



Consolidated Financial Statements
Fiscal Year Ended: December 31st 2006

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I Consolidated Balance Sheet (In Thousands of Euros)

Fiscal year ended December 31st

	Notes	2006	2005 Restated (See Note 4)
NON-CURRENT ASSETS		<u>€17,321</u>	<u>€18,644</u>
Intangible assets	5	9,940	11,816
Property, plant and equipment	6.1	3	13
Other financial assets		7	4
Deferred tax	18.2	7,371	6,811
CURRENT ASSETS		<u>€3,168</u>	<u>€2,581</u>
Trade receivables and similar accounts	7.1	1,700	1,272
Other current assets	7.1	165	66
Cash and cash equivalents	8	1,303	1,243
TOTAL ASSETS		<u>€20,489</u>	<u>€21,225</u>
EQUITY – GROUP SHARE		<u>(€1,427)</u>	<u>€18</u>
Issued capital stock	9	504	494
Additional paid-in capital	9	38,387	37,928
Transition adjustment		319	(196)
Other reserves		(38,095)	(37,606)
Retained Earnings		(2,542)	(602)
MINORITY INTERESTS		-	-
TOTAL EQUITY		<u>(€1,427)</u>	<u>€18</u>
Non-current liabilities		14,908	16,126
Loans	11	4,387	6,670
Other financial debt	11	3,003	2,974
Derivative financial instruments	11	7,518	6,482
Current liabilities		7,008	5,081
Loans	11	2,060	2,361
Derivative financial instruments	11	3,548	1,591
Gold hedge liabilities	12	831	305
Trade payables and similar accounts	12	489	744
Other liabilities	12	80	80
TOTAL EQUITY & LIABILITIES		<u>€20,489</u>	<u>€21,225</u>

II Consolidated Income Statement (In Thousands of Euros)

Fiscal year ended December 31st

	Notes	2006	2005 Restated (See Note 4)
Revenue from ordinary activities	13	7,275	3,936
Other operating income	13	396	394
Operating expenses	14	(2,020)	(1,585)
Personnel costs		-	(25)
Depreciation and amortization expenses	15	(707)	(1,107)
Other income	16	169	45
Other expenses	16	(169)	(44)
OPERATING PROFIT		<u>€4,945</u>	<u>€1,614</u>
Financial income	17	167	55
Financial expenses	17	(8,559)	(8,950)
NET FINANCIAL EXPENSE		<u>(€8,392)</u>	<u>(€8,895)</u>
PROFIT (LOSS) BEFORE TAX		<u>(€3,447)</u>	<u>(€7,281)</u>
Future income tax recovery	18	905	6,679
NET PROFIT (LOSS) FOR THE YEAR		<u>(€2,542)</u>	<u>(€602)</u>
Net profit (loss) – Group share		(2,542)	(602)
EARNINGS (LOSS) PER SHARE			
Basic		(0.050)	(0.013)
Fully-diluted		(0.050)	(0.013)

III Consolidated Cash Flow Statement (In Thousands of Euros)

Fiscal year ended December 31st

	Notes	2006	2005 Restated
CASH FLOW RELATING TO OPERATING ACTIVITIES			
NET PROFIT (LOSS) FROM CONSOLIDATED COMPANIES		(2,542)	(602)
<i>Elimination of income and expenses which do not have an impact on the cash flow or are not related to operating activities:</i>			
Depreciation, amortization and provisions	15	707	1,107
Provisions reversals	16	(169)	(45)
Change in deferred tax	18.1	(905)	(6,679)
Derivative financial instruments	17	4,021	7,678
Stock options		112	22
Impact of discounting other financial debt	17	352	431
GROSS CASH FLOW FROM OPERATIONS GENERATED BY CONSOLIDATED COMPANIES BEFORE NET CHANGE IN OPERATING WORKING CAPITAL		1,576	1,912
Change in trade receivables and other current assets (1)		(517)	(1,034)
Change in trade payables and other current liabilities (1)		257	648
NET CHANGE IN OPERATING WORKING CAPITAL		(260)	(386)
NET CASH FLOW FROM (USED IN) OPERATING ACTIVITIES		€1,315	€1,526
CASH FLOW RELATING TO INVESTING ACTIVITIES			
AMOUNTS PAID TO PURCHASE FIXED ASSETS		5	1,686
NET CASH FLOW FROM (USED IN) INVESTING ACTIVITIES		€(5)	€(1,686)
CASH FLOW RELATING TO FINANCING ACTIVITIES			
Capital increase in cash		470	886
Borrowings issued and capitalized interest (2)		500	7,079
Borrowings reimbursed		(2,133)	(8,056)
Other financial debt		-	1,520
NET CASH FLOW RELATING TO FINANCIAL ACTIVITIES		€(1,163)	€1,429
Impact of changes in foreign exchange rates		(87)	(11)
CHANGE IN CASH AND CASH EQUIVALENTS		€60	€1,258
OPENING BALANCE		1,243	(15)
CLOSING BALANCE		1,303	1,243
INCREASE		60	1,258

III Consolidated Cash Flow Statement - Continued (In Thousands of Euros)

Fiscal year ended December 31st

	2006	2005	CHANGE
CURRENT ASSETS			
Trade receivables	1,787	1,380	
Other assets	153	61	
Prepaid expenses	20	2	
TOTAL CURRENT ASSETS	<u>€1,960</u>	<u>€1,443</u>	<u>€517</u>
CURRENT LIABILITIES			
Trade payables	514	708	
Other current liabilities	958	507	
TOTAL CURRENT LIABILITIES	<u>€1,472</u>	<u>€1,215</u>	<u>€257</u>
NET CHANGE			<u>€260</u>

IV Statement of Changes in Consolidated Equity (In Thousands of Euros)

