

# EURO Ressources reports earnings for the year ended December 31, 2018

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Paris, February 22, 2019: [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, 2018. These audited financial results were approved by the Board of Directors on February 21, 2019. All financial amounts are expressed in Euros ("€" or "euros") unless otherwise specified.

## Highlights

Under French GAAP, EURO reported a net profit of €15.8 million (€0.253 per share) for the year ended December 31, 2018, compared to €15.9 million (€0.255 per share) for the year ended December 31, 2017.

Under IFRS, EURO reported a net profit of €15.7 million (€0.252 per share) for the year ended December 31, 2018, compared to €18.7 million (€0.299 per share) in 2017.

EURO recorded revenues of €23.9 million in 2018 lower than revenues of €26.1 million reported in 2017.

On June 14, 2018, EURO paid dividends in the amount of €9.4 million (€0.15 per share).

## Liquidity and capital resources

Cash at December 31, 2018 totaled €25.7 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 dividends paid in 2018.

## 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, 2018, marketable securities comprised 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 statement of earnings.

During the year ended December 31, 2018, the Company recognized an unrealized loss following the decrease of the fair value of these marketable securities. Under IFRS, the loss of €8.5 million was recorded in other comprehensive income. Under French GAAP, the loss of €3.0 million was recorded in financial expenses in the statement of earnings.

## Royalty assets

The carrying amounts of the Company's royalty assets are reviewed at each reporting date to determine whether there is any indication of impairment. No such indicator existed for the Rosebel royalty as of December 31, 2018. Concerning the Paul Isnard royalty, in 2018, the modalities of the technical analysis of the project implementation created some uncertainty that could trigger the delivery of the various authorization and permits not yet obtained and required for developing the project, and potentially affect the operational and financial capacities of the Montagne d'Or joint venture (Compagnie Minière Montagne d'Or) to go on with the project. Therefore, an impairment test was performed as such uncertainties could result in a full write-off of the carrying amount of the Paul Isnard royalty asset (carrying amount as at December 31, 2018: €4.9 million (IFRS)). In the impairment test performed at December 31, 2018, the Company considered that the various authorization and permits would be granted under conditions that will allow the Compagnie Minière Montagne d'Or to go on with this project. This assumption is notably based on the press release issued on November 16, 2018 by Compagnie Minière Montagne d'Or confirming its decision to go on with the project with a number of changes and improvements. This decision was published in the "Journal Officiel" on December 5, 2018. On that basis, the Company concluded that no impairment charge was required to be recorded in the income statement for the year ended December 31, 2018.

Comments on financial results prepared in accordance with French GAAP for the year ended December 31, 2018 compared to 2017

Under French GAAP and IFRS, revenues totaled €23.9 million in 2018, lower than revenues of €26.1 million reported in 2017. Revenues were mainly attributable to the Rosebel royalty for €23.5 million in 2018 (2017: €25.7 million). Revenues were lower mainly due to the impact of lower gold production with 302,114 ounces in 2018 compared to 318,117 ounces during 2017 (€1.31 million), and the negative impact of a stronger euro (€1.13 million), partially offset by the impact of a higher average gold price of US\$1,266 per ounce in 2018 compared to US\$1,258 per ounce in 2017 (€0.28 million).

Under French GAAP, operating expenses (excluding amortization and depreciation expenses) totaled €0.8 million in 2018 compared to €1.1 million in 2017. The decrease was mainly due to lower legal fees, administrative costs and taxes (CVAE) in 2018.

The amortization expense for €0.4 million in 2018 was lower compared to €0.5 million in 2017 mainly due to lower production at the Rosebel mine in 2018.

During 2018, French GAAP results included a positive foreign exchange difference on bank accounts of €1.3 million and a positive foreign exchange difference on receivables of €0.1 million. During 2017, a negative foreign exchange difference on bank accounts and receivables totaled €2.6 million. This positive exchange rate differential in 2018 compared to the negative variance in 2017 was mainly due to the weakening of the euro against the US dollar in 2018 compared to a strengthening in 2017.

As described above, the Company recognized, under French GAAP, a non-cash gain of €1.7 million in respect of the shares received from Allegiant as well as a loss of €3.0 million following the decrease of the fair value of marketable securities (2017 - nil), recognized in the financial results in the statement of operations.

Investment income was €0.4 million in 2018 compared to €0.2 million in 2017 and was mainly related to bank accounts.

