

EURO Ressources reports earnings for the third quarter and nine months ended September 30, 2018

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Paris, November 7, 2018: [EURO Ressources S.A.](#) ("EURO" or "the Company") (Paris: EUR) today announced its unaudited statutory interim financial results prepared in accordance with International Financial Reporting Standards ("IFRS") for the three and nine months ended September 30, 2018. These unaudited interim financial statements were approved by the Board of Directors on November 7, 2018. All financial amounts are expressed in Euros ("€" or "euros") unless otherwise specified.

Highlights

Under IFRS, EURO reported a net profit of €3.2 million (€0.052 per share) and €10.9 million (€0.175 per share) for the three and nine months ended September 30, 2018, respectively, compared to €4.3 million (€0.069 per share) and €12.6 million (€0.201 per share) for the three and nine months ended September 30, 2017, respectively.

Liquidity and capital resources

Cash at September 30, 2018 totaled €21.7 million as compared to €15.5 million at December 31, 2017. The increase was mainly due to cash flow from operating activities partially offset by the dividends paid.

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 September 30, 2018, marketable securities were comprised of 19,095,345 shares of [Columbus Gold Corp.](#) ("Columbus") (12.0% of outstanding shares; December 31, 2017: 12.0%) and 3,819,069 shares of [Allegiant Gold Ltd.](#) ("Allegiant") (6.3% of outstanding shares; December 31, 2017: 0%).

Following the approval of a spin-out arrangement by Columbus' shareholders on November 27, 2017, EURO received on January 30, 2018, a common share of Allegiant for every five Columbus shares held. This transaction resulted in a gain of €1.7 million based on the fair value of shares received of C\$0.68 per share on the date of the transaction. Under IFRS, this gain was accounted for in other comprehensive income, and under French GAAP, this gain was accounted for in financial income in net earnings.

During the nine month period ended September 30, 2018, the Company recognized an unrealized loss following the decrease of the fair value of these marketable securities. Under IFRS, this loss of €7.2 million was recorded in other comprehensive income.

RESULTS OF OPERATIONS UNDER IFRS

Third quarter ended September 30, 2018 compared to the same period in 2017 (IFRS)

Under IFRS, EURO reported a net profit of €3.2 million (€0.052 per share) for the third quarter of 2018 compared to €4.3 million (€0.069 per share) for the third quarter of 2017.

Revenues were ?5.4 million during the third quarter of 2018, lower compared to revenues of ?6.4 million for the third quarter of 2017. Revenues were mainly attributable to the Rosebel royalty of ?5.3 million (third quarter of 2017: ?6.3 million). The decrease in revenues was due to the combination of two items: lower gold production of 70,803 ounces in the third quarter of 2018 compared to 78,951 ounces in the third quarter of 2017 (?0.6 million), and the impact of a lower average gold price in the third quarter of 2018 of US\$1,213 per ounce of gold compared to US\$1,278 per ounce of gold in the third quarter of 2017 (?0.4 million). Royalties from third parties in French Guiana were ?0.11 million during the third quarter of 2018 (third quarter of 2017: ?0.15 million).

During the third quarter of 2018, the Company recorded operating expenses of ?0.09 million compared to ?0.12 million during the same period in 2017. The decrease is mainly explained by lower administrative costs and other fees in 2018.

The amortization expense of ?0.12 million during the third quarter of 2018 was lower than the amortization expense of ?0.13 million recorded during the third quarter of 2017, mainly due to lower production.

EURO recorded an income tax expense of ?2.0 million in the third quarter of 2018 compared to ?1.9 million in the third quarter of 2017. The increase was mainly due to translation adjustments.

Nine months ended September 30, 2018 compared to the same period in 2017 (IFRS)

Under IFRS, EURO reported a net profit of ?10.9 million (?0.175 per share) for the nine months ended September 30, 2018 compared to ?12.6 million (?0.201 per share) for the nine months ended September 30, 2017.

During the nine months ended September 30, 2018, EURO accounted for revenues of ?17.0 million, a decrease compared to revenues of ?19.4 million for the same period in 2017. Revenues were mainly attributable to the Rosebel royalty of ?16.7 million (nine months ended September 30, 2017: ?19.1 million). The decrease in revenues was due to the combination of three items: the impact of lower gold production of 213,174 ounces in the first nine months of 2018 compared to 234,523 ounces in the first nine months of 2017 (?1.7 million), and of a stronger euro (?1.3 million), partially offset by the impact of a higher average gold price in the first nine months of 2018 of US\$1,283 per ounce of gold compared to US\$1,251 per ounce of gold in the first nine months of 2017 (?0.6 million). Royalties from third parties in French Guiana were ?0.26 million during the first nine months of 2018 (first nine months of 2017: ?0.30 million).

Operating expenses for the nine months ended September 30, 2018 were ?0.38 million similar to the amount recorded during the same period in 2017. In 2017, operating expenses included a reimbursement of ?0.1 million by the Government of France of operating taxes paid in prior years, partially offset by higher administrative costs and other fees.

The amortization expense of ?0.35 million during the nine months ended September 30, 2018 was lower than the amortization expense of ?0.50 million recorded during the same period in 2017, mainly due to lower production, higher reserves at the Rosebel mine, and the impact of a stronger annual average euro in 2018.

EURO recorded a foreign exchange gain of ?0.26 million in the first nine months of 2018 compared to a loss of ?0.31 million in the first nine months of 2017, mainly due to the weakening of the closing foreign exchange rate of the Euro compared to the United States dollar in 2018 compared to a strengthening in 2017. This rate was used for the revaluation of dividends payable, bank accounts and income tax receivable.

EURO recorded an income tax expense of ?5.9 million in the nine months ended September 30, 2018 compared to ?5.8 million in the same period of 2017. The increase is mainly explained by higher translation adjustments in 2018 partially offset by the absence of the tax on dividends in 2018.

Outlook

[IAMGold Corp.](#) reduced its 2018 Rosebel production guidance to be between 295,000 ounces and 311,000

ounces compared to between 311,000 and 326,000 ounces. The decrease reflects lower mining tonnages and head grades experienced in the third quarter of 2018. In 2018, the updated Rosebel royalty is expected to provide revenues to the Company of between approximately ?22.6 million and ?23.8 million (US\$26.7 million and US\$28.1 million). These pre-tax numbers assume an average annual gold price of US\$1,250 per ounce and an exchange rate of ?1 for US\$1.18. The impact of changes in the average gold price on EURO's annual revenues, based on an estimated production of 303,000 ounces, would be approximately US\$3.0 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 ?1.2 million. EURO's cash flow is expected to be primarily affected by income tax payments and eventual payment of dividends. The Company maintains certain cash available to pursue opportunities that would enhance the Company's long-term business.

About EURO

EURO is a French company whose principal asset is a gold production royalty from the Rosebel gold mine in Suriname (the "Rosebel royalty"). The Rosebel gold mine is 95%-owned by [IAMGold Corp.](#) ("IAMGOLD"), and is operated by IAMGOLD. EURO has approximately 62.5 million shares outstanding. At September 30, 2018, 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 September 30, 2018, 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.

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 September 30, 2018, the Rosebel mine produced 4.9 million ounces of gold and 2.1 million ounces of gold remain under the Rosebel royalty agreement. Per IAMGOLD, Rosebel's proven and probable gold reserves as at September 1st, 2018 were estimated to be 3.45 million ounces of gold (December 31, 2017: 3.51 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.

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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