented in these financial statements in US dollars ("\$\$") and in Canadian dollars ("C\$").

#### 2.1.1 Revisions, amendments and interpretations to the published standards which took effect in 2011

There are no IFRSs or IFRIC interpretations issued, that are effective for the first time for the financial year beginning on or after January 1, 2011 that would be expected to have a material impact on EURO.

#### 2.1.2) Standards, and interpretations and amendments to existing standards, pending application

There are no IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on EURO.

### 2.2) Use of estimates

When preparing financial statements in accordance with IFRS, management is led to make certain estimates and retain certain assumptions that may have an impact on the amounts of assets and liabilities, income and expenses and contingent liabilities recognized at the balance sheet date. Management regularly reviews those estimates based on the information at its disposal. The assumptions retained for the purpose of determining EURO's present and future obligations take into account the applicable technological, commercial and contractual constraints.

Material items subject to such estimates and assumptions include the valuation of the Rosebel rights, any impairment of non-current assets and deferred tax.

When events and circumstances evolve in a different manner than anticipated, the actual results may differ from those estimates.

### 2.3 Conversion of financial statements expressed in foreign currencies

#### Determination of the functional currency

The functional currency is determined on the basis of the economic environment in which the parent operates.

Analysis of material transactions in EURO's economic environment suggests that its functional currency is the US dollar since this is the currency in which its major transactions, such as income from royalties, are denominated.

**Bookkeeping and presentation of the accounts**

Individual books of account for EURO are prepared in US dollars and are presented in Euros.

**Recognition of transactions in the functional currency**

Transactions denominated in foreign currencies are recognized in amounts equating to their value in the functional currency on the basis of the spot exchange rates applying on the transaction dates.

**Measurement rules**

In order to present financial statements denominated in Euros, the results and financial position of EURO are converted into Euros on the basis of the individual accounts prepared in the functional currency.

For this purpose, a distinction is made between assets and liabilities, income and expenses and equity to which different translation rules apply.

➤ Assets and Liabilities

Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

➤ Income and expenses

Income and expenses for each significant transaction are translated at the exchange rate at the date of the transaction; otherwise an average rate for the period is used;

➤ Equity

Equity is translated using the exchange rate at the date of the transaction.

➤ Translation adjustments

The exchange differences arising from conversion of the financial statements into the presentation currency are recognized within equity.

**2.4) 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 incomes 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 revenue.

**2.5) Intangible assets****Costs of prospecting and valuation**

The costs of prospecting and valuation include all the costs of mining exploration, including interest expense, incurred for the Paul Isnard PER. These costs have been written off since 1999. However, at the end of 2009, EURO reversed the depreciation on the PER by €559,000 (US\$750,000), which represented the cost attributed to the PER. (see note 17 for more detail).

**Other intangible assets**

Intangible assets are recognized:

- if it is probable that the expected future economic benefits associated with them will flow to the entity, and
- if their cost can be measured reliably.

Other intangible assets are measured at amortized cost based on their applicable useful lives. Other intangible assets comprise the royalty rights in respect of the Rosebel mine and the royalty right in respect of the Paul Isnard concessions. They are recognized at their acquisition cost, based on the expected level of production from the mine, and are amortized on the basis of the actual duration of operation.

The amortization charge is calculated by applying to the carrying amount of the rights on January 1 the ratio between the quantity of metal extracted during the year and the total estimated quantity of metal 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 gives rise to a prospective recalculation of the amortization schedule for the mining rights.

**2.6) Impairment of assets**

Tangible and intangible fixed assets with finite useful lives are subjected to impairment testing whenever an indication exists that impairment has occurred.

**2.7) Deferred tax**

Deferred tax liabilities are the amount of income taxes recoverable in future periods in respect of taxable temporary differences. EURO recognizes deferred tax liabilities mainly in respect of the Cotisation sur la Valeur Ajoutée des Entreprises ("C.V.A.E.") (property tax).

Deferred tax assets are recognized to the extent that it is probable that sufficient future taxable profits will be generated against which to allocate the deductible temporary differences. In particular, deferred tax assets are recognized for each entity's tax losses carried forward if it appears sufficiently probable that it will be possible to use them against future taxable profits.

