



## MANAGEMENT'S DISCUSSION AND ANALYSIS 2020

The following management's discussion and analysis ("MD&A") of EURO Ressources S.A. ("EURO" or the "Company") for the year ended December 31, 2020 and dated February 18, 2021, has been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. This MD&A should be read in conjunction with EURO's annual audited financial statements and related notes for December 31, 2020. 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](http://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 Orea Mining Corp. ("Orea") 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 December 31, 2020, the Rosebel mine had produced 5.4 million ounces of gold and 1.6 million ounces of gold remain under the Rosebel royalty agreement. Per IAMGOLD, Rosebel's proven and probable gold reserves as at December 31, 2020 were estimated to be 3.4 million ounces of gold (December 31, 2019 – 3.5 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, Orea 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. At December 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 December 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](http://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.

**List of the directors and officers as of February 18, 2021****Tidiane Barry**

Directeur Général, EURO Ressources S.A.  
Country Director, Burkina Faso, IAMGOLD Essakane SA (a subsidiary of IAMGOLD Corporation)  
Montréal, Québec, Canada

**Sophie Hallé**

Directeur Général Délégué, EURO Ressources S.A.  
Senior Manager, Finance & Administration, IAMGOLD Corporation  
Montréal, Québec, Canada

**Tim Bradburn**

Senior Vice President, General Counsel and Corporate Secretary, IAMGOLD Corporation  
Mississauga, Ontario, Canada

**Susanne A. Hermans<sup>1</sup>**

Financial accounting consulting and Director, Enduro Metals Corporation  
Littleton, Colorado, United States of America

**Janandre Lamprecht**

Director, Reporting & Accounting Policy, IAMGOLD Corporation  
Toronto, Ontario, Canada

**Benjamin Little**

Senior Vice-President, Corporate Affairs, HSS and People, IAMGOLD Corporation  
Toronto, Ontario, Canada

**Affie A. Simanikas**

Vice-President, Operations Finance, IAMGOLD Corporation  
Toronto, Ontario, Canada

**Ian Smith<sup>1, 2</sup>**

Director & Chairman, Sanatana Resources Inc., Director, Canada Coal Inc. and SOperior  
Fertilizer Corp.  
Vancouver, British Columbia, Canada

**David H. Watkins<sup>1, 2</sup>**

President, EURO Ressources S.A.  
Director, Enduro Metals Corporation, Golden Minerals Company and Commander Resources Ltd.  
Victoria, British Columbia, Canada

<sup>1</sup> Member of the Audit Committee.

<sup>2</sup> Member of the Compensation Committee.

**Stock Exchange Listing**

EURONEXT

Symbol: EUR

During 2020, the Company's shares were listed on Compartment B of Euronext Paris.

**Registrar and Transfer Agent**

Questions regarding the change of stock ownership, consolidation of accounts, lost certificates, change of address and other such matters should be directed to:

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

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

**Auditors**

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

**Registered Office**

EURO Ressources S.A.  
23 rue du Roule  
75001 Paris  
France

**Société anonyme** with a share capital of €624,913  
SIRET 390 919 082

**Information requests should be addressed to:**

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**INTRODUCTION**

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

The currency exchange rate used to present the balance sheets in euros was €1 for US\$1.2228 at December 31, 2020 (€1 for US\$1.1227 as at December 31, 2019). The average currency exchange rate for the year ended December 31, 2020, used to present the Company's income statements, statements of comprehensive income and cash flow statements, was €1 for US\$1.1392 (2019: €1 for US\$1.1204). Significant transactions are translated at the exchange rate of the date of the transaction.

**RESULTS OF OPERATIONS UNDER IFRS****2020 compared to 2019 (IFRS)**

Under IFRS, EURO recorded a net profit of €14.0 million (€0.223 per share) in 2020 compared to €16.0 million (€0.255 per share) during 2019.

During 2020, EURO accounted for revenues of €19.2 million, a decrease compared to revenues of €24.1 million reported in 2019. Revenues were primarily attributable to the Rosebel royalty of €19.2 million in 2020 (2019: €24.2 million). The decrease in revenues was mainly due to lower gold production of 160,412 ounces in 2020 compared to 264,307 ounces in 2019 (€9.9 million) due to lower throughput resulting from the temporary work stoppage from June 12 to July 24, 2020 related to the introduction of COVID-19 safety protocols, (see news releases dated July 20, 2020 and July 27, 2020), and reflecting an increasing proportion of higher grade ore sourced from the Saramacca deposit which resulted in reduced production from the Rosebel concession. The Saramacca deposit is not included in the property as per the participation right agreement. The decrease in revenues is also due to a strengthened euro (€0.1 million), partially offset by a higher average gold price in 2020 of US\$1,718 per ounce of gold compared to US\$1,393 per ounce of gold in 2019 (€5.0 million). There were no other royalties from third parties in French Guiana for the year ended December 31, 2020 (2019: -€0.1 million due to a reversal of a previously over estimated royalty receivable).

