



A Gold Resource Royalty
Company

NEWS RELEASE

Paris: EUR

EURO RESSOURCES REPORTS EARNINGS FOR THE YEAR ENDED DECEMBER 31, 2019

Paris, France, February 21, 2020: EURO Ressources S.A. (“EURO” or “the Company”) (Paris: EUR) today announced its audited statutory financial results prepared in accordance with French Generally Accepted Accounting Principles (“GAAP”) and its audited financial results prepared in accordance with International Financial Reporting Standards (“IFRS”) for the year ended December 31, 2019. These audited financial results were approved by the Board of Directors on February 21, 2020. All financial amounts are expressed in Euros (“€” or “euros”) unless otherwise specified.

Highlights

Under French GAAP, EURO reported a net profit of €16.2 million (€0.259 per share) for the year ended December 31, 2019, compared to €15.8 million (€0.253 per share) for the year ended December 31, 2018.

Under IFRS, EURO reported a net profit of €16.0 million (€0.255 per share) for the year ended December 31, 2019, compared to €15.7 million (€0.252 per share) in 2018.

Under French GAAP, EURO recorded revenues of €24.2 million in 2019, higher than revenues of €23.9 million reported in 2018.

Under IFRS, EURO recorded revenues of €24.1 million in 2019, higher than revenues of €23.9 million reported in 2018.

On June 13, 2019, EURO paid dividends in the amount of €12.5 million (€0.20 per share).

Liquidity and capital resources

Cash at December 31, 2019 totaled €31.6 million as compared to €25.7 million at December 31, 2018. The increase was mainly due to cash flow from operating activities partially offset by dividends paid in 2019.

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. Investments in marketable securities are recorded at fair value.

As at December 31, 2019, marketable securities comprised 19,095,345 shares of Columbus Gold Corp. (“Columbus”) (10.6% 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 year ended December 31, 2019, the Company recognized an unrealized loss following the decrease of the fair value of these marketable securities. Under IFRS, the loss of €0.7 million was recorded in other comprehensive income (€8.5 million in 2018). Under French GAAP, the loss of €0.5 million was recorded in financial expenses in the statement of earnings (€3.0 million in 2018).

Royalty assets

(Refer to MD&A for more detail)

As at December 31, 2019, the Company's impairment review indicated that some facts and circumstances represent an indication of potential impairment. In May 2019, The French Government declared the Montagne D'Or project not yet compatible with environmental requirements. A new French mining code, that was expected to be enacted by the end of 2019, finally postponed to a later date, 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. 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, though the timing is somewhat uncertain. No impairment charges were recorded in the statement of earnings for the year ended December 31, 2019.

Comments on financial results prepared in accordance with French GAAP for the year ended December 31, 2019 compared to 2018

Under French GAAP, revenues totaled €24.2 million in 2019, higher than revenues of €23.9 million reported in 2018. Revenues were attributable to the Rosebel royalty of €24.2 million in 2019 (2018: €23.5 million). The increase in revenues was due to the combination of three items: the impact of a higher average gold price in 2019 of US\$1,393 per ounce of gold compared to US\$1,266 per ounce of gold in 2018 (€2.5 million), the impact of a weakened euro (€1.2 million), partially offset by a lower gold production of 264,307 ounces in 2019 compared to 302,114 ounces in 2018 (€3.0 million). In 2019, there was no royalties from third parties in French Guiana, compared to revenues of €0.4 million in 2018.

Under French GAAP, operating expenses (excluding amortization and depreciation expenses) totaled €0.94 million in 2019 compared to €0.80 million in 2018. The increase was mainly due to higher administrative costs and directors' fees in 2019. In 2019, the operating expenses also include a reversal of a previously over estimated royalty receivable from third parties of €0.08 million.

The amortization expense of €0.38 million in 2019 was lower compared to €0.43 million in 2018 mainly due to lower gold production at the Rosebel mine in 2019.

The investment income was €0.7 million in 2019 compared to €0.4 million in 2018. The increase was mainly due to higher bank balances in 2019.

Financial results included a foreign exchange gain on bank accounts under French GAAP of €0.7 million in 2019 compared to a foreign exchange gain on bank accounts of €1.3 million in 2018. The decrease of the foreign exchange gain in 2019 was 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 2018.

Under French GAAP, EURO recorded an income tax expense of €7.6 million in 2019 compared to €7.4 million in 2018. The increase was mainly due to the tax effect of the change in fair value of the marketable securities partially offset by translation adjustments and the impact of a lower tax rate in 2019 compared to 2018.