The carrying amount of deferred tax assets and liabilities are reviewed on a quarterly basis.

Deferred tax is calculated using the tax rates expected to apply to the periods during which deferred tax liabilities will be settled or deferred tax assets recovered.

**2.8) Trade receivables and other current assets**

Trade receivables and other current assets are initially recognized at their fair value which generally equates with their nominal amount. They are subject to impairment testing if any indication of impairment exists. Any excess of their carrying amount over their recoverable amount is recognized as an operating expense. An impairment loss may be reversed, in which case the reversal is recognized as operating income.

Current assets classified as available-for-sale under marketable securities are recognized at fair value at inception. At the end of each period, the value of the shares will be determined based on the market price of the respective shares and the change in fair value will be accounted for in other comprehensive income.

**2.9) Cash and cash equivalents**

Cash and cash equivalents mainly comprise liquidities, bank demand deposits and other investments with initial maturities not exceeding three months. Any bank overdrafts are classified as current liabilities.

**2.10) Trade payables and other current liabilities**

Trade payables and other current liabilities are initially recognized at their fair value which generally equates with their nominal amount.

**2.11) Revenues from ordinary activities**

Revenues from ordinary activities comprise royalty income. Royalties are payable based on volume of gold production and the realized gold price or the London bullion market fixing. They are recognized on an accrual basis.

**2.12) Financial income and expense**

Financial income and expense comprises interest receivable in respect of bank accounts, loans and current accounts and also includes foreign exchange gains/losses on financing and operational transactions, as well as changes in the fair value of derivative financial instruments.

**3) Management of financial risk**

EURO is exposed to different types of financial risks:

- The market risk (principally: the market price for gold and foreign currency risk),
- The credit risk, and
- The liquidity risk.

EURO has a risk management program which monitors the volatility of the financial markets and seeks to minimize the potentially unfavorable effects of that volatility for EURO's financial performance.

**3.1) Market risk****3.1.1) Gold Price risk****Royalty variance**

EURO is exposed to the risk of changes in the market price of gold. Revenues from the Rosebel royalty are determined with reference to the average of the London PM gold price for each calendar quarter. The Rosebel royalty production in 2011 was 406,000 ounces and is anticipated to be approximately between 390,000 and 415,000 ounces in 2012. The table below illustrates the impact of changes in the calendar quarter average gold price on EURO's revenues, based on 415,000 ounces of production:

Gold price/oz change –average per quarter (US\$/ oz)	\$25	\$50	\$75	\$100
Change in royalty revenues (US\$000)	1,038	2,075	3,113	4,150

**3.1.2) Foreign currency translation risk**

EURO is exposed to foreign currency translation risk arising from various currency exposures, primarily with respect to the euro currency. With revenues increasing, EURO's tax expense has also increased substantially and it represents the largest foreign currency translation risk, because it is denominated in the euro currency.

(in €000s)	2011	US \$	€	C\$	% exposed to currency translation risk
Revenues from ordinary activities	€37,023	€36,771	€252	-	1%
Expenses	€13,757	€1,041	€12,677	€39	92%
<i>Operating</i>	€957	€435	€483	€39	55%
<i>Income tax</i>	€12,194	€-	12,194	-	100%
<i>Amortization</i>	€606	€606	-	-	0%

**3.2) Credit risk**

EURO is subject to a concentrated credit risk with almost 100% of its revenues receivable from one source, namely the Rosebel royalty. This royalty is payable by one company, IAMGOLD, which operates the Rosebel mine. Management considers that in view of the financial standing and nature of IAMGOLD's continuing operating activities, the risk of loss is small.

**3.3) Liquidity risk**

Prudent management of liquidity risk requires the retention of adequate liquidity to meet expected expenditures and possible contingencies. EURO believes that its recurring operational income is adequate to cover spending requirements. Since October 2009, the Company has been investing its surplus cash to maximize profits and to mitigate any potential risk. EURO has specific guidelines that are followed under its short-term investment policy. EURO reviews its strategies for investments on a quarterly basis and ensures that ratings of financial institutions have remained excellent and that there are no better investment opportunities. The objective is to ensure reasonable shareholders' return and appropriate safeguard of the Company's assets.

