



## **MANAGEMENT'S DISCUSSION AND ANALYSIS FIRST QUARTER ENDED MARCH 31, 2023**

The following management's discussion and analysis ("MD&A") of EURO Ressources S.A. ("EURO" or the "Company"), dated May 12, 2023, 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, 2023. 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, 2022 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. Since January 31, 2023, the Rosebel gold mine is 95%-owned and operated by Zijin Mining Group Co. Ltd ("Zijin"). The existing royalty on Rosebel held by EURO will remain an obligation of 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 by Orea Mining Corp. The silver stream entitles EURO to receive 50% of the payable silver production over the life of mine on Orezone's Bombore mine, located in Burkina Faso, West Africa.

EURO receives quarterly royalty payments from IAMGOLD using production information from Rosebel gold mine to calculate the royalty. 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, 2023, the Rosebel mine had produced 5.72 million ounces of gold and 1.28 million ounces of gold remain under the Rosebel royalty agreement. Per IAMGOLD, Rosebel's proven and probable gold reserves as at December 31, 2022 were estimated to be 2.4 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. 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.

Bombore is one of the largest gold deposits in Burkina Faso. The 2019 Feasibility Study highlights Bombore as an attractive shovel-ready gold project with forecasted annual gold production of 118,000 ounces over a 13+ year mine life. Assay data and metallurgical studies suggest there is a silver component to the Bombore deposit, with EURO's review of assay data indicating that the silver to gold ratio is approximately 1:1. Orezone completed construction in Q3 2022 and the Bombore Gold Mine achieved commercial production on December 1, 2022.

EURO has approximately 62.5 million shares outstanding. As at March 31, 2023, IAMGOLD France S.A.S. ("IAMGOLD France"), an indirect wholly owned subsidiary of IAMGOLD, owned 90% of all issued outstanding shares of EURO. As at March 31, 2023, IAMGOLD France held 56,242,153 shares representing 112,300,344 voting rights or 94.38% of the voting rights of EURO.

#### **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\$1.0872 at March 31, 2023 (€1 for US\$1.0694 as at December 31, 2022). The average currency exchange rate for the first quarter ended March 31, 2023, used to present the Company's income statements, statements of other comprehensive income and cash flow statements, was €1 for US\$1.0718 compared to €1 for US\$1.1270 for the first quarter of 2022. Significant transactions are translated at the exchange rate of the date of the transaction.

## RESULTS OF OPERATIONS UNDER IFRS

### First quarter ended March 31, 2023 compared to the same period in 2022 (IFRS)

Under IFRS, EURO reported net earnings of €6.1 million (€0.098 per share) for the first quarter of 2023 compared to €3.2 million (€0.051 per share) for the first quarter of 2022.

Revenues were €8.2 million during the first quarter of 2023, an increase compared to €4.8 million for the first quarter of 2022. Revenues were mainly attributable to the Rosebel royalty in the first quarter of 2023 and only attributable to the Rosebel royalty in 2022. The increase in revenues was mainly due to higher gold production of 57,414 ounces in the first quarter of 2023 compared to 35,213 ounces in the first quarter of 2022 (€2.8 million), a weakened euro (€0.4 million) and a higher average gold price in the first quarter of 2023 of US\$1,890 per ounce of gold compared to US\$1,877 per ounce of gold in the first quarter of 2022 (€0.1 million). Euro also accounted for revenues from the silver stream of the Bombore mine for €0.1 million.

During the first quarter of 2023, the Company recorded operating expenses of €0.2 million, compared to €0.1 million in the first quarter of 2022. The increase was mainly due to higher legal fees incurred during the first quarter of 2023 compared to the first quarter of 2022.

The investment income in the first quarter of 2023 was €0.3 million compared to €0.01 million in the first quarter of 2022. The increase was mainly due to the increase of the interest rates in the first quarter of 2023.

EURO recorded an income tax expense of €2.0 million in the first quarter of 2023 compared to €1.4 million in the first quarter of 2022. The increase was mainly due to the tax impact of higher earnings and the change in fair value of the marketable securities in the first quarter of 2023 compared to the first quarter of 2022, partially offset by translation adjustments.

## OUTLOOK

Since January 31, 2023, the Rosebel gold mine is 95%-owned and operated by Zijin, and as such, no information on anticipated production for the year 2023 has been disclosed for the Rosebel royalty.

Orezone announced on December 1, 2022 that the Bombore Gold Mine had achieved commercial production. No information on anticipated production for the year 2023 has been disclosed related to the silver stream.

