



MANAGEMENT’S DISCUSSION AND ANALYSIS THIRD QUARTER ENDED SEPTEMBER 30, 2019

The following management’s discussion and analysis (“MD&A”) of EURO Ressources S.A. (“EURO” or the “Company”), dated November 8, 2019, is intended to supplement and complement the unaudited condensed interim financial statements and notes thereto for the third quarter and nine months ended September 30, 2019. This MD&A has been prepared by management and approved by the Audit Committee and the Board of Directors of the Company, and should be read in conjunction with EURO’s audited annual financial statements and related notes for December 31, 2018 and the related MD&A. Financial information is presented in Euros (€ or euros), unless stated otherwise and in accordance with International Financial Reporting Standards (“IFRS”) as approved by the International Accounting Standards Board. Additional information on EURO can be found at www.sedar.com. EURO’s securities trade on the NYSE Euronext of Paris stock exchange under the symbol EUR. Readers are cautioned that this financial information contains certain forward-looking information as described in this MD&A.

About EURO

EURO is a French company whose main assets are a royalty on the Rosebel gold mine production in Suriname (the “Rosebel royalty”), a royalty on the Paul Isnard concessions, and marketable securities. The Rosebel gold mine is 95%-owned by IAMGOLD Corporation (“IAMGOLD”), and is operated by IAMGOLD. The royalty on the Paul Isnard concessions is a net smelter returns production royalty on future production of the Paul Isnard concessions and an area of interest surrounding the concessions in French Guiana, owned under a joint venture agreement between Columbus Gold Corp. and Nord Gold SE (“Compagnie Minière Montagne d’Or” or the “JV”).

EURO receives quarterly royalty payments from IAMGOLD. The Rosebel royalty payments from IAMGOLD apply to the first seven million ounces of gold production at the Rosebel mine and the market price of gold based on the Afternoon London Price. As of September 30, 2019, the Rosebel mine had produced 5.19 million ounces of gold and 1.81 million ounces of gold remain under the Rosebel royalty agreement. Per IAMGOLD, Rosebel’s proven and probable gold reserves as at December 31, 2018 were estimated to be 3.80 million ounces of gold. These reserves do not include reserves of the Saramacca deposit of the Rosebel mine as they are not included in the definition of the property per the participation right agreement. 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.

A feasibility study for Montagne d'Or (part of the larger Paul Isnard sector) was filed in May 2017. On November 27, 2018, Columbus announced that the Montagne d'Or joint venture provided its official decision to French authorities to move forward with permitting and development of the Montagne d'Or gold mine. The decision takes into account the recommendations of the French National Commission of Public Debate to make certain modifications to the project. As further discussed in this MD&A, there is opposition to the Montagne d'Or mine development, principally by non-governmental organizations and some politicians.

EURO has approximately 62.5 million shares outstanding. As at September 30, 2019, IAMGOLD France S.A.S. ("IAMGOLD France"), an indirect wholly owned subsidiary of IAMGOLD, owned approximately 89.71% of all issued outstanding shares of EURO. Per the regulation (Article L.233-7 of the French Commercial Code), IAMGOLD France declared it had exceeded, on September 23, 2018, the threshold of 90% of the voting rights of EURO. As at September 30, 2019, IAMGOLD France held 56,058,191 shares representing 112,116,382 voting rights or 94.25% of the voting rights of EURO. This threshold crossing results from a double voting rights allocation.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

All information included in this MD&A, including any information as to the Company's future financial or operating performance, and other statements that express management's expectations or estimates of future performance, other than statements of historical fact, constitute forward-looking information or forward-looking statements and are based on expectations, estimates and projections as of the date of this MD&A. This MD&A contains forward-looking statements, with respect to the Company's financial condition, results of operations, business prospects, plans, objectives, goals, strategies, future events and capital expenditure. Forward-looking statements are generally identifiable by, but are not limited to, the use of the words such as "anticipates", "expects", "intends", "plans", "forecasts", "projects", "budgets", "believes", "seeks", "estimates", "could", "might", "should", and similar expressions identify forward-looking statements. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management, are inherently subject to significant business, economic and competitive uncertainties and contingencies and, as such, undue reliance must not be placed on them. The Company cautions the reader that reliance on such forward-looking statements involve risks, uncertainties and other factors that may cause the actual financial results, performance or achievements of EURO to be materially different from the Company's estimated future results, performance or achievements expressed or implied by those forward-looking statements. Forward-looking statements are in no way guarantees of future performance. These statements may include comments regarding the closing of certain transactions including acquisitions and offerings and expectations of future participation rights payments. For a comprehensive discussion of the risks faced by the Company, and which may cause the actual financial results, operating performance or achievements of EURO to be materially different from the Company's estimated future results, operating performance or achievements expressed or implied by forward-looking information or forward-looking statements, please refer to the Company's latest Annual Information Form ("AIF"), filed with Canadian securities regulatory authorities, at www.sedar.com. The Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise except as required by applicable law.

