



## **MANAGEMENT’S DISCUSSION AND ANALYSIS FIRST QUARTER ENDED MARCH 31, 2022**

The following management’s discussion and analysis (“MD&A”) of EURO Ressources S.A. (“EURO” or the “Company”), dated May 4, 2022, 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, 2022. 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, 2021 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](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, a silver stream from a subsidiary of Orezone Gold Corporation (“Orezone”) 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. and Nord Gold SE (“Compagnie Minière Montagne d’Or” or the “JV”). The silver stream entitles EURO to receive 50% of the payable silver production over the life of mine on Orezone’s Bomboré Project, located in Burkina Faso, West Africa.

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, 2022, the Rosebel mine had produced 5.5 million ounces of gold and 1.5 million ounces of gold remain under the Rosebel royalty agreement. Per IAMGOLD, Rosebel’s proven and probable gold reserves as at December 31, 2021 were estimated to be 2.6 million ounces of gold (December 31, 2020 – 3.4 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. 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, 2022, 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, 2022, 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.

### **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\$1.1096 at March 31, 2022 (€1 for US\$1.1377 as at December 31, 2021). The average currency exchange rate for the first quarter ended March 31, 2022, used to present the Company's income statements, statements of other comprehensive income and cash flow statements, was €1 for US\$1.1270 compared to €1 for US\$1.2153 for the first quarter of 2021. Significant transactions are translated at the exchange rate of the date of the transaction.

## RESULTS OF OPERATIONS UNDER IFRS

### First quarter ended March 31, 2022 compared to the same period in 2021 (IFRS)

Under IFRS, EURO reported a net profit of €3.2 million (€0.051 per share) for the first quarter of 2022 compared to €1.8 million (€0.030 per share) for the first quarter of 2021.

Revenues were €4.8 million during the first quarter of 2022, an increase compared to €3.5 million for the first quarter of 2021. Revenues were only attributable to the Rosebel royalty in the first quarter of 2022 and 2021. The increase in revenues was mainly due to higher gold production of 35,213 ounces in the first quarter of 2022 compared to 29,232 ounces in the first quarter of 2021 (€0.7 million), a weakened euro (€0.4 million) and a higher average gold price in the first quarter of 2022 of US\$1,877 per ounce of gold compared to US\$1,794 per ounce of gold in the first quarter of 2021 (€0.2 million).

During the first quarter of 2022, the Company recorded operating expenses of €0.1 million, same level as the first quarter of 2021.

EURO recorded an income tax expense of €1.44 million in the first quarter of 2022 compared to €1.39 million in the first quarter of 2021. The slight increase was mainly due to the tax impact of higher earnings in the first quarter of 2022 compared to the first quarter of 2021, partially offset by translation adjustments.

## OUTLOOK

The Rosebel royalty production is anticipated to be between 113,000 ounces and 139,000 ounces in 2022. In 2022, the Rosebel royalty is expected to provide revenues to the Company of between approximately €12.3 million and €15.2 million (US\$14.8 million and US\$18.2 million). These pre-tax numbers assume a gold price of US\$1,700 per ounce and an exchange rate of €1 for US\$1.20. The impact of changes in the average gold price on EURO's annual revenues, based on an estimated production of 126,000 ounces, would be approximately US\$1.2 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 €0.7 million. EURO's cash flow is expected to be primarily affected by income tax payments.

The Bombore project is anticipated to reach commercial production in the third quarter of 2022.

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,	
	2022	2021
Revenues	€ 4.8	€ 3.5
Profit before income tax	€ 4.6	€ 3.3
Income tax expense	€ 1.4	€ 1.4
Net profit	€ 3.2	€ 1.8
Basic net earnings (€ per share)	€ 0.051	€ 0.030
Total assets	€ 44.7	€ 49.3

**Quarterly data**

(In millions of euros, except per share data)	2022	2021				2020		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenues	4.8	3.5	3.4	2.2	3.5	3.0	3.8	5.2
Net cash flow from operating activities	2.5	2.4	1.0	4.1	1.7	2.6	2.7	5.4
Net profit	3.2	2.6	1.7	1.5	1.8	2.8	3.0	3.3
Basic and diluted earnings per share	0.051	0.042	0.026	0.024	0.030	0.044	0.047	0.053

**LIQUIDITY AND CAPITAL RESOURCES**

Cash at March 31, 2022 totaled €23.4 million compared to €20.4 million at December 31, 2021. 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, 2022, marketable securities were comprised of 19,095,345 shares of Orea Mining Corp. ("Orea") (9.0% of outstanding shares; December 31, 2021: 9.3%) and 3,819,069 shares of Allegiant Gold Ltd. ("Allegiant") (4.9% of outstanding shares; December 31, 2021: 4.9%).