	Capital Stock	Additional paid-in capital	Translation adjustment	Other reserves	Profit/loss for the year	Total Equity
Position as of January 1, 2005	€450	€37,086	-	(€37,586)	-	(€50)
Capital Increase	44	842			-	886
Options issued				20		20
Other			(196)	(40)	-	(236)
Profit or loss for fiscal year 2005					(602)	(602)
Position as of December 31, 2005 before appropriation of profit or loss	€494	€37,928	(€196)	(€37,606)	(€602)	€18
Appropriation of 2005 profit or loss				(602)	602	-
Position as of December 31, 2005 after appropriation of profit or loss	€494	€37,928	(€196)	(€38,208)	-	€18
Capital increase	10	459			-	469
Options issued				113		113
Other			515			515
Profit or loss for fiscal year 2006	-	-	-	-	(2,542)	(2,542)
Position as of December 31, 2006 before appropriation of profit or loss	€504	€38,387	€319	(€38,095)	(€2,542)	(€1,427)

V Notes to the Consolidated Financial Statements

1) General Information

1.1) Euro Ressourcess Group

The Euro Ressources Group comprises the parent company, EURO Ressources SA ("Euro", the "Company" or the "Group"), and its 100%-owned subsidiary SOTRAPMAG SARL ("SOTRAPMAG"). EURO is a *Société anonyme*, domiciled in metropolitan France with its registered office located in Paris.

Until June 2006 EURO was a subsidiary of Golden Star Resources Ltd (hereafter "Golden Star"), a Canadian company which held more than 50% of the Company's issued share capital. Following the sale of part of Golden Star's shareholding in June 2006, EURO is no longer considered a subsidiary of Golden Star and is not consolidated by that company.

The Company's common shares are traded on the Paris stock exchange's Eurolist by Euronext C compartment, under the symbol "EUR", and on the Toronto stock exchange also under the symbol "EUR".

The present consolidated financial statements have been approved for publication by the Board of Directors on March 29, 2007.

1.2) Description of Operations

The Group operates within the gold mining sector. Prior to 2005 the principal activity was exploring for gold and diamonds in French Guyana.

In 2004, EURO completed a financial restructuring and refocused its activities on the acquisition and holding of royalty interests on operating gold mines. At the end of 2004, it completed the acquisition of a royalty interest on the Gross Rosebel mine in Suriname, operated by Cambior Inc. EURO intends to acquire additional royalty interests on gold mining operations of a similar nature.

The Group's main source of revenue is royalties received relating to the Gross Rosebel mine. Operations at the mine are neither of a seasonal nor cyclical nature. Royalties are payable to EURO based on the volume of gold production from the mine and the market price of gold. The current mine life is estimated to exceed 20 years.

1.3) List of Group Companies

As December 31, 2006 the consolidated financial statements comprise the accounts of Euro and its subsidiary:

Company Legal Form	Euro Ressources SA	SOTRAPMAG SARL
Identification Number	390 919 082 00029	339 146 284 00015
Registered Office	23 rue du Roule 75001 Paris France	9 Lotissement des nenuphars 97 354 Remire Mont Joly, French Guyana
Consolidation Method 2006	Parent Company	Full Consolidation
Consolidation Method 2005	Parent Company	Full Consolidation
% Control 2006	Parent Company	100%
% Control 2005	Parent Company	100%
% Interest 2006	100%	100%
% Interest 2005	100%	100%

Euro Canada was dissolved on December 30, 2005 after having disposed of all its assets to EURO. The deconsolidation of Euro Canada was the only change in the Group's consolidation scope during 2005.

2) Summary of the Company's Main Accounting Policies

2.1) Preparation of the financial statements

The financial statements are prepared in accordance with IFRS (International Financial Reporting Standards) as approved by the IASB.

The consolidated financial statements for the fiscal year ended December 31, 2006 have been prepared using the historical cost basis of accounting adjusted by revaluation through profit or loss of financial liabilities in order to recognize derivative financial instruments at their fair value.

Preparation of financial statements in accordance with IFRS requires the use of certain fundamental accounting estimates. The main ones are described in note 2.3.

Interpretations and amendments to the published standards which took effect in 2006

Application of the following amendments and interpretations became obligatory with effect from the 2006 fiscal year:

- IAS 19 amendment: Employee benefits – actuarial gains and losses, group plans & disclosures
- IAS 21 amendment: Net investment in a foreign operation
- IAS 39 amendment: Fair value option
- IAS 39 amendment: Cash flow hedge accounting of forecast intragroup transactions
- IAS 39 amendment: Financial guarantee contracts
- IFRS 6: Exploration for and evaluation of mineral assets
- IFRIC 4: Determining whether an arrangement contains a lease
- IFRIC 5: Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
- IFRIC 6: Liabilities arising from participating in a specific market – waste electrical and electronic equipment

Having analyzed these amendments and interpretations, management concluded that they did not apply to the Group's operations with the exception of IAS 39 and IFRS 6, neither of which had material impact on the Group's financial statements of the period.

2.1.2) Standards, and interpretations and amendments to existing standards, pending application

The Group has decided not to opt for early adoption of new standards, and interpretations and amendments to existing standards, not applicable until fiscal years commencing after January 1, 2006.

Among such new standards, interpretations and amendments, the Group has identified the following requirements which will apply to it during the coming years:

- IAS 1 amendment: Capital disclosures
- IFRIC 8: Scope of IFRS 2 – Share-based payment
- IFRIC 9: Reassessment of embedded derivatives
- IFRS 7: Financial instruments: disclosures

The impact of these new requirements on the Group's financial statements is currently being assessed.

2.2) Consolidation methods

A subsidiary is an entity over which the parent company, EURO, exercises control, i.e. the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. Control is presumed to exist when the parent owns, directly or indirectly through other subsidiaries, more than half of the voting rights of the entity. Subsidiaries are fully consolidated with effect from the date of control and cease to be consolidated as soon as control has ceased.

Intragroup transactions, balances and unrealized profits on transactions are eliminated on consolidation. Subsidiaries' accounting policies have been aligned on those of the Group.

The results of subsidiaries acquired or disposed of during the fiscal year are included in the consolidated income statement from the date of acquisition or until the date of disposal.

