EURO Ressources SA

A Gold Resource Royalty Company

Consolidated Financial Statements and Shareholder Report

Third Quarter 2008

Contents

CONSOLIDATED FINANCIAL STATEMENTS

I Consolidated Balance Sheets
(in thousands of €uro)

	Notes	As at 30 September 2008	As at 31 December 2007
NON-CURRENT ASSETS		**€13,793**	**€16,204**
Intangible assets	4	8,183	8,368
Property, plant and equipment	5	1	3
Other financial assets		4	4
Deferred tax	16	5,605	7,829
CURRENT ASSETS		**€4,604**	**€3,587**
Trade receivables and similar accounts	6	3,849	2,931
Other current assets	6	163	99
Cash and cash equivalents	7	592	557
TOTAL ASSETS		**€18,397**	**€19,791**
EQUITY – GROUP SHARE		**€10,268**	**€5,776**
Issued capital stock	8	606	606
Additional paid-in capital	8	45,559	45,634
Translation adjustment		1,083	810
Other reserves		(41,209)	(40,511)
Retained earnings		4,229	(763)
TOTAL EQUITY		**€10,268**	**€5,776**
NON-CURRENT LIABILITIES		**€3,244**	**€7,846**
Loans		-	447
Derivative financial instruments	10	3,244	7,399
CURRENT LIABILITIES		**€4,885**	**€6,169**
Loans	10	871	1,603
Derivative financial instruments	10	1,607	2,615
Gold Hedge Liability	11	1,603	1,270
Trade payables and similar accounts	11	676	514
Other liabilities	11	129	168
TOTAL EQUITY & LIABILITIES		**€18,397**	**€19,791**

II Consolidated Income Statements
(in thousands of €uro)

		For the Quarter ended		For Nine Months ended	
	Notes	30 Sept 2008	30 Sept 2007	30 Sept 2008	30 Sept 2007
Revenue from ordinary activities	12	3,207	2,024	9,224	5,289
Operating expenses	13	(383)	(532)	(1,222)	(1,597)
Expenses related to IAMGOLD arbitration	19	(64)	-	(64)	-
Expenses related to the unsolicited takeover bid by IAMGOLD	20	(184)		(184)	(414)
Depreciation and amortization expenses	15	(153)	(157)	(363)	
OPERATING PROFIT		**€2,424**	**€1,335**	**€7,392**	**€3,278**
Financial income	14	103	40	131	105
Financial expenses	14	890	(3,467)	(1,098)	(4,365)
NET FINANCIAL INCOME (EXPENSE)		**€993**	**€(3,427)**	**€(967)**	**€(4,260)**
PROFIT BEFORE TAX		**€3,417**	**€(2,092)**	**€6,425**	**€(982)**
Income tax recovery (expense)	16	(1,215)	571	(2,196)	807
NET PROFIT (LOSS)		**€2,202**	**€(1,521)**	**€4,229**	**€(175)**
Net profit		**€2,202**	**€(1,521)**	**€4,229**	**€(175)**
EARNINGS PER SHARE					
Basic		**€0.036**	**€(0.030)**	**€0.069**	**€(0.003)**
Diluted		**€0.036**	**€(0.030)**	**€0.069**	**€(0.003)**

III Consolidated Cash Flow Statements
(in thousands of €uro)