INTRODUCTION

EURO presents its financial statements in Euros (€ or euros). Under IFRS, the functional currency of EURO is the United States dollar, since this is the currency in which its major transactions, such as income from royalties and the related cash are denominated.

The currency exchange rate used to present the balance sheets in euros was €1 for US\$1.0908 at September 30, 2019 (€1 for US\$1.1456 as at December 31, 2018). The average currency exchange rate for the first nine months ended September 30, 2019, used to present the Company's income statements, statements of other comprehensive income and cash flow statements, was €1 for US\$1.1262 compared to €1 for US\$1.1964 for the first nine months of 2018 (US\$1.1164 and US\$1.1659 for the third quarter of 2019 and 2018, respectively). Significant transactions are translated at the exchange rate of the date of the transaction.

RESULTS OF OPERATIONS UNDER IFRS

Third quarter ended September 30, 2019 compared to the same period in 2018 (IFRS)

Under IFRS, EURO reported a net profit of €3.5 million (€0.056 per share) for the third quarter of 2019 compared to €3.2 million (€0.052 per share) for the third quarter of 2018.

Revenues were €5.7 million during the third quarter of 2019, an increase compared to €5.4 million for the third quarter of 2018. Revenues were mainly attributable to the Rosebel royalty of €5.7 million (third quarter of 2018: €5.3 million). The increase in revenues was due to the combination of three items: the impact of a higher average gold price in the third quarter of 2019 of US\$1,472 per ounce of gold compared to US\$1,213 per ounce of gold in the third quarter of 2018 (€1.2 million), the impact of a weakened euro (€0.2 million), partially offset by a lower gold production of 57,511 ounces in the third quarter of 2019 compared to 70,803 ounces in the third quarter of 2018 (€1.0 million). There were no other royalties from third parties in French Guiana during the third quarter of 2019 (third quarter of 2018: €0.1 million).

During the third quarter of 2019, the Company recorded operating expenses of €0.11 million compared to €0.09 million during the same period in 2018. The increase was mainly explained by higher legal fees partially offset by lower administrative costs for the third quarter of 2019.

The amortization expense of €0.10 million during the third quarter of 2019 was lower than the amortization expense of €0.12 million recorded during the third quarter of 2018, mainly due to lower production at the Rosebel mine.

The investment income for the third quarter of 2019 was €0.17 million compared to €0.10 million during the same period in 2018. The increase was mainly due to higher bank balances in 2019.

EURO recorded an income tax expense of €2.2 million in the third quarter of 2019 compared to €2.0 million in the third quarter of 2018. The increase was mainly due to translation adjustments partially offset by the tax impact of the change in fair value of the marketable securities.

Nine months ended September 30, 2019 compared to the same period in 2018 (IFRS)

Under IFRS, EURO reported a net profit of €11.7 million (€0.187 per share) for the nine months ended September 30, 2019 compared to €10.9 million (€0.175 per share) for the nine months ended September 30, 2018.

During the nine months ended September 30, 2019, EURO accounted for revenues of €18.1 million, an increase compared to revenues of €17.0 million for the same period in 2018. Revenues were mainly attributable to the Rosebel royalty of €18.2 million (nine months ended September 30, 2018: €16.7 million). The increase in revenues was due to the combination of three items: the impact of a higher average gold price in the first nine months of 2019 of US\$1,353 per ounce of gold compared to US\$1,283 per ounce of gold in the first nine months of 2018 (€1.2 million), the impact of a weakened euro (€1.1 million), partially offset by a lower gold production of 205,255 ounces in the first nine months of 2019 compared to 213,174 ounces in the first nine months of 2018 (€0.8 million). During the first nine months of 2019, other royalties from third parties in French Guiana only included a reversal of a previously over estimated royalty receivable of -€0.1 million compared to revenues of €0.3 million in the first nine months of 2018.