2.3) Use of estimates

When preparing consolidated financial statements in accordance with IFRS, management is led to make certain estimates and retain certain assumptions that may have an impact on the amounts of assets and liabilities, income and expenses and contingent assets and liabilities recognized at the balance sheet date. Management regularly reviews those estimates based on the information at its disposal. The assumptions retained for the purpose of determining the Group's present and future obligations take into account the applicable technological, commercial and contractual constraints.

Material items subject to such estimates and assumptions include the valuation of the Gross Rosebel rights, any impairment of non-current assets, the valuation of hedging instruments, deferred tax and the stock-based payment plan.

When events and circumstances evolve in a different manner to that anticipated, the actual results may differ from those estimates.

2.4) Conversion of financial statements expressed in foreign currencies

Determination of the functional currency

The functional currency is determined on the basis of the economic environment in which the parent operates.

Analysis of material transactions in the Group's economic environment suggests that its functional currency is the US dollar since this is the currency in which its major transactions, such as income from royalties and its term loans, are denominated.

Determination of the presentation currency

The parent company, EURO, is a company governed by French law and is therefore obliged to prepare its consolidated accounts in euros. The euro has therefore been defined as the presentation currency for the Group's consolidated accounts.

Bookkeeping and preparation of the accounts of consolidated companies

The individual financial statements of each Group company are prepared in their respective local currencies namely:

- EURO: in euros
- SOTRAPMAG: in euros

Recognition of transactions in the functional currency

Transactions denominated in foreign currencies are recognized for amounts equating with their value in the functional currency on the basis of the spot exchange rates applying on the transaction dates.

In practice, the companies maintaining their accounts in a currency other than the US dollar convert all their transactions on the basis of the spot exchange rates applying on the transaction dates.

Measurement rules

In order to present consolidated financial statements denominated in euros, the results and financial position of each entity are converted into euros on the basis of the individual entity accounts prepared in the functional currency.

For this purpose, a distinction is made between monetary and non-monetary items to which different consolidation rules apply.

➤ Monetary items

Monetary items are units of currency held and assets and liabilities to be received or paid in a fixed or determinable number of units of currency. They comprise liquidities, trade receivables and payables, loans and borrowings with fixed maturities and taxes payable.

Monetary items denominated in the functional currency are converted to the presentation currency using the applicable closing exchange rates.

➤ Non-monetary items

Non-monetary items are all the other assets or liabilities not meeting the definition of monetary items. They comprise fixed assets, prepaid expenses, equity and deferred tax.

Non-monetary items denominated in the functional currency are converted to the presentation currency using the applicable closing exchange rates.

➤ Income and expenses

Income and expenses are measured using average exchange rates for the period.

➤ Translation adjustments

The exchange differences arising from conversion of the financial statements into the presentation currency are recognized within equity.

2.5) Segment information

Two levels of segment information are published.

First level:

Information analyzed by business segment: only one segment has been identified namely gold mine royalties.

Second level:

Information analyzed by geographic segment: only one segment has been identified, namely Canada, which accounts for 97% of the Company's revenue (€7,025k).

Royalties received are considered to emanate from Canada since that is the location of the Group's main customer.

2.6) Intangible assets

Costs of prospecting and valuation

The costs of prospecting and valuation include all the costs of mining exploration, including interest expense, incurred for the Company's various projects. These costs have been entirely written off as of December 31, 2006.

Software

Software is classified as an intangible asset with a finite useful life giving rise to depreciation over periods ranging from one to three years.

Other intangible assets

Intangible assets are recognized:

- if it is probable that the expected future economic benefits associated with them will flow to the entity, and
- if their cost can be measured reliably.

Other intangible assets are measured at amortized cost based on their applicable useful lives.

Other intangible assets comprise the royalty rights in respect of the Gross Rosebel mine.

They are recognized at their acquisition cost, based on the expected level of production from the mine, and are amortized on the basis of the actual duration of operation, estimated at 14 years at the end of December 2006, assuming a constant level of production.

The amortization charge is calculated by applying to the carrying amount of the rights on January 1 the ratio between the quantity of metal extracted during the year and the total estimated quantity of metal remaining to be extracted as of January 1.

In accordance with IFRS, any material change in the estimated total amount of the mine's reserves gives rise to a prospective recalculation of the amortization schedule for the mining rights.

2.7) Property, plant and equipment

Property, plant and equipment are measured at their cost of acquisition less cumulative depreciation and the cumulative amount of any impairment losses.

The amount initially recognized for an amount of property, plant or equipment is allocated by material component whenever components are subject to different useful lives.

Depreciation is charged on a straight-line basis over each component's expected useful life. The following table presents the useful lives most commonly applied:

Property, plant and equipment	Method	Duration
Equipment and tools	Straight-line	5 years
Vehicles	Straight-line	3 to 5 years
Office and computer equipment	Straight-line	3 to 5 years

Estimated useful lives are regularly reviewed and any changes in estimates give rise to prospective adjustment of the related depreciation schedules.

The carrying amount of an asset is immediately aligned on its recoverable amount, by recognition of an impairment loss, whenever the carrying amount is in excess of the estimated recoverable amount.

2.8) Impairment of tangible and intangible fixed assets

Intangible assets with indefinite useful lives are systematically subjected to impairment testing at least once per year (on December 31) or more often if any indication exists that impairment has occurred.

Tangible and intangible fixed assets with finite useful lives are subjected to impairment testing whenever an indication exists that impairment has occurred.

2.9) Other financial assets

Other financial assets comprise guarantee deposits.

2.10) Deferred tax

Deferred tax is calculated for each taxable entity on the basis of the temporary differences between the tax basis amounts and carrying amounts of the entity's assets and liabilities.

Deferred tax liabilities are systematically recognized in respect of all taxable temporary differences; deferred tax assets are recognized to the extent that it is probable that sufficient future taxable profits will be generated against which to allocate the deductible temporary differences. In particular, deferred tax assets are recognized for each entity's tax losses carried forward if it appears sufficiently probable that it will be possible to use them against future taxable profits.

