

EURO Ressources reports earnings for the second quarter and six months ended June 30, 2023

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EURO RESSOURCES REPORTS EARNINGS FOR THE SECOND QUARTER AND SIX MONTHS ENDED JUNE 30, 2023

Paris, France, August 11, 2023: [EURO Ressources S.A.](#) ("EURO" or "the Company") (Paris: EUR) today announced its unaudited statutory interim financial results prepared in accordance with French Generally Accepted Accounting Principles ("GAAP") and its unaudited condensed interim financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") for the six months ended June 30, 2023. These unaudited interim financial statements were approved by the Board of Directors on August 11, 2023. All financial amounts are expressed in Euros ("â,-" or "euros") unless otherwise specified.

Highlights

Under French GAAP, EURO reported net earnings of â,-11.0 million (â,-0.177 per share) for the six months ended June 30, 2023 (â,-5.2 million for the second quarter of 2023 (â,-0.084 per share)) compared to â,-8.1 million (â,-0.130 per share) for the six months ended June 30, 2022 (â,-4.4 million for the second quarter of 2022 (â,-0.07 per share)).

Under IFRS, EURO reported net earnings of â,-12.5 million (â,-0.199 per share) for the six months ended June 30, 2023 (â,-6.4 million for the second quarter of 2023 (â,-0.102 per share)) compared to â,-6.4 million (â,-0.103 per share) for the six months ended June 30, 2022 (â,-3.3 million for the second quarter of 2022 (â,-0.052 per share)).

EURO recorded revenues of â,-15.9 million in the first six months of 2023 (â,-7.7 million in the second quarter of 2023) compared to revenues of â,-10.3 million (excluding foreign exchange gain) in the first six months of 2022 (â,-5.5 million reported in the second quarter of 2022).

On June 8, 2023, EURO paid dividends of â,-15.6 million (â,-0.25 per share).

Liquidity and capital resources

Cash at June 30, 2023 totaled â,-17.1 million as compared to â,-21.4 million at December 31, 2022. The decrease was mainly due to the dividends paid, partially offset by cash flow from operating activities.

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 June 30, 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 six month period ended June 30, 2023, the Company recognized an unrealized loss under IFRS following the decrease of the fair value of these marketable securities. Under IFRS, this loss of $\hat{a},-1.0$ million was recorded in other comprehensive income (loss of $\hat{a},-0.6$ million during the six months ended June 30, 2022).

Royalty assets
(Refer to MD&A for more detail)

As at June 30, 2023, the Company's impairment review indicated that the facts and circumstances did not represent an indication of potential impairment for Rosebel and Bombore.

The statements by the French Government in 2019 regarding the Compagnie Minière Montagne d'Or (the joint venture) 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. 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, following the fact that the Administrative Court of Appeal in Bordeaux had rejected the French Government's appeal in July 2021. 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. 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"). 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. On June 9, 2023, Orea provided an update on the closing of the acquisition of the additional 55.01% interest in the HoldingCo. Orea's application was rejected by the Canadian government based on the interpretation of the Minister that Orea cannot guarantee that any potential future CAN\$100 million payment to Nordgold would be paid into a frozen account if sanctions still apply at the time of the payment. Following this, Orea announced on June 13, 2023 that they have provided Nordgold with a formal notice of termination of the acquisition. On July 6, 2023, Orea reported that Orea and Nordgold have mutually agreed to retract the termination of the acquisition and have proposed amended terms to the share purchase agreement. The applicable sanctions authorities have been provided with a copy of the amended agreement and have advised Orea that they are currently reviewing it. On July 20, 2023, Orea reported that the amended agreement has been fully executed by Orea and Nordgold. Orea remains the owner of a 44.99% interest in the Montagne d'Or project.

In the impairment test performed at December 31, 2022, the Company considered that the events that occurred in 2022 questioned the viability of the project and its ability to generate future economic interest. Consequently, the Company has fully impaired the value of its royalty asset as at December 31, 2022. No indication of recovery in the value of the royalty asset has been identified as at June 30, 2023.

Comments on financial results prepared in accordance with French GAAP for the six month period ended June 30, 2023 compared to the same period in 2022

Under French GAAP and IFRS, EURO accounted for revenues of $\hat{a},-15.9$ million, an increase compared to revenues of $\hat{a},-10.3$ million (excluding foreign exchange gain) for the same period in 2022. Revenues were mainly attributable to the Rosebel royalty for the first six months ended June 30, 2023 and only attributable to the Rosebel royalty in 2022. The increase in revenues was mainly due to higher gold production of 109,531 ounces in the first six months of 2023 compared to 74,723 ounces in the first six months of 2022 ($\hat{a},-4.6$ million), a higher average gold price in the first six months of 2023 of US\$1,931 per ounce compared to US\$1,874 per ounce in the first six months of 2022 ($\hat{a},-0.6$ million) and a strengthened euro ($\hat{a},-0.3$ million). Euro also accounted for revenues from the silver stream of the Bombore mine for $\hat{a},-0.1$ million.

Under French GAAP, operating expenses (excluding amortization expense) for the six months ended June 30, 2023 were $\hat{a},-0.57$ million compared to $\hat{a},-0.35$ million during the same period in 2022. The increase was mainly due to higher legal fees in 2023.

The depreciation expense related to intangible assets was $\hat{a},-0.24$ million during the first half of 2023 compared to $\hat{a},-0.11$ million during the first six months of 2022. This increase was mainly due to Bombore

royalty asset amortization based on production achieved during the first six months of 2023 and higher production at the Rosebel mine compared to the same period in 2022.