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,	
	2023	2022
Revenues	€ 8.2	€ 4.8
Net earnings before income tax	€ 8.1	€ 4.6
Income tax expense	€ 2.0	€ 1.4
Net earnings	€ 6.1	€ 3.2
Basic net earnings (€ per share)	€ 0.098	€ 0.051
Total assets	45.4	44.7

**Quarterly data**

(In millions of euros, except per share data)	2023	2022				2021		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenues	8.2	7.2	4.7	5.5	4.8	3.5	3.4	2.2
Net cash flow from operating activities	5.5	4.2	4.7	4.3	2.5	2.4	1.0	4.1
Net earnings	6.1	2.0	2.9	3.3	3.1	2.6	1.7	1.5
Basic and diluted earnings per share	0.098	0.033	0.046	0.052	0.051	0.042	0.026	0.024

**LIQUIDITY AND CAPITAL RESOURCES**

Cash at March 31, 2023 totaled €26.4 million compared to €21.4 million at December 31, 2022. 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, 2023, marketable securities were comprised of 19,095,345 shares of Orea Mining Corp. ("Orea") (8.4% of outstanding shares; December 31, 2022: 8.8%) and 3,819,069 shares of Allegiant Gold Ltd. ("Allegiant") (3.7% of outstanding shares; December 31, 2022: 3.7%).

During the first quarter ended March 31, 2023, the Company recognized an unrealized gain under IFRS following the increase of the fair value of these marketable securities. Under IFRS, this gain of €0.4 million was recorded in other comprehensive income (gain of €0.3 million during the first quarter ended March 31, 2022).

**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, 2023.

**Montagne d'Or project (Paul Isnard royalty asset)***Historic*

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.

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.

On May 10, 2022, Orea reported that the French Supreme Court has admitted the final appeal of the French Government on the renewal of the Montagne d'Or project mining titles.

On June 30, 2022, Orea reported that it has initiated negotiations with Nordgold to obtain its 55.01% interest (for a total of 100%) in the Montagne d'Or joint-venture.

On August 31, 2022, Orea reported that it has entered into a legally binding letter agreement with Nordgold to obtain its 55.01% interest in the Montagne d'Or joint-venture. The binding letter agreement becomes effective with, and is subject to, the approval of all applicable sanctions authorities. On September 13, 2022, Orea confirmed that the French Government responsible for overseeing matters related to Russian sanctions, has approved the proposed transaction with Nordgold.

On December 21, 2022, Orea published its financial statements as of September 30, 2022 in which the investment relating to the Montagne d'Or project is fully depreciated.

*Events in 2023*

On January 4, 2023, Orea announced that it has signed a Definitive Agreement to acquire Nordgold's 55.01% interest in the Montagne d'Or joint-venture company ("HoldingCo"). Under the Definitive Agreement, Orea will only be obligated to pay Nordgold the amount of the transaction (C\$100 million) once it has received all permits and authorizations necessary for the construction, operation, production and related sales of a mine that produces a minimum of 100,000 ounces of gold per year. If Nordgold's shareholders are still under sanctions at the time of the CAN\$100 million payment, then the funds will only be processed in compliance with applicable sanction regulations, including being paid to a blocked bank account. The Definitive Agreement was signed with the approval of the French Treasury which is responsible for overseeing matters related to Russian sanctions.

On March 1, 2023, Orea reported that it wished to obtain comfort on sanctions from the Canadian government prior to proceeding with closing. This is following the numerous additional Russian entities and individuals sanctioned by the Canadian government, including certain ultimate shareholders of Nordgold. On May 4, 2023, Orea provided an update on the closing of the acquisition of the additional 55.01% interest in the Montagne d'Or project holding company. The French government and Nordgold have both extended the deadline to close the acquisition to May 31, 2023. A final response from the Canadian government to Orea's permit application regarding the acquisition is pending.

In the impairment test performed at December 31, 2022, the Company considered the historical uncertainties related to obtaining the various authorizations and permits necessary for Orea to continue this project, the change in shareholding that occurred during the year following the sanctions imposed on Nordgold and the major uncertainties regarding the financing of the project, and the fact that Orea had fully depreciated its investment in its last published annual accounts. The Paul Isnard royalty asset has been fully depreciated as at December 31, 2022. No indication of recovery in the value of the royalty asset has been identified as at March 31, 2023.

### **Bombore project**

No indication of impairment was identified for the Bombore mine as at March 31, 2023.

### **SHARE CAPITAL**

As at March 31, 2023, 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 2023.

### **DIVIDENDS**

In February 2023, 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 17, 2023. The ex-dividend date will be June 6, 2023, the dividend record date will be June 7, 2023, and the dividend payment date will be on June 8, 2023.

### **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, 2022.

### **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, 2022.

### **RELATED PARTY TRANSACTIONS**

Revenues from royalties related to the Rosebel mine during the first quarter of 2023 were €8.1 million compared to €4.8 million during the first quarter of 2022. The related amount receivable at March 31, 2023 was €8.0 million (December 31, 2022: €6.6 million) and was included in trade receivables.



During the first quarters of 2023 and 2022, 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, 2023 was €0.007 million and was included in trade payables and other current liabilities (December 31, 2022: €0.007 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](http://www.sedar.com). Further requests for information should be addressed to:

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