During the first quarter ended March 31, 2022, the Company recognized an unrealized gain under IFRS following the increase of the fair value of these marketable securities. Under IFRS, this gain of €0.3 million was recorded in other comprehensive income (loss of €1.0 million during the first quarter ended March 31, 2021).

**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 March 31, 2022.

**Paul Isnard project**

In 2019, 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. 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 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.

On July 22, 2021, Orea announced that the Administrative Court of Appeal in Bordeaux has rejected the French Government's appeal and request for a stay of execution of the court rulings of December 24, 2020. In its ruling, the Court of Appeal concluded that the arguments put forth by the French Government were without merit and that the joint venture submitted complete applications and met all requirements for the renewal of the mining concessions. Furthermore, the JV filed additional pleadings before the Court of Appeal in Bordeaux to issue an injunction ordering the French Government to pay a fine of €20,000 per day to the JV, retroactive to the date of the initial court ruling of December 24, 2020.

On October 7, 2021, Orea reported that it had received confirmation that the French Government had filed a final appeal to the French Supreme Court on the renewal of the Montagne d'Or mining titles. The Supreme Court will conduct an analysis on whether to admit or reject to hear the appeal.

On January 10, 2022, Orea reported that the JV is still awaiting a decision by the Supreme Court on whether it will admit and hear a final appeal by the French Government.

On March 4, 2022, it was reported by Orea that the controlling shareholder of Norgold, the co-owner of the Montagne d'Or project, has been added to the list of persons sanctioned by the European Union in connection with Russia's invasion of Ukraine. At this time, it is not known what impact, if any, these events will have on Nordgold or its ability to continue its responsibilities under the shareholders' agreement in place between Orea and Nordgold, relating to the Montagne d'Or project.

In the impairment test performed at December 31, 2021, 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 first quarter ended March 31, 2022.

**Bombore project**

No indication of impairment was identified for the Bombore project as at March 31, 2022.

**SHARE CAPITAL**

As at March 31, 2022, 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 2022.

**DIVIDENDS**

In February 2022, the Board of Directors recommended a dividend in the amount of €15.6 million (€0.25 per share), subject to the approval by shareholders upon the next annual general meeting on May 18, 2022. The ex-dividend date will be June 7, 2022, the dividend record date will be June 8, 2022, and the dividend payment date will be on June 9, 2022.

**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, 2021.

**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, 2021.

**RELATED PARTY TRANSACTIONS**

Revenues from royalties related to the Rosebel mine during the first quarter of 2022 were €4.8 million compared to €3.5 million during the first quarter of 2021. The related amount receivable at March 31, 2022 was €4.8 million (December 31, 2021: €3.5 million) and was included in trade receivables.

During the first quarters of 2022 and 2021, 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, 2022 was €0.007 million and was included in trade payables and other current liabilities (December 31, 2021: €0.006 million).

**GLOBAL COVID-19 PANDEMIC**

The global COVID-19 pandemic continues to evolve. Despite widespread mass immunization programs intended to limit the effect of the virus in many countries, the emergence of new variants, such as the new Omicron variant, caused rates of infection to rapidly increase again globally early in the first quarter of 2022. COVID-19 detection and mitigation protocols are reviewed on an ongoing basis to adapt to the evolving situation. 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.

At Rosebel, the COVID-19 situation has stabilized during the quarter, following an increase in new cases in January 2022. The site continues to monitor and implement mitigating measures to reduce the impact, including actively engaging in community related initiatives. Approximately 46% of the workforce is fully vaccinated.

#### **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](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:

Tidiane Barry  
Directeur Général  
Tel: +1 450 677 0040  
Email: [tbarry@euroressources.net](mailto:tbarry@euroressources.net)

Sophie Hallé  
Directeur Général Délégué  
Tel: +1 450 677 0040  
Email: [shalle@euroressources.net](mailto:shalle@euroressources.net)