The carrying amount of deferred tax assets is reviewed on a quarterly basis.

Deferred tax is calculated using the tax rates expected to apply to the periods during which deferred tax liabilities will be settled or deferred tax assets recovered.

2.11) Trade receivables and similar accounts

Trade receivables and similar accounts are initially recognized at their fair value which generally equates with their nominal amount. They are subjected to impairment testing if any indication of impairment exists. Any excess of their carrying amount over their recoverable amount is recognized as an operating expense. An impairment loss may be reversed, in which case the reversal is recognized as operating income.

2.12) Cash and cash equivalents

Cash and cash equivalents mainly comprise liquidities, bank demand deposits and other investments with initial maturities not exceeding three months. Any bank overdrafts are classified as current liabilities.

2.13) Borrowings and other financial liabilities

Borrowings and other financial liabilities are initially recognized at their fair value net of any transaction costs. Borrowings are subsequently measured at amortized cost; any difference between the issue amount (net of transaction costs) and the amount repayable is recognized in profit or loss over the duration of the loan using the effective interest method.

Borrowings are classified as current liabilities except when the Group has an unconditional right to defer repayment until at least 12 months after the balance sheet date, in which case they are classified as non-current liabilities.

2.14) Derivative financial instruments

Derivative financial instruments are recognized at their fair value. The accounting treatment of related gains and losses depends on whether or not derivatives are designated as hedging instruments and, if so, on the nature of the hedged items.

The Company does not engage in hedge accounting so all changes in the fair value of derivatives are immediately recognized in the income statement as part of net financial expense.

The fair value of a derivative is classified as a non-current asset or liability when the remaining maturity of the underlying is in excess of 12 months, and as a current asset or liability when the remaining maturity of the underlying is of less than 12 months.

2.15) Trade payables and similar accounts

Trade payables and similar accounts are initially recognized at their fair value which generally equates with their nominal amount.

2.16) Revenue from ordinary activities

Revenue from ordinary activities comprises royalty income. Royalties are payable by the company with entitlement to mining exploration and are payable based on volume of production. They are recognized on an accrual basis.

2.17) Financial income and expense

Financial income and expense comprises interest receivable and payable in respect of bank accounts, loans and current accounts.

It also includes foreign exchange gains and losses on financing transactions as well as changes in the fair value of derivative financial instruments.

2.18) Stock-based payment

The Company has implemented a stock subscription plan which authorizes the Board of Directors to grant stock subscription options to certain directors, managers or employees of the Company or of Group companies.

The plan provides for issue of a maximum number of 4,500,288 common shares. Options have a vesting period of 10 years.

The fair value of the services provided by persons receiving options is recognized as an operating expense.

At each balance sheet date, the entity reexamines the number of options liable to be exercised.

Amounts received by the Company when options are exercised are credited to "capital stock" (for the nominal amount of the stock issued) and to "additional paid-in capital" (for the amount received net of the nominal amount of the stock issued and of any directly attributable transaction costs).

3) Management of financial Risk

The Group's activities expose it to different types of financial risk: market risk (notably foreign currency risk and risk of changes in value due to fluctuation in interest rates and in the market price for gold), credit risk, liquidity risk and cash flow risk also due to fluctuation in interest rates. The Group has a risk management program which is focused on the volatility of the financial markets and which seeks to minimize the potentially unfavorable effects of that volatility for the Group's financial performance.

3.1) Market risk

- **Price risk:** the Group is exposed to the risk of changes in the market price for gold which it partially hedges by engaging in forward sales of gold.
- **Foreign currency risk:** EURO Ressources is exposed to foreign currency risk given that its transactions are mainly denominated in US dollars while its presentation currency is the euro.

3.2) Credit risk

The Group is subject to credit risk given that 97% of its revenue is concentrated on one company, IAMGOLD, which operates the Gross Rosebel mine.

3.3) Liquidity risk

Prudent management of liquidity risk implies retaining a sufficient level of liquidities, disposing of appropriate credit facilities and being able to liquidate market positions.

The Group believes that its recurring financial resources are adequate to cover all its expenditure.

3.4) Interest rate cash flow and fair value risks

The Group does not hold any interest-bearing assets.

The Group is exposed to an interest rate cash flow risk in respect of its Macquarie borrowings (see note 11.1) which were issued on a variable rate basis.

The Group has estimated that this risk did not require any particular hedging to guard against any increase in the variable rate.

4. Correction of Errors

4.1) Transaction costs for borrowings

The consolidated accounts for the fiscal year ended December 31, 2005 included an immaterial error which was corrected in the half-yearly consolidated accounts at June 30, 2006.

Contrary to the accounting treatment of borrowings described in note 2.13, the transaction costs relating to the two Macquarie loans had been classified within intangible assets instead of being treated as a deduction from the loans.

The error had an impact of €6k on net income for 2005.

4.2) Translation adjustments and consolidated reserves

The consolidated accounts for the fiscal year ended December 31, 2005 also included a classification error between consolidated reserves and translation adjustments, which had no impact on the total amount of equity. The error was corrected in the half-yearly consolidated accounts at June 30, 2006.