Operating expenses for the nine months ended September 30, 2019 were €0.42 million compared to €0.38 million in the same period in 2018. The increase was mainly due to higher legal, audit and directors' fees in 2019.

The amortization expense of €0.36 million during the nine months ended September 30, 2019 was higher than the amortization expense of €0.35 million recorded during the same period in 2018, mainly due to the impact of a weaker average euro in 2019 partially offset by lower gold production at the Rosebel mine.

The investment income for the first nine months ended September 30, 2019 was €0.58 million compared to €0.28 million during the same period in 2018. The increase was mainly due to higher bank balances in 2019.

EURO recorded a foreign exchange gain of €0.06 million in the first nine months of 2019 compared to a gain of €0.26 million in the first nine months of 2018, mainly due to a smaller change in the closing foreign exchange rate of the Euro compared to the United States dollar in 2019 compared to the same period in 2018. This rate was used for the revaluation of dividends payable, bank accounts and income tax payable.

EURO recorded an income tax expense of €6.3 million in the nine months ended September 30, 2019 compared to €5.9 million in the same period of 2018. The increase was mainly due to translation adjustments and the tax effect of the change in fair value of the marketable securities.

OUTLOOK

The Rosebel royalty production is anticipated to be between 250,000 ounces and 271,000 ounces in 2019. The lowered gold production guidance, compared to the range of 323,000 to 339,000 ounces in the first quarter of 2019, is primarily due to the impact of a security incident which resulted in the temporary suspension of mining activities subsequent to the second quarter of 2019. In 2019, the Rosebel royalty is expected to provide revenues to the Company of between approximately €20.9 million and €22.7 million (US\$23.6 million and US\$25.6 million). These pre-tax numbers assume a gold price of US\$1,300 per ounce and an exchange rate of €1 for US\$1.13. The impact of changes in the average gold price on EURO's annual revenues, based on an estimated production of 260,000 ounces, would be approximately US\$2.6 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 €1.1 million. EURO's cash flow is expected to be primarily affected by income tax payments. The Company maintains certain cash available to pursue opportunities that would enhance the Company's long-term business.

KEY FINANCIAL DATA

Quarterly financial information

(In millions of euros, except per share data)	Third quarter ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Revenues	€ 5.7	€ 5.4	€ 18.1	€ 17.0
Profit before income tax	€ 5.7	€ 5.3	€ 18.0	€ 16.8
Income tax expense	€ 2.2	€ 2.0	€ 6.3	€ 5.9
Net profit	€ 3.5	€ 3.2	€ 11.7	€ 10.9
Basic net earnings (€ per share)	€0.056	€0.052	€0.187	€0.175
Total assets			€ 45.2	€ 40.2

Quarterly data

(In millions of euros, except per share data)	2019			2018				2017
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenues	5.7	6.5	5.9	6.9	5.4	6.0	5.6	6.7
Net cash flow from operating activities	4.8	4.5	5.1	3.7	4.2	5.5	5.1	4.0
Net profit	3.5	4.7	3.6	4.8	3.2	3.7	3.9	6.1
Basic and diluted earnings per share	0.056	0.074	0.057	0.077	0.052	0.059	0.063	0.097

LIQUIDITY AND CAPITAL RESOURCES

Cash at September 30, 2019 totaled €29.0 million compared to €25.7 million at December 31, 2018. The increase was mainly due to cash flow from operating activities partially offset by the dividends paid. EURO expects to have sufficient cash flow to fund its on-going operational needs.

MARKETABLE SECURITIES

EURO holds marketable securities related to mining companies which are part of a volatile market. Share market price exposure risk is related to the fluctuation in the market price of marketable securities. Under IFRS, investments in marketable securities are recorded at fair value with changes in fair value recorded in other comprehensive income.

As at September 30, 2019, marketable securities were comprised of 19,095,345 shares of Columbus Gold Corp. ("Columbus") (11.3% of outstanding shares; December 31, 2018: 12.0%) and 3,819,069 shares of Allegiant Gold Ltd. ("Allegiant") (6.2% of outstanding shares; December 31, 2018: 6.3%).

During the nine months ended September 30, 2019, the Company recognized an unrealized loss under IFRS following the decrease of the fair value of these marketable securities. Under IFRS, this loss of €1.5 million was recorded in other comprehensive income (€7.2 million during the nine months ended September 30, 2018).