	Notes	For the Quarter ended		For Nine Months ended	
		30 Sept 2008	30 Sept 2007	30 Sept 2008	30 Sept 2007
CASH FLOW RELATING TO OPERATING ACTIVITIES					
NET PROFIT (LOSS) FROM CONSOLIDATED COMPANIES		2,202	(1,521)	4,229	(175)
Elimination of income and expenses which do not have an impact on the cash flow or are not related to operating activities:					
Depreciation, amortization and provisions	15	153	157	363	414
Change in deferred tax	16	1,215	(554)	2,196	(816)
Derivative financial instruments	14	(1,008)	2,356	(82)	711
Stock option expense		-	27	64	98
Impact of discounting other financial debt	14	9	83	24	272
Other					
GROSS CASH FLOW FROM OPERATIONS GENERATED BY CONSOLIDATED COMPANIES BEFORE NET CHANGE IN OPERATING WORKING CAPITAL		**2,571**	**548**	**6,795**	**504**
Change in trade receivables and other current assets		309	(24)	553	344
Change in trade payables and other current liabilities		183	(109)	(1,326)	36
NET CHANGE IN OPERATING WORKING CAPITAL		**126**	**85**	**1,879**	**308**
NET CASH FLOW FROM (USED IN) OPERATING ACTIVITIES		**€2,445**	**€463**	**€4,916**	**€196**
CASH FLOW RELATING TO INVESTING ACTIVITIES					
AMOUNTS PAID TO PURCHASE FIXED ASSETS		-	-	-	(2)
NET CASH FLOW FROM (USED IN) INVESTING ACTIVITIES		**-**	**-**	-	**€(2)**
CASH FLOW RELATING TO FINANCING ACTIVITIES					
Capital increase in cash		-	(1)	(75)	8
Borrowings issued and capitalized interest		28	27	8	79
Borrowings repaid		(381)	(479)	(1,174)	(958)
Repurchase of derivative financial instrument		(1,493)	-	(3,425)	**-**
NET CASH FLOW RELATING TO FINANCING ACTIVITIES		**€(1,846)**	**€(453)**	**€ (4,666)**	**€(871)**
Impact of changes in foreign exchange rates		(106)	(16)	(215)	(59)
CHANGE IN CASH AND CASH EQUIVALENTS		**€493**	**€(6)**	**€35**	**€(736)**
OPENING BALANCE		99	573	557	1,303
CLOSING BALANCE		592	567	592	567
INCREASE (DECREASE)		493	(6)	35	(736)

IV Statement of Changes in Consolidated Equity
(in thousands of €uro)

	Capital Stock	Additional paid-in capital	Translation adjustment	Other reserves	Profit/loss for the year	Total Equity
Position as of 31 December 2007 before appropriation of profit or loss	**606**	**45,634**	**810**	**(40,511)**	**(763)**	**5,776**
Appropriation of 2007 loss				(763)	763	-
Position as of 31 December 2007 after appropriation of profit or loss	**606**	**45,634**	**810**	**(41,274)**	**-**	**5,776**
Options issued				65		65
Other		(75)	273			198
Profit for the period to 30 September 2008					4,229	4,229
Position as of 30 September 2008	**606**	**45,559**	**1,083**	**(41,209)**	**4,229**	**10,268**

V Notes to the Consolidated Financial Statements

1) General information

1.1) Euro Ressources Group

The Euro Ressources Group comprises the parent company, EURO Ressources SA ("EURO", the "Company" or the "Group"), and its 100%-owned subsidiary, Société de Travaux Publics et de Mines Aurifères en Guyane S.A.R.L. ("SOTRAPMAG"). EURO is a *Société Anonyme*, domiciled in metropolitan France with its registered office located in Paris.

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".

These consolidated financial statements were approved for publication by the Board of Directors on 27 October 2008.

1.2) Description of operations

The Group's operations are within the gold mining sector.

In 2004, EURO completed the acquisition of a royalty interest on the Rosebel mine in Suriname, operated by IAMGOLD Corporation. 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 Rosebel gold 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.

1.3) List of Group companies

As at 30 September 2008 the consolidated financial statements comprise the accounts of Euro and its subsidiary. There has been no change in the Group's consolidation scope since 31 December 2007:

Company	EURO Ressources SA	SOTRAPMAG SARL
Identification Number	390 919 082 00029	339 146 284 00015
Registered Office	23 rue du Roule 75001 Paris France	859 Rocade du Baduel Cayenne, French Guiana 97300
Consolidation Method 2007	Parent Company	Full Consolidation
Consolidation Method 2006	Parent Company	Full Consolidation
% Control 2007	Parent Company	100%
% Control 2006	Parent Company	100%
% Interest 2007	100%	100%
% Interest 2006	100%	100%

2) Basis of accounting and presentation

2.1) Standards

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The interim consolidated financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting. The accounting policies are consistent with those applied in the consolidated financial statements for the fiscal year ended 31 December 2007.