The financial statements as of December 31, 2005 have been corrected as follows in respect of these two items:

	2005	Correction	2005 restated
Non-current assets	€18,763	€(118)	€18,645
Intangible assets	11,934	(118)	11,816
Other non-current assets	6,829	-	6,829
Current assets	€2,581	-	€2,581
Total assets	€21,344	€(118)	€21,226
Issued capital	494	-	494
Additional paid-in capital	37,928	-	37,928
Translation adjustments	(1,547)	1,351	(196)
Other reserves	(36,255)	(1,351)	(37,606)
Profit or loss for the year	(608)	6	(602)
Consolidated equity	€12	€6	€18
Non-current liabilities	€16,212	€(86)	€16,126
Loans	6,756	(86)	6,670
Other non-current liabilities	9,456	-	9,456
Current liabilities	€5,120	€(39)	€5,081
Loans	2,252	(39)	2,213
Other current liabilities	2,868		2,868
Total liabilities	€21,344	€(118)	€21,225

5) Intangible Assets

	2004	Increase	Decrease	Translation adjustment	2005 restated
<u>Gross values</u>					
Paul Isnard	4,052	-		590	4,642
Gross Rosebel	9,950	1,520		1,493	12,963
Licenses	16	-		-	16
Total	€14,018	€1,520	-	€2,083	€17,621
<u>Amortization</u>					
Paul Isnard	(4,052)			(590)	(4,642)
Gross Rosebel	-	(1,091)		(56)	(1,147)
Licenses	(16)	-		-	(16)
Total	€(4,068)	€(1,091)	-	€(646)	€(5,805)
<u>Net values</u>					
Paul Isnard	-	-		-	-
Gross Rosebel	9,950	429		1,437	11,816
Licenses	-	-		-	-
Total	€9,950	€429	-	€1,437	€11,816

	2005 restated	Increase	Decrease	Translation adjustment	2006
<u>Gross values</u>					
Paul Isnard	4,642		-	(478)	4,164
Gross Rosebel	12,963		-	(1,337)	11,626
Licenses	16		(16)		-
Total	€17,621	-	€(16)	€(1,815)	€15,791
<u>Amortization</u>					
Paul Isnard	(4,642)	-	-	478	(4,164)
Gross Rosebel	(1,147)	(692)	-	153	(1,687)
Licenses	(16)	-	16	-	0
Total	€(5,805)	€(692)	€16	€631	€(5,851)
<u>Net values</u>					
Paul Isnard	-	-		-	-
Gross Rosebel	11,816	(692)		(1,184)	9,940
Licenses	-	-		-	-
Total	€11,816	€(692)	-	€(1,184)	€9,940

5.1) Rights in Respect of Gross Rosebel Royalties

At December 30, 2004, EURO Ressources acquired the right to royalties for the Gross Rosebel mine from Golden Star Resources Ltd for an amount of USD 13.2m and acquisition costs of USD 0.4m, i.e. a total of €9.950m.

The acquisition price is subject to adjustment based on the anticipated mining resources as calculated by an independent expert in accordance with regulation NI 43-101 of the Ontario Securities Commission (Canada). The maximum acquisition price will be payable if total attributable production reaches 7 million ounces. In addition to resource reports, the valuation of the contingent additional purchase price payable is principally based on the expected market price for gold as well as on the expected costs of extraction. Any variation in the market price for gold may have an impact on the economic minable gold resources at the mine and therefore on the amount of the intangible asset.

As of December 31, 2005, and on the basis of an expert's report, an additional acquisition price of US \$ 1.8m had been calculated and recognized thus raising the total gross price to €12,964k. The report states that the calculations reflected the total amount of proven and probable reserves, 67% of indicative reserves and 33% of presumed reserves.

The acquisition cost for these rights has been measured on a discounted cash flow basis by applying a discount factor of 12% p.a. to the cash outflows expected to be paid by EURO Ressources.

As of December 31, 2006, the expert's report confirmed the estimated data as of December 31, 2005 so no change was made to the gross amount of the intangible asset.

5.2) Acquisition and exploration costs relating to the Paul Isnard mining securities

The acquisition and exploration costs relating to the Paul Isnard mining securities, the prospecting and valuation costs following exploration of the mine and capitalized interest amount to a total of €4,163k which may be analyzed as follows:

- Acquisition costs:	€147,336
- Capitalized interest:	€48,551
- Other capitalized exploration costs:	€3,967,556

The other capitalized exploration costs include the following expenditure:

- Salaries and social contributions for geologists, technicians and workmen
- Security costs
- Boring costs and costs of conservation of samples
- Transport and on-site housing costs
- Depreciation of exploration equipment
- Sample analysis costs
- Mapping costs
- Experts' fees
- Administrative costs

The exploration rights relating to the Paul Isnard mining securities have initially been recognized at their cost of acquisition.

As the exploration rights are held without limit and the associated intangible asset thus has an indefinite useful life, amortization is not practicable and is replaced by annual impairment testing performed by management.

Given that the mine is not under operation and that there is a lack of future visibility, these costs have been provided against entirely as of December 31, 2006.

Further, the Company did not engage in any prospecting or valuation during 2006 and as a result, no income, expenses or cash flows were recorded during the period.

6) Property, Plant & Equipment

	2004	Increase	Decrease	Translation adjustment	2005
<u>Gross values</u>					
Equipment and tools	75			11	86
Other property, plant and equipment	286			41	327
Total	€361	-	-	€52	€413
<u>Depreciation</u>					
Equipment and tools	(76)			(9)	(85)
Other property, plant and equipment	(260)	(16)		(39)	(315)
Total	€(336)	€(16)	-	€(48)	€(400)
<u>Net values</u>					
Equipment and tools	(1)			2	1
Other property, plant and equipment	26	(16)		2	12
Total	€25	€(16)	-	€4	€13

	2005	Increase	Decrease	Translation adjustment	2006
<u>Gross values</u>					
Equipment and tools	86		(81)	(5)	-
Other property, plant and equipment	327	5	(309)	(18)	5
Total	€413	€5	€(390)	€(23)	€5
<u>Depreciation</u>					
Equipment and tools	(85)	(1)	81	5	-
Other property, plant and equipment	(315)	(14)	309	18	(2)
Total	€(400)	€(15)	€390	€23	€(2)
<u>Net values</u>					
Equipment and tools	1	(1)			-
Other property, plant and equipment	12	(9)	-		3
Total	€13	€(10)	€ -	-	€3

7) Trade receivables and other current assets

7.1) Trade receivables and other current assets

Current assets	2006	2005
Trade receivables and similar accounts	1,700	1,451
Impairment of trade receivables and similar accounts	-	(179)
Subtotal of trade receivables and similar accounts	€1,700	€1,272
Tax and social security receivables	146	64
Prepaid expenses	19	2
Subtotal other current assets	165	66
Total	€1,865	€1,338

Trade receivables include €1,596k of amounts receivable from IAMGOLD.