#### 4) Intangible assets (in thousands of Euro)

The carrying values of the intangible assets of EURO are set out in the tables below:

	December 31 2009	Increase	Translation adjustment	December 31 2010
<b><u>Gross values</u></b>				
Rosebel	10,712	-	842	11,554
Paul Isnard Concessions <sup>1</sup>	-	574	-	574
<b>Total</b>	<b>€10,712</b>	<b>€574</b>	<b>€842</b>	<b>€12,128</b>
<b><u>Amortization / Depreciation</u></b>				
Rosebel	(3,187)	(648)	(250)	(4,085)
Paul Isnard Concessions	-	-	-	-
<b>Total</b>	<b>€(3,187)</b>	<b>€(648)</b>	<b>€(250)</b>	<b>€(4,085)</b>
<b><u>Net values</u></b>				
Rosebel	7,525	(648)	592	7,469
Paul Isnard Concessions <sup>1</sup>	-	574	-	574
<b>Total</b>	<b>€7,525</b>	<b>€(74)</b>	<b>€592</b>	<b>€8,043</b>

	December 31 2010	Increase	Transferred to assets held for sale	Translation adjustment	December 31 2011
<b><u>Gross values</u></b>					
Rosebel	11,554	-	-	311	11,865
Paul Isnard Concessions <sup>1</sup>	574	-	(580)	6	-
<b>Total</b>	<b>€12,128</b>	<b>€-</b>	<b>€(580)</b>	<b>€317</b>	<b>€11,865</b>
<b><u>Amortization / Depreciation</u></b>					
Rosebel	(4,085)	(606)	-	(155)	(4,846)
Paul Isnard Concessions	-	-	-	-	-
<b>Total</b>	<b>€(4,085)</b>	<b>€(606)</b>	<b>€-</b>	<b>€(155)</b>	<b>€(4,846)</b>
<b><u>Net values</u></b>					
Rosebel	7,469	(606)	-	156	7,019
Paul Isnard Concessions <sup>1</sup>	574	-	(580)	6	-
<b>Total</b>	<b>€8,043</b>	<b>€(606)</b>	<b>€(580)</b>	<b>€162</b>	<b>€7,019</b>

<sup>1</sup> In 2010, the Paul Isnard Concessions were accounted for in exchange of the transfer of SOTRAPMAG to AUPLATA (note 17). At December 31, 2011, the Paul Isnard Concessions in the amount of €580,000 (\$750,000) have been classified as assets held for sale, in relation with the pending Option exercised with COLUMBUS Gold Corporation (note 18).

During 2011, there has been no activity on the Paul Isnard Concessions, which explains why no amortization has been recorded during the same time period.



**5) Trade receivables and other current assets**  
(in thousands of Euro)

Current assets	December 31 2011	December 31 2010
Trade receivables <sup>1</sup>	11,657	9,897
<b>Subtotal of trade receivables</b>	<b>11,657</b>	<b>9,897</b>
Tax and social security receivables	70	35
Prepaid expenses	-	2
Marketable securities <sup>2</sup>	158	-
<b>Subtotal other current assets</b>	<b>228</b>	<b>37</b>
<b>Total</b>	<b>€11,885</b>	<b>€9,934</b>

<sup>1</sup> Trade receivables included €11.491 million of amounts receivable from IAMGOLD at December 31, 2011 (€9.783 million at December 31, 2010).

<sup>2</sup> The shares received from COLUMBUS Gold Corporation on December 21, 2011 in connection with the pre-exercise payment from the Option agreement entered into on December 5, 2011, have been classified as available-for-sale assets. At December 31, 2011, the shares were revalued at fair market value (note 18).

**6) Cash and cash equivalents**  
(in thousands of Euro)

	December 31 2011	December 31 2010
Cash equivalents <sup>1,2</sup>	1,227	1,193
Cash <sup>2</sup>	4,357	12,101
<b>Total</b>	<b>€5,584</b>	<b>€13,294</b>

<sup>1</sup> There is no difference between the fair value and the accounting value.