Operating expenses in 2020 were €0.7 million compared to €0.6 million in 2019. The increase was mainly due to higher administrative costs, including fees incurred as part of transaction evaluations.

The amortization expense of €0.3 million during 2020 was lower than the amortization expense of €0.5 million recorded during 2019, mainly due to lower gold production at the Rosebel mine.

The investment income in 2020 was €0.3 million compared to €0.7 million in 2019. The decrease was mainly due to lower interest rates applied to bank balances in 2020.

EURO recorded a foreign exchange loss of €0.1 million in 2020 compared to a gain of €0.1 million in 2019, mainly due to the revaluation of dividends payable, bank accounts and income tax payable.

Under IFRS, EURO recorded an income tax expense of €4.4 million in 2020 compared to €7.9 million in 2019. The decrease was mainly due to the tax impact of lower earnings and translation adjustments.

**Fourth quarter ended December 31, 2020 compared to the same period in 2019 (IFRS)**

Under IFRS, EURO recorded a net profit of €2.8 million (€0.044 per share) for the fourth quarter of 2020 compared to €4.2 million (€0.068 per share) for the fourth quarter of 2019.

Revenues were €3.0 million during the fourth quarter of 2020, a decrease compared to revenues of €6.0 million during the fourth quarter of 2019. Revenues were only attributable to the Rosebel royalty in the fourth quarter of 2020 and 2019. The decrease in revenues was mainly due to lower gold production of 23,758 ounces in the fourth quarter of 2020 compared to 59,052 ounces during the fourth quarter of 2019 (€3.6 million) and a strengthened euro (€0.2 million), partially offset by a higher average gold price during the fourth quarter of 2020 of US\$1,874 per ounce of gold compared to US\$1,481 per ounce of gold during the fourth quarter of 2019 (€0.8 million).

Under IFRS, EURO recorded an income tax expense of €0.1 million during the fourth quarter of 2020 compared to €1.7 million during the fourth quarter of 2019. The decrease was mainly due to the tax impact of lower earnings and translation adjustments.

**OUTLOOK**

The Rosebel royalty production in 2020 was 160,412 ounces and is anticipated to be between 144,000 ounces and 171,000 ounces in 2021.

In 2021, the Rosebel royalty is expected to provide revenues to the Company of between approximately €16.5 million and €19.6 million (US\$19.7 million and US\$23.3 million). These pre-tax numbers assume a gold price of US\$1,750 per ounce and an exchange rate of €1 for US\$1.19. The impact of changes in the average gold price on EURO's annual revenues, based on an estimated production of 158,000 ounces, would be approximately US\$1.5 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 €0.9 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****Annual financial information**

(In millions of euros, except per share data)	<b>2020</b>	<b>2019</b>
Revenues	19.2	24.1
Operating expenses	0.7	0.6
Profit before income tax	18.4	23.9
Income tax expense	4.4	7.9
Net profit	14.0	16.0
Basic and diluted profit per share	0.223	0.255
Total assets	46.5	48.2
Dividends paid	12.5	12.5
Dividends paid per share (€ per share)	0.20	0.20

**Quarterly data**

(In millions of euros, except per share data)	2020				2019			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	3.0	3.8	5.2	7.2	6.0	5.7	6.5	5.9
Net cash flow from operating activities	2.6	2.7	5.4	4.2	3.4	4.8	4.5	5.1
Net profit	2.8	3.0	3.3	4.9	4.2	3.5	4.7	3.6
Basic and diluted profit per share	0.044	0.047	0.053	0.080	0.068	0.056	0.074	0.057

**LIQUIDITY AND CAPITAL RESOURCES**

Cash at December 31, 2020 totaled €31.5 million as compared to €31.6 million at December 31, 2019. The decrease was mainly due to the dividends and income tax paid, partially offset by 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 December 31, 2020, marketable securities comprised 19,095,345 shares of Orea Mining Corp. ("Orea") (9.7% 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 year ended December 31, 2020, the Company recognized an unrealized gain following the increase of the fair value of these marketable securities. Under IFRS, this gain of €0.7 million was recorded in other comprehensive income (loss of €0.7 million in 2019).

**ROYALTY ASSETS**

The carrying amounts of the Company's royalty are reviewed at each reporting date to determine whether there is any indication of impairment.

**Rosebel mine**

No indication of impairment was identified for the Rosebel royalty as at December 31, 2020.