7.2) Impairment of trade receivables and other current assets

	2004	Increase	Decrease	Translation adjustment	2005
Trade receivables and similar accounts	198	-	-	(19)	179
Other current assets	234	-	(234)	-	-
Total	€ 432	-	€(234)	€(19)	€179

	2005	Increase	Decrease	Translation adjustment	2006
Trade receivables and similar accounts	179	-	(169)	(10)	-
Other current assets	-	-	-	-	-
Total	€179	-	€(169)	€(10)	-

8) Cash & Cash Equivalents

	2006	2005
Marketable securities	48	-
Cash	884	92
Restricted cash ¹	370	351
Blocked accounts	-	800
Accrued interest receivable	1	-
Total	€1,303	€1,243

¹ The royalties paid by IAMGOLD are paid into a restricted account opened at Macquarie bank. These funds may only be used for the needs of ordinary business activities.

9) Capital stock

As of December 31, 2006 the Company's capital stock comprises 50,442,884 (49,402,884 as of December 31, 2005) common shares with a nominal value of €0.01 per share.

The Company's capital stock has undergone the following changes during the last two fiscal years:

	Number of shares	Nominal value	Capital stock (in thousands of euros)	Additional paid-in capital (in thousands of euros)
December 31, 2004	45,002,884		450	€ 37,085
September 28, 2005	400,000	0.01	4	70
December 20, 2005	4,000,000	0.01	40	760
Other (including issue expenses)				13
December 31, 2005	49,402,884	0.01	494	€ 37,928
November 1, 2006	40,000	0.01	-	17
December 14, 2006	1,000,000	0.01	10	440
Other (including issue expenses)				2
December 31, 2006	50,442,884	0.01	504	€ 38,387

On June 30, 2004 the shareholders voted an extraordinary resolution suppressing the existing distinction between category A and B shares and thus creating a single category of common shares carrying the same rights as the previous B category shares.

The Company's capital stock was increased as follows during 2005:

- A first capital increase of €4k took place in September 2005 and was subscribed by an individual who exercised 400,000 stock purchase options in respect of 400,000 common shares with a nominal value of €0.01 each. The additional paid-in capital for this capital increase amounted to €70k.
- A second capital increase of €40k took place in December 2005 in favor of Macquarie, exclusively via the issue of 4,000,000 common shares with a nominal value of €0.01 each. Each share was subscribed for at an issue price of €0.20. The additional paid-in capital for this capital increase amounted to €760k against which the associated professional fees were charged.

The Company's capital stock was increased as follows during 2006:

- A first capital increase of €400 took place in October 2006 and was subscribed by an individual who exercised 40,000 stock purchase options in respect of 40,000 common shares with a nominal value of €0.01 each. The additional paid-in capital for this capital increase amounted to €17k.
- A second capital increase of €10k took place in December 2006 in favor of Macquarie exclusively via the exercise of subscription rights for 1,000,000 common shares with a nominal value of €0.01 each. Each share was subscribed for at an issue price of €0.45. The additional paid-in capital for this capital increase therefore amounted to €440k.

10) Stock-based payments

The Subscription Price for a Share covered by an Option/(Purchase commitment) is denominated in euros and will be equal to 80% of the euro closing price quoted by Euronext Paris during the 20 consecutive stock exchange days preceding the date of attribution of the Option.

During 2006, the stock options in circulation evolved as follows:

	2006		2005	
	Average Exercise Price €	Number (in thousands)	Average Exercise Price €	Number (in thousands)
As of January 1	0.49	687	0.82	1,027
Granted	0.97	975	0.27	400
Exercised	0.42	(40)	0.19	(400)
Expired	2.24	(147)	1.23	(340)
As of December 31	0.73	1,475	0.49	687
Not exercisable	0.97	(675)	-	-
Exercisable		800		687

The following are the maturities and exercise prices for the stock options available at December 31, 2006:

Year of maturity	Average exercise price €	Number of shares (in thousands)
2014	0.21	100
2015	0.27	400
2016	0.97	300

During the 1st half of 2006 the following options were granted:

- 600,000 options were granted of which 150,000 vested with effect from June 30, 2006 for an amount of €50k estimated at the balance sheet date. The remaining 450,000 options may be finally exercised in accordance with the following maturities:

- 54,000 at January 1, 2007
- 96,000 at June 30, 2007
- 102,000 at January 1, 2008
- 48,000 at June 30, 2008
- 150,000 at January 1, 2009

and subject to the provision that the beneficiary still be with the Company at those dates.

- 375,000 options were granted on October 30, 2006 of which 150,000 vested immediately for an amount of €61k estimated at the balance sheet date. The remaining 225,000 options may be exercised in accordance with the following maturities:

- 75,000 at October 30, 2007
- 75,000 at October 30, 2008
- 75,000 at October 30, 2009

and subject to the provision that the beneficiary still works for the Company at those dates.

11) Financial Liabilities

	2006	2005 Restated
Macquarie loan	1,774	4,136
Golden Star loan	2,613	2,534
Other financial debt	3,003	2,974
Derivative financial instruments	7,518	6,482
Total non-current financial liabilities	€ 14,908	€ 16,126
Macquarie loan	1,936	2,213
Accrued interest on loans	124	148
Derivative financial instruments	3,548	1,591
Total current financial liabilities	€ 5,608	€ 3,952

11.1) Macquarie Loan

The Company's bank borrowings comprise the Macquarie loan:

On January 7, 2005, the Group borrowed US\$ 6 million -to pay the first instalment of the acquisition cost of the Gross Rosebel royalty rights. The principal amount is repayable in 9 quarterly installments of US \$666,667 each commencing July 2005 with final maturity of July 2007.

On September 30, 2005, EURO borrowed a further US \$ 3 million to pay part of the second installment of the Rosebel acquisition cost. The principal amount is repayable in 5 quarterly installments of US \$ 600,000 each with final maturity of October 2008.