<sup>2</sup> Almost 100% of EURO's available cash is held in US dollars.

During 2011, EURO has continued to invest some of its excess liquidity in money market investments that were compliant with its short-term investment strategy to ensure reasonable return with an appropriate level of risk (note 3.3).

**7) Share capital**

As of December 31, 2011, the Company's share capital comprises 62,496,461 common shares with a nominal value of €0.01 per share.

There were no shares issued during 2010 and 2011.

During the Annual Shareholders Meeting held on June 21, 2011 in Paris, the shareholders approved the distribution of an issuance premium, in the amount of €29,373,000, which was paid in two installments:

- The first installment occurred on July 11, 2011 in the amount of €0.28 per share, totalling €17,499,000;
- The second installment occurred on November 14, 2011 in the amount of €0.19 per share, totalling €11,874,000.

The issuance premium is related to the shareholders' paid-in-capital anytime there was an issuance of capital by EURO less the par value. The distribution is tax-free for all shareholders. The amount of the approved distribution of issuance premium represents excess cash not required for operations.

Any future distributions of dividends will be proposed by the Board of Directors after taking into account various factors, including EURO's operating results, financial condition, current and anticipated cash needs, and will be subject to shareholders' approval.

The share capital of EURO changed during the last two fiscal years, as detailed below:

	Number of shares	Nominal value per share	Share Capital (in 000 Euro)	Additional paid-in capital (in 000 Euro)
<b>As at December 31, 2010</b>	<b>62,496,461</b>	<b>€0.01</b>	<b>€625</b>	<b>€29,477</b>
Declaration of Issuance Premium on June 21, 2011	-	-	-	€(29,373)
<b>As at December 31, 2011</b>	<b>62,496,461</b>	<b>€0.01</b>	<b>€625</b>	<b>€104</b>

## 8) Trade payables and other current liabilities (in thousands of Euro)

	Note	December 31, 2011	December 31, 2010
Trade payables		207	198
Tax and social security liabilities		63	70
Intercompany with IAMGOLD		19	18
Other liabilities <sup>1</sup>		12	12
Current income tax payable		5,783	5,217
<b>Total</b>		<b>€6,084</b>	<b>€5,515</b>

<sup>1</sup> Other liabilities mainly comprise directors' fees due in respect of the fourth quarters of 2010 and 2011 (note 16).

## 9) Revenues from ordinary activities (in thousands of Euro)

	For fiscal year ended December 31	
	2011	2010
Rosebel royalty	36,771	28,395
Other revenues	252	189
<b>Total revenues from ordinary activities</b>	<b>€37,023</b>	<b>€28,584</b>

Revenues from ordinary activities are derived from two categories of activity:

- royalties related to the operation of the Rosebel mine, and

- royalties related to mining operations by third parties in French Guiana.

### 10) Other income (in thousands of Euro)

	For fiscal year ended December 31	
	2011	2010
Gain on sale of SOTRAPMAG <sup>1</sup>	-	568
Income related to a pre-exercise payment <sup>2</sup>	176	-
<b>Other Income</b>	<b>€176</b>	<b>€568</b>

<sup>1</sup> The gain on the sale of SOTRAPMAG pertains to the concessions that were transferred to AUPLATA on October 22, 2010 (note 17).

<sup>2</sup> EURO received a pre-exercise payment of €176,000 from COLUMBUS Gold Corporation (cash of €59,000 and shares of €117,000) in connection with the option agreement entered into on December 5, 2011 (note 18).