ROYALTY ASSETS

As at September 30, 2019, the Company's impairment review indicated that the facts and circumstances did not represent an indication of potential impairment.

In regards to Montagne d'Or project, the French National Commission of Public Debate designated two guarantors in January 2019 responsible for the participation of the public in the Project development up until the opening of the public inquiry for the permit applications. As of September 30, 2019, their conclusions were still pending.

In May 2019, The French Government declared the Project not yet compatible with environmental requirements. A new French mining code is expected to be enacted by the end of 2019, which will clarify the framework and the environmental standards of the mining operations in France. The recent statements by the French Government regarding Compagnie Minière Montagne d'Or (the JV) in May 2019, to which the Paul Isnard royalty is attached, creates some uncertainty around the delivery of the various authorizations and permits not yet obtained and required for developing the Project, and can potentially affect the operational and financial capacities of the Project. Failure to obtain operating permits would result in the need to depreciate in full the net book value of the assets relating to the Paul Isnard royalty. Nevertheless, work continues on both the design of the Project and the environmental framework around it.

Per Columbus' news release on October 8, 2019, the French government appointed in September a new mining delegate and coordinator of mining projects in French Guiana, which new mandate is to define and implement actions for the development of a responsible mining industry in French Guiana.

In those circumstances, the Company is maintaining the same assumption from the impairment test related to the Paul Isnard royalty asset performed as at December 31, 2018. In the view of the Company, it is premature to conclude that an impairment should be made on the Paul Isnard royalty asset at this stage. The Company continues to assume that the various authorizations and permits will be granted under conditions that will allow the JV to go on with this Project, though the timing is somewhat uncertain. No impairment charges were recorded in the statement of earnings for the third quarter ended September 30, 2019.

SHARE CAPITAL

As at September 30, 2019, and the date of this MD&A, the Company had 62,491,281 common shares outstanding with a par value of €0.01 per share. There were no shares issued during the first nine month period of 2019.

DIVIDENDS

The annual ordinary and extraordinary general meeting of shareholders held May 22, 2019 approved dividends in the amount of €12.5 million (€0.20 per share) which were paid to the Company's shareholders on June 13, 2019.

CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The Company's management makes judgments in applying its accounting policies in the preparation of its financial statements. In addition, the preparation of financial data requires that the Company's management make assumptions and estimates of effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. The significant accounting judgments, estimates and assumptions of the Company are reflected in note 4.9 of the Company's annual financial statements for the year ended December 31, 2018.

SIGNIFICANT ACCOUNTING POLICIES

The Company's unaudited condensed interim financial statements have been prepared following the same accounting policies and methods of computation as the annual audited financial statements for the fiscal year ended December 31, 2018, except for the new accounting standards and interpretations, which were effective January 1, 2019, and were applied in preparing these unaudited condensed interim financial statements as described in note 2.2 of the Company's unaudited condensed interim financial statements for the third quarter of 2019.

RELATED PARTY TRANSACTIONS

Revenues from royalties related to the Rosebel mine during the third quarter of 2019 were €5.7 million (first nine months of 2019: €18.2 million) compared to €5.3 million during the third quarter of 2018 (first nine months of 2018: €16.7 million). The related amount receivable at September 30, 2019 was €5.9 million (December 31, 2018: €6.8 million) and was included in trade receivables.

During the third quarter of 2019, the Company accounted for IAMGOLD's support fees totaling €0.02 million (first nine months of 2019: €0.06 million) compared to €0.02 million during the third quarter of 2018 (first nine months of 2018: €0.06million). These charges are included in administrative costs in operating expenses. The related amount payable at September 30, 2019 was €0.01 million and was included in trade payables and other current liabilities (December 31, 2018: €0.02 million).

DISCLOSURE CONTROLS AND PROCEDURE AND INTERNAL CONTROL OVER FINANCIAL REPORTING

The Directeur Général and the Directeur Général Délégué have reasonable assurance that material information relating to the Company are known to them. The Directeur Général and the Directeur Général Délégué have concluded that the Company's disclosure controls and procedures and internal control over financial reporting are effective.

ADDITIONAL INFORMATION

Additional information relating to EURO Ressources S.A. is available on SEDAR at www.sedar.com. Information related to the Rosebel royalty can be found at IAMGOLD's website at www.iamgold.com. Further requests for information should be addressed to:

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