



MANAGEMENT’S DISCUSSION AND ANALYSIS FIRST QUARTER ENDED MARCH 31, 2020

The following management’s discussion and analysis (“MD&A”) of EURO Ressources S.A. (“EURO” or the “Company”), dated May 11, 2020, is intended to supplement and complement the unaudited condensed interim financial statements and notes thereto as at and for the three months ended March 31, 2020. 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, 2019 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 March 31, 2020, the Rosebel mine had produced 5.31 million ounces of gold and 1.69 million ounces of gold remain under the Rosebel royalty agreement. Per IAMGOLD, Rosebel’s proven and probable gold reserves as at December 31, 2019 were estimated to be 3.5 million ounces of gold (December 31, 2018 – 3.8 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. 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 March 31, 2020, 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. As at March 31, 2020, 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. In addition, the Company faces the risk of potential direct or indirect operational impacts resulting from infectious diseases or pandemics, such as the COVID-19 outbreak. 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\$1.1021 at March 31, 2020 (€1 for US\$1.1227 as at December 31, 2019). The average currency exchange rate for the first quarter ended March 31, 2020, used to present the Company's income statements, statements of other comprehensive income and cash flow statements, was €1 for US\$1.1103 compared to €1 for US\$1.1430 for the first quarter of 2019. Significant transactions are translated at the exchange rate of the date of the transaction.

RESULTS OF OPERATIONS UNDER IFRS

First quarter ended March 31, 2020 compared to the same period in 2019 (IFRS)

Under IFRS, EURO reported a net profit of €5.0 million (€0.080 per share) for the first quarter of 2020 compared to €3.6 million (€0.057 per share) for the first quarter of 2019.

Revenues were €7.2 million during the first quarter of 2020, an increase compared to €5.9 million for the first quarter of 2019. Revenues were attributable to the Rosebel royalty of €7.2 million (first quarter of 2019: €6.0 million). The increase in revenues was due to the combination of three items: the impact of a higher average gold price in the first quarter of 2020 of US\$1,583 per ounce of gold compared to US\$1,304 per ounce of gold in the first quarter of 2019 (€1.6 million), the impact of a weakened euro (€0.2 million), partially offset by a lower gold production of 65,399 ounces in the first quarter of 2020 compared to 71,536 ounces in the first quarter of 2019 (€0.5 million). There were no other royalties from third parties in French Guiana during the first quarter of 2020 (first quarter of 2019: -€0.1 million due to a reversal of a previously over estimated royalty receivable).

During the first quarter of 2020, the Company recorded operating expenses of €0.12 million compared to €0.14 million during the same period in 2019. The decrease was mainly explained by lower administrative costs and audit fees for the first quarter of 2020.

EURO recorded an income tax expense of €2.2 million in the first quarter of 2020 compared to €2.3 million in the first quarter of 2019. The decrease was mainly due to the tax impact of the change in fair value of the marketable securities partially offset by the tax impact of higher earnings in the first quarter of 2020 compared to the same period in 2019.

OUTLOOK

The Rosebel royalty production is anticipated to be between 180,000 ounces and 200,000 ounces in 2020. In 2020, the Rosebel royalty is expected to provide revenues to the Company of between approximately €18.0 million and €20.1 million (US\$20.1 million and US\$22.5 million). These pre-tax numbers assume a gold price of US\$1,500 per ounce and an exchange rate of €1 for US\$1.12. The impact of changes in the average gold price on EURO's annual revenues, based on an estimated production of 190,000 ounces, would be approximately US\$1.9 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 €1.0 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)	First quarter ended March 31,	
	2020	2019
Revenues	€ 7.2	€ 5.9
Profit before income tax	€ 7.2	€ 5.8
Income tax expense	€ 2.2	€ 2.3
Net profit	€ 5.0	€ 3.6
Basic net earnings (€ per share)	€ 0.080	€ 0.057
Total assets	€ 53.5	€ 49.0