### 11) Operating expenses (in thousands of Euro)

	For fiscal year ended December 31	
	2011	2010
Administrative costs	476	503
Directors' fees	65	73
Audit fees	140	137
Legal fees	107	171
Legal exchange and listing fees	111	100
Operating taxes	58	51
<b>Total Operating Expenses</b>	<b>€957</b>	<b>€1,035</b>

**12) Financial income and expenses**  
(in thousands of Euro)

	For fiscal year ended December 31	
	2011	2010
Other investment income	2	13
Foreign exchange gain <sup>2</sup>	1,100	421
<b>Total financial income</b>	<b>€1,102</b>	<b>€434</b>
Foreign exchange loss <sup>3</sup>	1,394	102
Loss on foreign exchange forward contract <sup>1</sup>	-	1,804 <sup>1</sup>
<b>Total financial expenses</b>	<b>€1,394</b>	<b>€1,906</b>
<b>Net financial expenses</b>	<b>€(292)</b>	<b>€(1,472)</b>

**<sup>1</sup> Foreign Exchange Forward Contract**

In April 2010, EURO entered into a foreign exchange forward contract with its financial institution to mitigate the impact of foreign exchange on the issuance premium to be paid in Euros in May 2010. The forward price agreed to was €1 for \$1.3570 and on the day of maturity the exchange rate was €1 for \$1.2201 resulting in a realized financial instrument expense of €1.8 million (equivalent of \$2.39 million) recorded in the income statement.

No foreign exchange forward contract was entered into 2011.

**<sup>2</sup> Foreign exchange gain**

The foreign exchange gain essentially relates to the gain recognized from the issuance premium distribution.

**<sup>3</sup> Foreign exchange loss**

The foreign exchange loss essentially relates to the loss recognized from the income tax installments paid during the year and the revaluation of the euro denominated accounts at year-end.

**13) Depreciation and amortization expenses**  
(in thousands of Euro)

	For fiscal year ended December 31	
	2011	2010
Amortization charge in respect of intangible assets (note 4)	606	648
<b>Total expenses</b>	<b>€606</b>	<b>€648</b>

**14) Income tax expense**  
(in thousands of Euro)**14.1) Tax Reconciliation**

Reconciliation of the theoretical tax liability calculated at the tax rate applicable to corporations in France may be reconciled to the effective tax as follows:

	For fiscal year ended December 31	
	2011	2010
<b>Profit before tax</b>	<b>€35,344</b>	<b>€25,997</b>
Theoretical tax calculated at the corporate income tax rate applicable in the country	(12,169)	(8,952)
Deductible long term capital loss on sale of SOTRAPMAG	-	2,694
Tax related to non-deductible items	(22)	(27)
Tax effects of C.V.A.E. (property tax)	(322)	(222)
Other	24	(28)
Translation adjustment	295	(941)
<b>Effective tax</b>	<b>€(12,194)</b>	<b>€(7,476)</b>

The corporate income tax rate applied for the 2011 and 2010 is 34.43%.

**14.2) Current and deferred income tax expense**  
(in thousands of Euro)

	For fiscal year ended December 31	
	2011	2010
Current income tax expense	(12,203)	(1,080)
Deferred tax expense on temporary differences	9	(6,396)
<b>Total</b>	<b>€(12,194)</b>	<b>€(7,476)</b>

**14.3) Deferred taxes liabilities**

Deferred tax liabilities amounted to €137,000 at the end of December 2011, all of which pertain to temporary differences, mostly due to the Cotisation sur la Valeur Ajoutée des Entreprises ("C.V.A.E.") (property tax), except for €10,000 related to the tax liability from the unrealized gain on COLUMBUS Gold Corporation classified as available-for-sale marketable securities. There are no tax losses carried forward.

## 15) Earnings per share (in thousands of Euro, except per share amount)

Earnings per share are calculated based on the net income attributable to EURO divided by the average number of shares in issue during the fiscal period (excluding treasury stock).

	For fiscal year ended December 31	
	2011	2010
Net profit attributable to holders of common shares	€ 23,150	€ 18,521
Weighted average number of common shares	62,496,461	62,496,461
<b>Earnings per share (€/share)</b>		
Basic	<b>€0.370</b>	<b>€0.296</b>
Diluted	<b>€0.370</b>	<b>€0.296</b>

## 16) Related parties

Information on related parties:

	IAMGOLD
<b>Presentation of related parties</b>	IAMGOLD is the majority shareholder of EURO (approximately 86% of all outstanding and diluted shares)
<b>Nature of relationship between related parties</b>	Management Fees incurred 2011 were €0.21 million (2010: €0.22 million) and payable at December 31, 2011 were €0.019 million (2010: €0.018 million).