The applicable interest rate is LIBOR (London Interbank Offered) plus 2.5% p.a. The Company is required to respect certain financial ratios during the period of the loan, the method of calculation of this cover is described in note 11.4. As a condition of the loan, the Company was required to implement a program of forward sales of gold in order to secure the royalty stream.

At December 31, 2006, the Company was in compliance with the required financial ratios.

11.2) Golden Star Loan

On September 30, 2005, the Company borrowed US\$ 3 million from Golden Star to assist in paying the second instalment of the Rosebel royalty acquisition price. The loan carried interest until December 31, 2005 at the rate of 6% p.a. payable quarterly and thereafter at 12% p.a. until full repayment. This loan is subordinated to The Macquarie loan and principal repayment may not be made until full the Macquarie loan is fully repaid, except from funds derived other than from the Rosebel royalty..

The interest capitalized at December 31, 2006 amounted to €360k (nil at December 31, 2005).

11.3) Other Financial Liabilities

Other financial liabilities represent the estimated obligation towards Golden Star following adjustment of the acquisition price for the intangible asset (cf. note 5).

11.4) Derivative Financial Instruments

For the purpose of the Macquarie financing, the Group has been required to protect itself against fluctuations in the market price for gold so as to provide assurance that it will be able to honor its loan repayment commitment.

The Group has therefore concluded two forward sale agreements for gold.

The first forward sale agreement was for 57,000 ounces of gold for settlement in 10 equal amounts of 5,700 ounces every three months from April 29, 2005 until July 29, 2007, at a contractual price of US \$ 421 per ounce.

The second forward sale agreement was for a further 57,000 ounces of gold subject to a contractual price of US \$ 458.50 per ounce, in ten equal settlements of 5,700 ounces each commencing in October 2007.

The contracts provide that when the quarterly average of the London PM gold price is less than the contractual price, Macquarie pays the Group the difference between the average price and the contractual price for 5,700 ounces of gold. Conversely, when the quarterly average of the London PM gold price is higher than the contractual price, the Group pays the financial institution the difference between the average price and the contractual price for 5,700 ounces of gold.

During 2006, the quarterly average of the London PM gold price exceeded US \$ 421 per ounce and the Group paid the Macquarie USD 4,182k (€3,330k) in respect of the contracts for settlement.

At December 31, 2006 the fair value of the forward sale agreements for gold amounted to US \$ 14,610k (€11,066k) (compared to US \$ 9,560k (€8,073k) at December 31, 2005) thus engendering financial expense of US \$ 5,050k (€4,021k). The Group has decided to account for this financial instrument at fair value through profit or loss.

12) Trade Payables and Other Current Liabilities

	2006	2005
Trade payables	489	744
Tax and social security liabilities	18	5
Golden Star	34	32
Gold hedge liabilities	831	305
Other liabilities	28	43
Total	€ 1,400	€ 1,129

Other liabilities mainly comprise directors' fees due in respect of the fourth quarter 2006

13) Revenue from Ordinary Activities and Other Operating Income

	2006	2005
Provision of services	-	33
Gross Rosebel royalties	7,275	3,903
Other operating income	396	394
Total	€ 7,671	€ 4,330

Revenue from ordinary activities comprises three categories of income:

- royalties related to the operation of the Gross Rosebel mine
- royalties related to the disposal of the Saint-Elie mine
- royalties and rental income received from SOTRAPMAG to COTMIG

Virtually all revenue from ordinary activities comprises royalties related to exploration rights for the Gross Rosebel mine.

The amounts of the quarterly royalties were as follows:

- USD 1,837k for the first quarter 2006
- USD 2,428k for the second quarter 2006
- USD 2,429k for the third quarter 2006
- USD 2,128k for the fourth quarter 2006

14) Operating Expenses

Operating expenses mainly comprise:

- administrative expenses, including management fees,
- fees related to the preparation and audit of the individual company and consolidated financial statements, in addition to legal fees,
- financial communication costs relating to the obligations of quoted companies,
- directors' fees.

15) Depreciation and Amortization Expenses

	2006	2005 Restated
Amortization charge in respect of intangible assets	692	1,091
Depreciation charge in respect of plant, property and equipment	15	16
Total	€707	€1,107

16) Other Income and Expenses

The sole component of other income is the reversal of provisions for doubtful debts in the amount of €169k.

Other expenses comprise losses in respect of irrecoverable receivables in the amount of €169k.

17) Financial Income and Expenses

	2006	2005 Restated
Other investment income	20	52
Foreign exchange gain	147	3
Total financial income	€167	€55
Interest on Macquarie loan	402	336
Effect of discounting other financial debt	352	431
Interest on Golden Star loan	358	82
Foreign exchange loss	96	(15)
Financial instrument expenses	4,021	7,678
Gold hedge expenses	3,330	438
Total financial expenses	€8,559	€8,950
Net financial income (expense)	€(8,392)	€(8,895)

18) Tax

18.1) Tax Recovery

The corporate income tax recovery breaks down as follows:

	2006	2005
Current income tax recovery/(expense)	-	-
Deferred tax recovery on temporary differences and tax losses carried forward	905	6,679
Total	€905	€6,679

The theoretical tax at the legal tax rate applicable in France may be reconciled to the effective tax as follows:

	2006	2005
Profit (loss) before tax	€(3,447)	€(7,281)
Theoretical tax calculated at the legal rate applicable in the country of each subsidiary	1,149	2,429
Tax related to non-taxable revenue items	(419)	46
Tax related to non-deductible expenses	303	(302)
Tax related to permanent differences	(38)	(6)
Utilization of tax losses carried forward	-	4,107
Other	130	(3)
Translation adjustment	(220)	414
Effective tax	€905	€6,679

The tax rate applicable for fiscal year 2006 is 33 1/3% (2005: 33 1/3%).

18.2) Deferred Tax Assets

Deferred tax assets amount to €7,371k.