Quarterly data

(In millions of euros, except per share data)	2020	2019				2018		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenues	7.2	6.0	5.7	6.5	5.9	6.9	5.4	6.0
Net cash flow from operating activities	4.2	3.4	4.8	4.5	5.1	3.7	4.2	5.5
Net profit	5.0	4.2	3.5	4.7	3.6	4.8	3.2	3.7
Basic and diluted earnings per share	0.080	0.068	0.056	0.074	0.057	0.077	0.052	0.059

LIQUIDITY AND CAPITAL RESOURCES

Cash at March 31, 2020 totaled €36.5 million compared to €31.6 million at December 31, 2019. The increase was mainly due to cash flow from operating activities. 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 March 31, 2020, marketable securities were comprised of 19,095,345 shares of Columbus Gold Corp. ("Columbus") (10.2% of outstanding shares; December 31, 2019: 10.6%) and 3,819,069 shares of Allegiant Gold Ltd. ("Allegiant") (6.2% of outstanding shares; December 31, 2019: 6.2%).

During the first quarter ended March 31, 2020, the Company recognized an unrealized loss under IFRS following the decrease of the fair value of these marketable securities. Under IFRS, this loss of €1.1 million was recorded in other comprehensive income (€0.2 million during the first quarter ended March 31, 2019).

ROYALTY ASSETS

As at March 31, 2020, the Company's impairment review indicated that the facts and circumstances did not represent an indication of potential impairment.

In January 2019, the French National Commission of Public Debate designated two guarantors 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 March 31, 2020, their conclusions were still pending.

On May 23, 2019, Mr. Francois de Rugy, former Minister of Ecological Transition and Solidarity, declared, at the end of the first Ecological Defence Council meeting,

- i) the project to be incompatible, in "its current state", with environmental protection requirements and
- ii) a proposed reform of the French mining code by the end of 2019, finally postponed to a later date.

On the same day, Compagnie Minière Montagne d'Or (the JV) issued a press release reiterating its willingness to conduct an open and constructive dialogue with all parties and took note of the government's expressed willingness to accelerate the reform of the mining code. This modernization is expected to integrate environmental requirements and to clarify the framework of the mining operations in France.

The statements by the French Government regarding Compagnie Minière Montagne d'Or, 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.

In the impairment test performed at December 31, 2019, the Company considered that the various authorizations and permits would be granted under conditions that will allow the JV to go on with this project. 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 first quarter ended March 31, 2020.

SHARE CAPITAL

As at March 31, 2020, 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 quarter of 2020.

DIVIDENDS

In February 2020, the Board of Directors recommended a dividend in the amount of €12.5 million (€0.20 per share), subject to the approval by shareholders upon the next annual general meeting on May 20, 2020. The ex-dividend date will be June 9, 2020, the dividend record date will be June 10, 2020, and the dividend payment date will be on June 11, 2020.

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, 2019.

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, 2019.

RELATED PARTY TRANSACTIONS

Revenues from royalties related to the Rosebel mine during the first quarter of 2020 were €7.2 million compared to €6.0 million during the first quarter of 2019. The related amount receivable at March 31, 2020 was €7.3 million (December 31, 2019: €5.9 million) and was included in trade receivables.

During the first quarters of 2020 and 2019, the Company accounted for IAMGOLD's support fees totaling €0.02 million. These charges are included in administrative costs in operating expenses. The related amount payable at March 31, 2020 was €0.006 million and was included in trade payables and other current liabilities (December 31, 2019: €0.009 million).

GLOBAL COVID-19 CRISIS

While the impact of the crisis on the Company's results was not significant in the first quarter of 2020, the precise impact continues to evolve and the adverse effect on the Company could be significant in future periods. Management continues to assess the impact the global COVID-19 crisis could have on all aspects of its operations.

The Rosebel mine in Suriname continues to operate, however, at less than full capacity due to the absence of certain members of the workforce for quarantine or other preventative purposes. The site was moved into self-confinement on March 22, 2020 to better protect employees and communities, and to support the continuity of these operations.

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:

Tidiane Barry
Directeur Général
Tel: +1 450 677 0040
Email: tbarry@euroressources.net

Sophie Hallé
Directeur Général Délégué
Tel: +1 450 677 0040
Email: shalle@euroressources.net