Compensation to the directors of the Company for the fiscal years 2011 and 2010 was as follows:

- Each independent director received an annual retainer of \$20,000 gross (2010: \$20,000 gross). Each independent director received an additional \$1,250 gross (2010: \$1,250 gross) per meeting attended and \$1,000 gross (2010: \$1,000 gross) for each meeting of a committee of the Board attended.
- Mr. Ian L. Boxall was paid \$18,188 in 2010 in respect of 2010, \$5,438 in 2011 in respect of 2010, \$17,251 in 2011 in respect of 2011, and \$5,438 in 2012 in respect of 2011.
- Mr. David Watkins received \$18,938 in 2010 in respect of 2010, \$5,438 in 2011 in respect of 2010, \$17,251 in 2011 in respect of 2011, and \$5,438 in 2012 in respect of 2011.
- Mr. Ian Smith received \$18,938 in 2010 in respect of 2010, \$5,438 in 2011 in respect of 2010, \$17,251 in 2011 in respect of 2011, and \$5,438 in 2012 in respect of 2011.
- Ms Carol T. Banducci, Chief Financial Officer of IAMGOLD, did not receive any directors' fees during 2010. She resigned as director on August 10, 2010. In her place, Mr. Brian Trnkus, Vice-President Corporate Controller of IAMGOLD was appointed. In his function as director, he did not receive any directors' fees during 2011 and 2010.
- Mr. Brian Trnkus was appointed as Directeur-General of EURO on June 21, 2011, following the resignation of Mr. Larry E. Phillips.
- Following the vacancy of directorship created by Mr. Phillips' resignation, Mr. Benjamin Little, Senior Vice President, Corporate Affairs of IAMGOLD, was elected director of EURO at the annual shareholders' meeting in Paris. In his function as director, he did not receive any directors' fees during 2011.

- Mr. Paul Olmsted, Senior Vice President, Corporate Development, did not receive any directors' fees during 2011 and 2010.

#### Key management compensation:

Compensation to the key management officers of the Company for the fiscal years 2010 and 2011 was as follows:

Ms Susanne Hermans received \$150,000 in 2010 in respect of 2010 and \$150,000 in 2011 in respect of 2011.

The other officers did not receive any compensation during 2010 and 2011. Compensations of officers that are also senior executives of IAMGOLD are included in management fees paid to IAMGOLD.

## 17) Assets held for sale

As at December 31, 2011, EURO has accounted for as assets classified as held for sale:

- the costs of mining exploration incurred for the Paul Isnard Permit (Permis Exclusif de Recherches) ("PER") and
- the intangible asset related to the royalty on AUPLATA (Paul Isnard concessions).

Assets classified as held for sale (in 000 Euro)	December 31 2011	December 31 2010
<i>Paul Isnard PER</i>	4,248	4,136
<i>Cumulated depreciation on Paul Isnard PER</i>	(3,668)	(3,572)
Subtotal Paul Isnard PER (net value)	580	564
Paul Isnard concessions (notes 4 and 18)	580	-
<b>Total</b>	<b>€1,160</b>	<b>€564</b>

The "Paul Isnard properties" are comprised of eight mineral concessions held by SOTRAPMAG and the Paul Isnard PER held by EURO (collectively, the "Paul Isnard Properties").

In 2009, EURO agreed to transfer ownership of SOTRAPMAG and of EURO's interest in the PER to AUPLATA, in exchange of a royalty on gold production from the Paul Isnard Properties. The royalty will be equal to the difference between the market price of an ounce of gold and US\$400 multiplied by 10% of gold production up to two million ounces and by 5% of gold production between two and five million ounces. The completion date of the transfers to AUPLATA was initially expected by June 2010 pending the approval of the transfer of SOTRAPMAG and of the PER by the French authorities.