As at 30 September 2008, these standards differ from the International Financial Reporting Standard as approved by the International Accounting Standard Board ("IASB") by the following standards and interpretations that have not yet been approved by the European Union:

- First annual project of IFRS Improvements
- IAS 1 R1 – Presentation of Financial Statements – a revised presentation
- Amendments to IAS 23 – Borrowing Costs
- IAS 27 R1 – Consolidated and Separate Financial Statements
- Amendments to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation and IAS 1
- Amendments to IAS 39 – Eligible hedged items
- Amendments to IFRS 1 and IAS 27: "Cost of an investment in a subsidiary, jointly controlled entity or associate".
- Amendments to IFRS 2 – share based payment – vesting conditions and cancellations
- IRFS 3 R1 – Business Combinations
- IFRIC 12 – Service concession arrangements
- IFRIC 13 – Customer Loyalty Programs
- IFRIC 14 – The Limit on a Defined Benefit Asset, minimum funding requirements and their interaction
- IFRIC 15 – Agreements for the construction of real estate
- IFRIC 16 – Hedges of net investment in a foreign operation

As at 30 September 2008 these standards and interpretations are either not yet in force or not applicable to EURO Ressources. Therefore, these consolidated financial statements are also prepared in accordance with the International Financial Reporting Standards as approved by the International Accounting Standard Board.

The consolidated financial statements for the quarter and semester ended 30 September 2008 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.

EURO is a French company and prepares its financial accounts in euros (€ or €uro) and presents its consolidated statements in €uros. However, the functional currency of EURO is the US dollar, since this is the currency in which its major transactions, such as income from royalties and its borrowings, are denominated. Certain additional information is presented in these consolidated financial statements in US dollars ("$").

2.1.1 Interpretations and amendments to the published standards which took effect in 2008

For the fiscal year 2008, there have been no amendments to the standards nor have any new interpretations gone into effect.

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 1 January 2009. Among such new standards, interpretations and amendments, the Group has identified the following requirements which may apply to it during the coming years:

- IFRS 8: Operating Segments

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

3) Management of financial risk

The Group's activities expose it to different types of financial risks: market risk (principally: the market price for gold, foreign currency risk and risk of changes in value of derivative instruments due to fluctuation in interest rates), credit risk, liquidity risk and interest rate risk. The Group has a risk management program which monitors 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

3.1.1) Gold price risk

Royalty variance

The Group is exposed to the risk of changes in the market price of gold. Its revenue from the Rosebel royalty is determined with reference to the simple average of the London PM gold price for each calendar quarter. The Rosebel royalty attributable production in 2007 was approx. 270,000 ounces and is anticipated to be in excess of 300,000 ounces in 2008. The table below illustrates the impact of changes in the calendar quarter average gold price on EURO's revenue, based on 300,000 ounces of attributable production:

Gold price/oz change –average per quarter	$25	$50	$75	$100
Change in royalty revenue	$750,000	$1,500,000	$2,250,000	$3,000,000

Derivative variance

As part of its risk management program, the Group holds certain gold derivative forward sales contracts which mirror the method of calculation of the applicable gold price calculation under the Rosebel royalty for the respective calendar quarter (see Note 10.2). At the end of each calendar quarter, the associated forward sales contract is liquidated and the difference between the settlement price for that quarter and the contractual price of $458.50/ounce is settled. The table below illustrates the impact of changes in the calendar quarter average gold price on the liquidated settlement amount for each 1,000 ounces of gold forward contract (equivalent to 10,000 ounces of attributable production), which is netted against EURO's revenue.

Change in gold price/ounce – quarterly average	$25	$50	$75	$100
Change in settlement amount	$25,000	$50,000	$75,000	$100,000

3.1.2) Foreign currency translation risk

EURO is a French company that is exposed to foreign currency translation risk given that its transactions are mainly denominated in US dollars but presented in €uros, with 97% of its revenue in US dollars and 3% in €uros. Operational costs incurred in €uros exceed revenue receivable in €uros (as shown below, with details for the nine months ended 30 Sept 2008) however, the foreign currency translation risk is considered negligible since the amount of our net €uro expense exposure (€uro expense in excess of €uro revenue) is small compared with our total expenses.

(in € 000s)	Total	US $	€	C$	% exposed to currency translation risk
Revenue	€ 9,224	€ 8,986	€ 238	-	**97%**
Expenses	€ 2,931	€ 2,040	€ 487	€ 404	**83%**
Operational	*1,470*	*579*	*487*	*404*	*67%*
Financial	*1,098*	*1,098*	-	-	*100%*
Amortization	*363*	*363*	-	-	*100%*

3.1.3) Derivative instrument interest rate risk

The mark-to-market value of the gold derivative instruments used to hedge our gold price risk varies according to the gold price and, to a lesser extent, according to the contango on gold prices which is primarily related to interest rates. As at 30 September 2008, our unliquidated mark-to-market loss on these positions was €4.9 million and a 1% p.a. increase or decrease in interest rates is estimated to increase or decrease the loss by approximately €0.05 million, respectively. The impact of interest rate changes will reduce as the gold derivative forward sales contracts are liquidated according to their schedule (see Note 10.2).