**Paul Isnard project**

During 2019, the following events took place:

- The appointment in January of two guarantors of public participation in the development of the project until the opening of the public inquiry into the permit applications by France's Commission Nationale du Débat Public (CNDP).
- The announcement on May 23 by the Ministry of Ecological Transition and Solidarity following the end of the first meeting of the Ecological Defence Council of the incompatibility of the project in "its current state" with the environmental protection requirements. Following this announcement, the Compagnie Minière Montagne d'Or (the joint venture) reaffirmed through a press release its commitment to maintaining an open and constructive dialogue with all stakeholders.

The statements by the French Government regarding the Compagnie Minière Montagne d'Or, to which the Paul Isnard royalty is attached, have created 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.

As of December 31, 2020, the CNDP has not yet submitted its conclusions.

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.

On December 22, 2020, Orea Mining Corp. announced that the engineering studies for the project improvements and modifications initiated for the mining permits are substantially complete with final fauna and flora studies due in February 2021.

On December 24, 2020, the Cayenne Administrative Court ordered the French State to extend the Montagne d'Or mining concessions within 6 months of the decision.

On February 3, 2021, the French Government announced that it was appealing the Administrative Court's decision to extend the Montagne d'Or mining concessions.

In the impairment test performed at December 31, 2020, 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. The Company believes that it is premature to conclude that an impairment should be recorded on the Paul Isnard royalty asset at this stage. Therefore, The Company continues to assume that the various authorizations and permits would be granted under conditions that will allow the joint venture to go forward with this project, although the timing is somewhat uncertain. No impairment charges were recorded in the statement of earnings for the year ended December 31, 2020.

## **SHARE CAPITAL**

As at December 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 2020.

## **DIVIDENDS**

The annual general meeting of shareholders held May 20, 2020 approved dividends in the amount of €12.5 million (€0.20 per share) which were paid to the Company's shareholders on June 11, 2020. 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.

Any dividends proposed by the Board of Directors take into account various factors, including EURO's net profit, financial condition, current and anticipated cash needs and are subject to shareholders' approval. The amount of distributable dividends is based on the annual financial statements prepared in accordance with French generally accepted accounting principles.

## **CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

The Company's management makes judgments in applying its accounting policies in the preparation of its financial statements. In addition, the preparation of financial data requires that the Company's management make assumptions and estimates of effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. The significant accounting judgments, estimates and assumptions of the Company are reflected in note 4.9 of the Company's audited financial statements for the year ended December 31, 2020.



**SIGNIFICANT ACCOUNTING POLICIES**

The Company's financial statements have been prepared following the same accounting policies and methods of computation as the annual audited financial statements for the fiscal year ended December 31, 2019.

**NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE**

Certain pronouncements have been issued by the IASB that are mandatory for accounting periods after December 31, 2020. There are currently no such pronouncements that are expected to have a significant impact on the Company's financial statements upon adoption.

**RELATED PARTY TRANSACTIONS**

Revenues from royalties related to the Rosebel mine during 2020 were €19.2 million compared to €24.2 million during 2019. The related amount receivable at December 31, 2020 was €2.9 million (December 31, 2019: €5.9 million) and was included in trade receivables.

During 2020, the Company accounted for IAMGOLD's support fees totaling €0.07 million compared to €0.08 million in 2019. These charges are included in administrative costs in operating expenses. The related amount payable at December 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 PANDEMIC**

The global COVID-19 pandemic continues to evolve including the continuing imposition of restrictions on the movement of people and goods, social distancing measures, restrictions on group gatherings, quarantine requirements and contact tracing. The Company has been closely monitoring and taking necessary measures to manage the impact of the COVID-19 pandemic on all aspects of its operations.

Rosebel implemented strict COVID-19 protocols to ensure the health and safety of employees, including social distancing, the mandatory use of masks in public places or where social distancing is not possible, modifications to work rotations, the use of rapid antigen tests on 40% of employees entering the site and all contact cases and symptomatic cases on site were isolated in separate designated blocs. Confirmed cases at site were transported to Paramaribo for isolation and treatment in government medical facilities. As these protocols were embedded in the operations, the workforce recall was expanded with Rosebel operating at 75% of mining capacity by the end of the fourth quarter 2020. To accommodate the full workforce under the COVID-19 protocols, a project is underway that is expected to add an additional 300 beds by the second quarter 2021. The Mill was operating at its normal rate by the end of July with ore sourced mainly from stockpiles. Mine direct feed is planned to increase with the augmented manpower on site by the second quarter 2021.

**DISCLOSURE CONTROLS AND PROCEDURES 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](http://www.sedar.com). Information related to the Rosebel royalty can be found at IAMGOLD's website at [www.iamgold.com](http://www.iamgold.com). Further requests for information should be addressed to:

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