- Paul Isnard PER

In January 2010, EURO was notified by the French Authorities that the PER could not be renewed after November 2010. For this reason, EURO in agreement with AUPLATA applied for an operating permit (Permis d'exploitation ("PEX")), which was filed on November 30, 2010. This application expires on May 30, 2013. This application also encompasses a transfer of the PEX to SOTRAPMAG, once granted. The PEX covers a much smaller area (14.4 square kilometers), but the area that it covers has been subject to a prefeasibility study. No application for a PEX can be made if it cannot be demonstrated that substantial work has been performed and that there is economic viability. As at December 31, 2011, the PEX had not been granted yet.

As a result of the settlement agreement for the transfer of Paul Isnard Properties, the recoverable value of the PER was updated as at December 31, 2009. At the end of December 31, 2011, it was determined that this value is still justified based on the following reasons:

- 1) The mining plan ("schéma minier") in French Guiana has been approved.

- 2) COLUMBUS Gold Corporation (“COLUMBUS”) has entered into an option agreement with AUPLATA related to the Paul Isnard Properties (note 18).
- 3) In 2010 and 2011, the price of gold reached record levels, which could justify expedient exploration and exploitation on these properties.

As a consequence, as at December 31, 2011, EURO maintains the reinstatement of the PER net value of \$750,000 (€580,000) in its books.

- Paul Isnard Concessions

On October 22, 2010, SOTRAPMAG was transferred to AUPLATA. EURO recorded an intangible asset related to the royalty on gold production from the concessions in the amount of \$750,000 (note 4).

On December 5, 2011, EURO entered into an option agreement with COLUMBUS, that would allow for the restructuring of the Paul Isnard royalty (“Paul Isnard Concessions and the Paul Isnard PER”) (note 18).

The last step in finalizing this sale of the Paul Isnard royalty is the approval from the French Authorities. For this reason, EURO has decided to transfer its Paul Isnard concessions from intangible assets to assets held for sale as at December 31, 2011.

## 18) Option agreement with Columbus Gold Corporation

On December 5, 2011, EURO entered into an option agreement with COLUMBUS that would allow for the restructuring of the Paul Isnard royalty held by EURO on the properties in French Guiana (the “Option”). The Option agreement was subject to TSX Venture approval, which was received on December 22, 2011.

The Option provides COLUMBUS with the ability to purchase from EURO the existing Paul Isnard royalty in return for cash, shares of Columbus and a retained net smelter royalty. The Option is only exercisable when COLUMBUS has earned a 100% direct or indirect interest in the Paul Isnard properties. EURO maintains the right to compel COLUMBUS to exercise the Option. The Option expires on July 30, 2015 if not exercised. The approval or non-approval of the PEX by the French authorities does not change the terms and conditions of the Option agreement.

Columbus has paid the pre-exercise payment of C\$250,000 (€186,000), which was comprised of the following:

- C\$166,667 (€124,000) in shares of Columbus at the 20-day volume weighted average price (“VWAP”), and
- C\$83,333 (€62,000) in cash.

Under the VWAP, as of December 21, 2011, each share of COLUMBUS was worth C\$0.703 (€0.524), which translates to EURO having received 237,017 shares in COLUMBUS, less than 0.3% of all outstanding shares.

In addition, until the Option is exercised or has expired, COLUMBUS must pay an annual C\$50,000 maintenance fee at the anniversary date of the signed Option agreement.

Once the Option has been exercised, and COLUMBUS has earned a 100% direct or indirect interest in the Paul Isnard properties, the following payments must be made:

- C\$4.2 million cash,
- 12,865,600 shares of Columbus (approximately 12.25% of existing shares as of December 31, 2011) subject to possible upward adjustments based on certain events and the volume weighted average price at the time of exercise, and
- A 1.8% net smelter royalty on the first 2 million ounces of gold followed by a 0.9% net smelter royalty on the next 3 million ounces of gold. This royalty is capped at five million ounces.



Before the end of 2011, AUPLATA and COLUMBUS amended their respective agreement allowing COLUMBUS to accelerate its ability to earn a 100% direct or indirect interest in the Paul Isnard properties. This amendment to the agreement was approved by the TSX Venture exchange on December 23, 2011. The last step in finalizing this amendment to the agreement is the approval from the French Authority, which is expected sometime in 2012.