3.2) Credit risk

The Group is subject to a concentrated credit risk with 97% of its revenue receivable from one source, namely the Rosebel royalty. This royalty is payable by one company, IAMGOLD, which operates the Rosebel mine. Management considers that in view of the financial standing and nature of IAMGOLD's continuing operating activities, the risk of loss is small.

3.3) Liquidity risk

Prudent management of liquidity risk requires the retention of adequate liquidity to meet expected expenditures and possible contingencies. The Group believes that its recurring financial income and established credit facilities are adequate for this purpose and EURO is in full compliance of the financial and liquidity covenants under its existing credit facility.

3.4) Interest rate risk

The Group does not hold significant interest-bearing assets and has limited borrowing under its credit facility from Macquarie Bank Limited (see Note 10.1) and accordingly, variance in interest rates poses limited financial risk to the Group. Our financial indebtedness at 30 September 2008 was $1.27 million and with a scheduled duration of approximately three months. An adverse variance in interest rates of 1% per annum over the remaining term of the indebtedness would have an adverse impact of approximately $3,000.

4) Intangible assets
(in thousands of €uro)

The carrying values of the intangible assets of the Group are set out in the tables below:

	31 December 2007	Increase	Decrease	Translation adjustment	30 Sept 2008
Gross values					
Paul Isnard	3,732			72	3,804
Rosebel	10,423			202	10,625
Total	**€14,155**	**-**	**-**	**€274**	**€14,429**
Amortization					
Paul Isnard	(3,732)			(72)	(3,804)
Rosebel	(2,055)	(328)		(59)	(2,442)
Total	**€(5,787)**	**€(328)**	**-**	**€(131)**	**€(6,246)**
Net values					
Paul Isnard	-	-		-	-
Rosebel	8,368	(328)		143	8,183
Total	**€8,368**	**€(328)**	**-**	**€143**	**€8,183**

On 23 March 2007, EURO signed a memorandum of understanding with Golden Star regarding, amongst other things, an amendment to the previous agreement with Golden Star for their acquisition of the Paul Isnard concessions and exploration permit held by EURO in French Guiana. This amendment provided for the sale of the Paul Isnard properties in exchange for a royalty consideration payable to EURO.

Golden Star was required to complete a feasibility study on Paul Isnard within one year of the signing of the memorandum, however Golden Star did not completed the required feasibility study.

On 29 September 2008 litigation commenced in Canada between EURO and Golden Star concerning the Paul Isnard property held by EURO. EURO has asked the Court to confirm Golden Star's repudiation of the Option Agreement on Paul Isnard and is seeking damages from Golden Star. Golden Star has filed a countersuit seeking transfer of the Paul Isnard properties to Golden Star. As an alternative to the transfer of the Paul Isnard properties, Golden Star seeks monetary damages. EURO considers Golden Star's claim to be without merit.

5) Property, plant and equipment
(in thousands of €uro)

	31 December 2007	Increase	Decrease	Translation adjustment	30 Sept 2008
Gross values					
Other property, plant and equipment	6	-	-	-	6
Total	**€6**	**-**	**-**	**-**	**€6**
Depreciation					
Other property, plant and equipment	(3)	(2)	-	-	(4)
Total	**€(3)**	**€(2)**	**-**	**-**	**€(4)**
Net values					
Other property, plant and equipment	3	(2)	-	-	1
Total	**€3**	**€(2)**	**-**	**-**	**€1**

6) Trade receivables and other current assets
(in thousands of €uro)

Current assets	30 Sept 2008	31 December 2007
Trade receivables and similar accounts[1]	3,849	2,931
Subtotal of trade receivables and similar accounts	**3,849**	**2,931**
Tax and social security receivables	129	84
Prepaid expenses	34	15
Subtotal other current assets	**163**	**99**
Total	**€4,012**	**€3,030**

[1] Trade receivables include €3.810 million of amounts receivable from IAMGOLD. Included in this amount is a total of €0.65 million withheld by IAMGOLD; the Company objects to IAMGOLD's action and is pursuing arbitration (see Note 19).