Financial results included a foreign exchange loss on bank accounts under French GAAP of $\hat{a},-0.3$ million in the first six months of 2023 compared to a foreign exchange gain on bank accounts of $\hat{a},-1.9$ million in the first six months of 2022. This negative exchange rate differential in the first six months of 2023 compared to a positive variance for the same period in 2022 was mainly due to the strengthening of the Euro against the US dollar in the first six months of 2023 compared to a weakening for the same period in 2022.

During the first six months ended June 30, 2023, EURO recorded an income tax expense of $\hat{a},-3.9$ million compared to $\hat{a},-2.8$ million during the six months ended June 30, 2022. The increase was mainly due to the tax impact of higher earnings and the change in fair value of the marketable securities, partially offset by translation adjustments.

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.

Six months ended June 30, 2023 compared to the same period in 2022 (IFRS)

Under IFRS, EURO reported net earnings of $\hat{a},-12.5$ million ($\hat{a},-0.199$ per share) for the six months ended June 30, 2023 compared to $\hat{a},-6.4$ million ($\hat{a},-0.103$ per share) for the six months ended June 30, 2022.

Under IFRS, revenues totaled $\hat{a},-15.9$ million in the first half of 2023 compared to revenues of $\hat{a},-10.3$ million during the same period in 2022, the same as under French GAAP as explained above.

Operating expenses for the six months ended June 30, 2023 were $\hat{a},-0.38$ million compared to $\hat{a},-0.29$ million in the same period in 2022. The increase was mainly due to higher legal fees.

The amortization expense of $\hat{a},-0.29$ million during the six months ended June 30, 2023 was higher than the amortization expense of $\hat{a},-0.13$ million recorded during the same period in 2022, mainly due to Bombore royalty asset amortization based on production achieved during the first six months of 2023 and higher production at the Rosebel mine compared to the same period in 2022.

The investment income for the six months ended June 30, 2023 was $\hat{a},-0.65$ million compared to $\hat{a},-0.05$ million in the first six months of 2022. The increase was mainly due to the increase of the interest rates in the first six months of 2023.

EURO recorded a foreign exchange gain of $\hat{a},-0.46$ million in the first six months of 2023 compared to a loss of $\hat{a},-0.24$ million in the first six months of 2022, mainly due to the revaluation of dividends payable, bank accounts and income tax payable.

EURO recorded an income tax expense of $\hat{a},-3.9$ million in the six months ended June 30, 2023 compared to $\hat{a},-3.2$ million in the same period of 2022. The increase was mainly due to the tax impact of higher earnings and the change in fair value of the marketable securities, partially offset by translation adjustments.

Second quarter ended June 30, 2023 compared to the same period in 2022 (IFRS)

Under IFRS, EURO reported net earnings of $\hat{a},-6.4$ million ($\hat{a},-0.102$ per share) for the second quarter of 2023 compared to $\hat{a},-3.3$ million ($\hat{a},-0.052$ per share) for the second quarter of 2022.

Revenues were \hat{a} ,-7.7 million during the second quarter of 2023, an increase compared to \hat{a} ,-5.5 million for the second quarter of 2022. Revenues were mainly attributable to the Rosebel royalty in the second quarter of 2023 and only attributable to the Rosebel royalty in 2022. The increase in revenues was mainly due to higher gold production of 52,117 ounces in the second quarter of 2023 compared to 39,510 ounces in the second quarter of 2022 (\hat{a} ,-1.7 million) and a higher average gold price in the second quarter of 2023 of US\$1,976 per ounce compared to US\$1,871 per ounce in the second quarter of 2022 (\hat{a} ,-0.5 million), partially offset by a strengthened euro (\hat{a} ,-0.1 million). Euro also accounted for revenues from the silver stream of the Bombore mine for \hat{a} ,-0.1 million.

During the second quarter of 2023, the Company recorded operating expenses of \hat{a} ,-0.21 million compared to \hat{a} ,-0.18 million during the same period in 2022. The increase was mainly explained by higher legal fees and administrative costs, partially offset by lower audit fees and exchange and listing fees.

The amortization expense of \hat{a} ,-0.14 million during the second quarter of 2023 was higher than the amortization expense of \hat{a} ,-0.07 million recorded during the second quarter of 2022, mainly due to Bombore royalty asset amortization based on production achieved during the second quarter of 2023 and higher production at the Rosebel mine compared to the same period in 2022.

The investment income in the second quarter of 2023 was \hat{a} ,-0.38 million compared to \hat{a} ,-0.04 million in the second quarter of 2022. The increase was mainly due to the increase of the interest rates in the second quarter of 2023.

EURO recorded a foreign exchange gain of \hat{a} ,-0.48 million in the second quarter of 2023 compared to a loss of \hat{a} ,-0.24 million in the second quarter of 2022, mainly due to the revaluation of dividends payable, bank accounts and income tax payable.

EURO recorded an income tax expense of \hat{a} ,-1.9 million in the second quarter of 2023 compared to \hat{a} ,-1.8 million in the second quarter of 2022. The increase was mainly due to the tax impact of higher earnings, 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.

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 and operated by [Zijin Mining Group Co. Ltd.](#) 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 the Montagne d'Or project holding company which 44.99% is owned by [Orea Mining Corp.](#) ("Orea"). 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 has approximately 62.5 million shares outstanding. At June 30, 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 June 30, 2023, IAMGOLD France held 56,242,153 shares representing 112,300,344 voting rights or 94.38% of the voting rights of EURO.

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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Attachment

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