Select IFRS financial results

Since December 31, 2010, EURO no longer prepares and publishes consolidated financial statements for French purposes; only French GAAP can be applied for the presentation of statutory financial statements and approval by the shareholders. However, in order to comply with Canadian requirements and have equivalency of information between French financial requirements and Canadian financial requirements, the following information on the IFRS financial results is provided for comparison purposes.

2019 compared to 2018 (IFRS)

Under IFRS, EURO recorded a net profit of €16.0 million (€0.255 per share) in 2019 compared to €15.7 million (€0.252 per share) during 2018.

Under IFRS, revenues totaled €24.1 million in 2019, higher than revenues of €23.9 million reported in 2018. Revenues were mainly attributable to the Rosebel royalty of €24.2 million in 2019 (2018: €23.5 million). The increase in revenues was due to the combination of three items: the impact of a higher average gold price in 2019 of US\$1,393 per ounce of gold compared to US\$1,266 per ounce of gold in 2018 (€2.5 million), the impact of a weakened euro (€1.2 million), partially offset by a lower gold production of 264,307 ounces in 2019 compared to 302,114 ounces in 2018 (€3.0 million). In 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 €0.4 million in 2018.

Operating expenses in 2019 were €0.56 million compared to €0.48 million in 2018. The increase was mainly due to higher administrative costs and directors' fees in 2019.

The amortization expense of €0.47 million during 2019 was lower than the amortization expense of €0.51 million recorded during 2018, mainly due to lower gold production at the Rosebel mine partially offset by the impact of a weaker average euro in 2019.

The investment income in 2019 was €0.7 million compared to €0.4 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 2019 compared to €0.27 million in 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 2018. This rate was used for the revaluation of dividends payable, bank accounts and income tax payable.

Under IFRS, EURO recorded an income tax expense of €7.94 million in 2019 compared to €7.86 million in 2018. The increase was mainly due to the tax effect of the change in fair value of the marketable securities, partially offset by translation adjustments and the impact of a lower tax rate in 2019 compared to 2018.

Fourth quarter ended December 31, 2019 compared to the same period in 2018 (IFRS)

Under IFRS, EURO recorded a net profit of €4.2 million (€0.068 per share) for the fourth quarter of 2019 compared to €4.8 million (€0.077 per share) for the fourth quarter of 2018.

Revenues were €6.0 million during the fourth quarter of 2019, a decrease of 13% compared to revenues of €6.9 million during the fourth quarter of 2018. Revenues were mainly attributable to the Rosebel royalty of €6.0 million (fourth quarter of 2018: €6.8 million). The decrease in revenues was mainly due to lower gold production with 59,052 ounces in the fourth quarter of 2019 compared to 88,940 ounces during the fourth quarter of 2018 (€2.3 million), partially offset by a higher average gold price during the fourth quarter of 2019 of US\$1,481 per ounce of gold compared to US\$1,226 per ounce of gold during the fourth quarter of 2018 (€1.3 million) and the weakened euro (€0.2 million). There were no other royalties from third parties in French Guiana during the fourth quarter of 2019 (fourth quarter of 2018: €0.1 million).

Under IFRS, EURO recorded an income tax expense of €1.7 million during the fourth quarter of 2019 compared to €2.0 million during the fourth quarter of 2018. The decrease was mainly due to a decrease in revenues and translation adjustments, partially offset by the tax effect of the change in fair value of the marketable securities.

Outlook

The Rosebel royalty production in 2019 was 264,307 ounces and is anticipated to be between 184,000 ounces and 205,000 ounces in 2020. In 2020, the Rosebel royalty is expected to provide revenues to the Company of between approximately €15.7 million and €17.6 million (US\$18.1 million and US\$20.2 million). These pre-tax numbers assume a gold price of US\$1,350 per ounce and an exchange rate of €1 for US\$1.15. The impact of changes in the average gold price on EURO's annual revenues, based on an estimated production of 195,000 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 €0.8 million. EURO's cash flow is expected to be primarily affected by income tax payments.

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.

EURO has approximately 62.5 million shares outstanding. At December 31, 2019, IAMGOLD France S.A.S. ("IAMGOLD France"), a 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 December 31, 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.

Statements Regarding Forward-Looking Information: *Some statements in this news release are forward-looking statements. Investors are cautioned that forward-looking statements are inherently uncertain and involve risks and uncertainties. There can be no assurance that future developments affecting the Company will be those anticipated by management.*

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Additional information relating to EURO Ressources S.A. is available on SEDAR at www.sedar.com. Further requests for information should be addressed to:

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