The main sources giving rise to the recognition of deferred tax assets are:

- **Tax losses carried forward** of EURO Ressources and SOTRAPMAG, amounting to €10,214k and €10k, respectively, generating a deferred tax asset of €3,408k.

As of December 31, 2006, the amount of deferred tax related to losses carried forward fell by €669k, as a result of the positive taxable profits of EURO Ressources and SOTRAPMAG.

- **Temporary difference:**
 - Deferred tax asset arising from gold forward sale contracts: €3,687k.

Losses carried forward have been utilized on the basis of the business plan presented by the management, which provide reasonable reassurance that these losses carried forward may be offset against the future results of the entities, within the immediate future (less than 5 years).

19) Earnings Per Share

Earnings per share are calculated based on the consolidated net income attributable to the group divided by the average number of shares of the parent company in issue during the fiscal year (excluding treasury stock).

	2006	2005
Net profit (loss) attributable to holders of common shares	€(2,542)	€(602)
Weighted average number of common shares	49,451,217	49,402,884
Fully diluted earnings (loss) per share (€/share)	€(0.050)	€(0.013)

20) Related Parties

Information on Related Parties:

	GOLDEN STAR	MACQUARIE Bank	XYSTUS
Presentation of related parties	EURO Ressources shareholder	EURO Ressources shareholder	James H. Dunnett is chief executive of XYSTUS and owns 7.74% of EURO Ressources
Nature of relationship between related parties	EURO Ressources loan related to the acquisition of GROSS ROSEBEL rights (cf. note 11). Management fees for 2005	Loan of USD 6m contracted in January 2005 by EURO Ressources and Loan of USD 3m contracted in September 2005 (cf. note 11).	Management fees for the services of Mr. Dunnet for EURO Ressources
Amount of transactions	Management fees for 2005 amounted for USD 55k, equivalent to €44k. Facility fees of USD 90k, or €72k, given that the debt of USD 3m was not repaid as of December 31, 2005 (cf. note 17) Interest of USD 360k or €287k on the amount of the debt outstanding (cf. note 17)	Repayment of part of the first loan in the amount of USD 2,664k (cf. note 11) and interest on the loan (cf. note 17)	Fees amounted to USD 240k or €191k for fiscal year 2006, including USD 40k in bonuses. Fees amounted to USD 180k for fiscal year 2005, including USD 60k in bonuses.
Balance, maturity date and repayment terms	In December 2006, Golden Star withdrew from the capital of EURO Ressources. As of December 31, 2006, it is no longer included in related parties.	The balance of Macquarie Bank Limited was USD 5,000k as of December 31, 2006 (cf. note 11).	The balance remaining due to XYSTUS corresponds to management fees for December 2006 in the amount of USD 16k and a bonus of USD 40k.

These transactions were concluded in the normal course of business.

The information relating to directors' compensation includes the payment of directors' fees and stock subscription options granted.

➤ Directors' fees

The compensation received by the directors of the company in the fiscal year ended December 31, 2006 in respect of fiscal years 2005 and 2006 are as follows:

- Mr James H. Dunnett: €4,428 paid in 2006 in respect of 2005, €11,579 paid in 2006 in respect of 2006 and €3,976 in respect of 2006 paid in 2007,
- Mr Jean-Pierre Prévot: €5,278 paid in 2006 in respect of 2005, €12,726 paid in 2006 in respect of 2006 and €4,734 in respect of 2006 paid in 2007,
- Mr Donald R. Getty: €4,222 paid in 2006 in respect of 2005, €14,247 paid in 2006 in respect of 2006 and €5,491 in respect of 2006 paid in 2007,
- Mr Ian L. Boxall: €5,264 paid in 2006 in respect of 2005, €12,765 paid in 2006 in respect of 2006 and €5,491 in respect of 2006 paid in 2007,
- Mr Allan J. Marter: €3,976 in respect of 2006 paid in 2007,
- Mr David Watkins: €4,166 in respect of 2006 paid in 2007,
- Stock subscription options

In fiscal year 2006, the following stock subscription options were awarded to directors:

- James H. Dunnett (Directeur-Général of the Company): 600,000 options, including 150,000 options granted as of June 30, 2006 for an estimated cost at the balance sheet date of €56k. The 450,000 remaining options will vest on the following dates: 54,000 as of January 1, 2007, 96,000 as of June 30, 2007, 102,000 as of January 1, 2008, 48,000 as of June 30, 2008 and 150,000 as of January 1, 2009.
- Allan J. Marter (Chairman of the Board of Directors): 375,000 options, including 150,000 options for a value of USD 78k, providing the right to subscribe to 75,000 shares as of October 30, 2007, 75,000 shares as of October 30, 2008 and 75,000 shares as of October 30, 2009.

21) Commitments

As of December 31, 2006, the only outstanding commitment made by the Company is the debt written-off subject to a “return to sound financial condition” clause in the amount of USD 8.5 million, after taking into consideration the payment of USD 0.5 million made in 2006 by Golden Star to SOTRAPMAG in respect to the Option Contract between the two companies in 2004.

22) Post Balance Sheet events

On March 14, 2007, EURO entered into a letter agreement with Patricia Mining Corporation (“PAT”), whereby PAT has granted to EURO an exclusivity period in which to complete due diligence in respect of a proposed acquisition of PAT for cash consideration of C\$1.10 per share.

On March 23, 2007, EURO concluded a memorandum of understanding with Golden Star regarding:

- i) an amendment to the previous agreement with Golden Star for the acquisition of the Paul Isnard concessions and exploration permit held by EURO in French Guiana, and
- ii) the granting to EURO of an option to settle the remaining contingent payments payable in terms of the Rosebel acquisition agreement, and
- iii) the agreement by Golden Star, subject to certain conditions, to provide an underwriting commitment of \$5 million to support a rights issue by EURO, and
- iv) the agreement by EURO to repay the outstanding principal and interest due to Golden Star by EURO from the proceeds of a rights issue underwritten per (iii), and
- v) the waiver of any future payment to the remaining US \$ 8.5 million of debt forgiven subject to a « return to sound financial condition ».