7) Cash and cash equivalents
(in thousands of €uro)

	30 Sept 2008	31 December 2007
Marketable securities [2]	-	54
Cash	157	472
Restricted cash [1]	435	31
Total	**€592**	**€557**

[1] The royalties paid by IAMGOLD are paid to a restricted account at Macquarie Bank. These funds may only be used for approved corporate expenditures.

[2] There is no difference between the fair value and the accounting value.

8) Share capital

As of 30 September 2008 the Company's share capital comprises 60,591,460 common shares with a nominal value of €0.01 per share.

There were no shares issued during the third quarter of 2008.

	Number of shares	Nominal value	Share Capital (in thousands of €uro)	Additional paid-in capital (in thousands of €uro)
As at 31 December 2007	**60,591,460**	**€0.01**	**€606**	**€ 45,634**
As at 30 Sept 2008	**60,591,460**	**€0.01**	**€606**	**€ 45,559**

9) Stock-based payments

During the third quarter of 2008, stock options issued, granted and outstanding, were as follows:

	Average Exercise Price	Number of Options (in thousands)
As of 31 December 2007	**€0.75**	**1,525**
Granted	€0.79	380
Exercised	-	-
As of 30 September 2008	**€0.76**	**1,905**
Not exercisable	€0.93	385
Exercisable	€0.72	1,520

The following are the maturities and prices for the stock options outstanding at 30 September 2008:

Year of maturity	Average Exercise Price	Number of Share Options
2014	€0.30	60,000
2015	€0.30	480,000
2016	€0.54	1,170,000
2017	€0.83	120,001
2018	€0.95	75,000

Options granted during the nine month period to 30 Sept 2008:

On 14 February 2008, 305,000 options were granted to the existing holders of stock options outstanding at the time of the rights issue made by the Company during 2007. Each option holder was granted one additional option to acquire one common share for a consideration price of €0.75 per common share for every five existing stock options held, with such additional options only to be exercisable to the extent that the holder's existing stock options are exercised.

235,400 of the 305,000 options vested immediately; 9,600 vested at the end of June 2008; 15,000 will vest at the end of October 2008; 30,000 will vest at the end of January 2009; and 15,000 will vest at the end of October 2009, subject to the continuing validity of the underlying grant.

On 26 June 2008, 75,000 options were granted of which 50,000 vested with effect of the date of grant and 25,000 options remain unvested until the Optionee ceases to be an officer of EURO.

No options were exercised during the third quarter of 2008.

Options vested during the nine month period to 30 September 2008 and remaining unvested:

On 1 January 2008, 102,000 options vested and on 30 June 2008 48,000 options vested as part of 600,000 options granted on 30 June 2006. The remaining 150,000 unvested options vest on 1 January 2009 subject to the condition that the Optionee remains eligible at that date. In addition, as of 30 September, 2008 150,000 options remain unvested. 75,000 of these options will vest at the end of October 2008 subject to the condition that the Optionee remains eligible at that date.

EURO's Stock Option Plan permits the board of directors of EURO to grant stock options to eligible participants at a subscription price not less than 80% of the average of the closing price of the Company's shares on Euronext Paris for the 20 consecutive days of trading preceding the date of grant of the option.

10) Financial liabilities (in thousands of €uro)

	30 Sept 2008	31 December 2007
Macquarie Bank Limited loan	-	447
Derivative financial instruments	3,244	7,399
Total non-current financial liabilities	**€ 3,244**	**€ 7,846**
Macquarie Bank Limited loan	863	1,597
Accrued interest on loans	8	5
Derivative financial instruments	1,607	2,615
Total current financial liabilities	**€ 2,478**	**€ 4,217**

10.1) Macquarie Bank Limited loan

The Company's bank borrowings comprise a loan from Macquarie Bank Limited ("Macquarie"). This was drawn in two tranches:

The first tranche of $6 million was drawn on 7 January 2005, and used to pay the first installment of the Rosebel purchase price. The loan principal was repayable in nine equal quarterly installments of $666,667 commencing 29 July 2005 with final maturity scheduled for 29 July 2007. On 26 April 2007, Macquarie agreed to extend the principal payment due on 29 April 2007 until 29 January 2009. A fee of $13,333 was charged by Macquarie for this extension.