Under French GAAP, in 2018, the Company recognized interest of €0.01 million on the balance receivable related to the dividend tax refund, against an interest of €0.2 million in 2017 and a repayment of €0.1 million received in 2017 from French government other taxes paid in previous years.

Under French GAAP, EURO recorded an income tax expense of €7.4 million in 2018 compared to €6.3 million in 2017. This increase was mainly due to the recognition in 2017 of the tax receivable of €1.6 million related to the 3% tax on dividends paid in previous years, and the tax effect of a taxable foreign exchange gain in 2018 compared to a deductible foreign exchange loss in 2017 (€1.4 million), partly offset by the tax effect of the decline in fair value of marketable securities in 2018 (€1.0 million), the decrease in revenues in 2018 (€0.6 million) and the absence of the tax on dividends in 2018 (€0.3 million).

## 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.

### 2018 compared to 2017 (IFRS)

Under IFRS, EURO recorded a net profit of ?15.7 million (?0.252 per share) in 2018 compared to ?18.7 million (?0.299 per share) during 2017.

Operating expenses in 2018 were ?0.5 million similar to the net amount incurred in 2017. In 2017, operating expenses included the interest on the reimbursement receivable of the tax on dividends (?0.16 million) and the reimbursement by the Government of France of operating taxes paid in prior years (?0.1 million), mainly offset by higher administrative costs and legal fees compared to 2018.

The amortization expense of ?0.5 million during 2018 was lower than the amortization expense of ?0.6 million recorded during 2017, mainly due to lower gold production at the Rosebel mine.

EURO recorded a foreign exchange gain of ?0.27 million in 2018 compared to a loss of ?0.28 million in 2017, mainly due to the weakening of the closing foreign exchange rate of the euro relative 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.

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Under IFRS, EURO recorded an income tax expense of ?7.9 million in 2018 compared to ?6.2 million in 2017. This increase was mainly due to the recognition in 2017 of the tax receivable of ?1.6 million related to the 3% tax on dividends paid in previous years, and the tax effect of a taxable foreign exchange gain in 2018 compared to a deductible foreign exchange loss in 2017 (?1.4 million), partly offset by the tax effect of the decline in fair value of marketable securities in 2018 (?1.0 million), the decrease in revenues in 2018 (?0.6 million) and the absence of the tax on dividends in 2018 (?0.3 million). Also, the deferred income tax and related foreign exchange loss included in the income tax expense was higher by ?0.6 million.

### Fourth quarter ended December 31, 2018 compared to the same period in 2017 (IFRS)

Under IFRS, EURO recorded a net profit of ?4.8 million (?0.077 per share) for the fourth quarter of 2018 compared to ?6.1 million (?0.097 per share) for the fourth quarter of 2017.

Revenues were ?6.9 million during the fourth quarter of 2018, an increase of 3% compared to revenues of ?6.7 million during the fourth quarter of 2017. Revenues were mainly attributable to the Rosebel royalty of ?6.8 million (fourth quarter of 2017: ?6.6 million). The increase in revenues was mainly due to higher gold production with 88,940 ounces in the fourth quarter of 2018 compared to 83,595 ounces during the fourth quarter of 2017 (?0.4 million), and the weakened euro (?0.2 million), partially offset by the lower average gold price during the fourth quarter of 2018 of US\$1,226 per ounce of gold compared to US\$1,275 per ounce of gold during the fourth quarter of 2017 (?0.4 million).

Under IFRS, EURO recorded income tax expense of ?2.0 million during the fourth quarter of 2018 compared to ?0.4 million during the fourth quarter of 2017. The increase was mainly due to the refund of ?1.6 million recorded in 2017 of the 3% tax on dividends paid during prior years as mentioned above.

## Outlook

The Rosebel royalty production in 2018 was 302,114 ounces and is anticipated to be between 332,000 ounces and 347,000 ounces in 2019. In 2019, the Rosebel royalty is expected to provide revenues to the Company of between approximately ?25.1 million and ?26.3 million (US\$28.9 million and US\$30.2 million). These pre-tax numbers assume a gold price of US\$1,225 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 339,000 ounces, would be approximately US\$3.3 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 ?1.3 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 Corp.](#) ("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, 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 December 31, 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.

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](http://www.sedar.com). Further requests for information should be addressed to:

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