A second tranche of $3 million was drawn on 30 September 2005, and used to pay part of the second installment of the Rosebel purchase price. The principal amount is repayable in five equal quarterly installments of $600,000 that commenced on 29 October 2007. Final maturity is on 29 October 2008. In the table below, the Macquarie bank loan is presented at its fair value.

The scheduled maturity of the loan is detailed below

(in thousands of $)	Payments due by period				
	Total	< 1 Year	1- 3 Years	4- 5 Years	> 5 Years
Macquarie Bank Limited	$1,267	$1,267	-	-	-

The applicable interest rate is LIBOR (London Interbank Offered Rate) plus 2.5% p.a.

The Company is required to respect certain financial ratios during the period of the loan. As a condition of the loan, the Company was required to implement a program of forward sales of gold (see Note 10.2). At 30 September 2008, the Company was in full compliance with these financial ratios.

10.2) Derivative financial instruments

For the purpose of the Macquarie financing, EURO was required to hedge a portion of the Rosebel royalty revenue against fluctuations in the market price for gold. EURO therefore concluded two forward sale agreements for gold:

A forward sale agreement for 57,000 ounces of gold at $421 per ounce for settlement in 10 equal calendar quarter amounts of 5,700 ounces, commencing January 2005, settling 29 days after each calendar quarter. EURO settled its last forward sale agreement of 5,700 ounces of gold at $421 per ounce on 31 July 2007.

A second forward sale agreement for 57,000 ounces of gold at $458.50 per ounce for settlement in 10 equal calendar quarter amounts of 5,700 ounces, commencing July 2007, settling 29 days after each calendar quarter.

The contracts provide that in respect of each quarter, when the quarterly average of the London PM gold price is less than the settlement price, Macquarie pays EURO 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, EURO pays Macquarie the difference between the average price and the settlement price for 5,700 ounces of gold.

During the first nine months of 2008, EURO liquidated the remaining 14,800 ounces of the hedge scheduled for maturity during 2008 and the first 5,700 ounces scheduled for maturity in April of 2009. As at 30 September 2008, a settlement obligation of $2.31 million (€1.60 million) was outstanding which will be paid on 31 October 2008.

As at 30 September 2008 there were 17,100 ounces of gold derivative contracts outstanding, all at a contract price of $458.50, with the following maturities:

	2009				
Scheduled Maturity	Q1	Q2	Q3	Q4	Total
Gold ounces	-	5,700	5,700	5,700	**17,100**

At 30 September 2008 the negative fair value (mark-to-market) of the forward sale agreements for gold amounted to $7.0 million (€4.85 million), compared to $14.7 million, or €10 million at 31 December, 2007. The Group has accounted for changes in the fair value of this financial instrument through the income statement.

11) Trade payables and other current liabilities
(in thousands of €uro)

	30 Sept 2008	31 December 2007
Trade payables	676	514
Tax and social security liabilities	93	148
Deferred settlement liability of gold hedge	1,603	1,270
Other liabilities [1]	36	20
Total	**€ 2,408**	**€ 1,952**

[1] Other liabilities mainly comprise directors' fees due in respect of the third quarter 2008

12) Revenue from ordinary activities and other operating income
(in thousands of €uro)

	For nine months ended 30 September	
	2008	2007
Rosebel royalty	8,986	5,026
Other operating income	238	263
Total	**€ 9,224**	**€ 5,289**

Revenue from ordinary activities is derived from two categories of activity:

- royalties related to the operation of the Rosebel mine, and
- royalties related to mining operations by third parties in French Guiana.

The predominant source of revenue is royalty income related to operations at the Rosebel mine.

13) Operating expenses

Operating expenses mainly comprise:

- administrative expenses,
- directors' fees,
- fees related to the preparation and audit of the unconsolidated and consolidated financial statements,
- legal fees, and
- costs relating to the reporting obligations of the Company in France and Canada.

14) Financial income and expenses

(in thousands of €uro)

	For nine months ended 30 September	
	2008	2007
Other investment income	11	19
Foreign exchange gain	37	86
Financial instrument gain [1]	82	-
Total financial income	**€131**	**€105**
Interest on Macquarie loan	59	192
Effect of discounting other financial debt	-	272
Interest on Golden Star loan	-	200
Foreign exchange loss	35	52
Financial instrument expense [1]	-	711
Gold hedge expenses [2]	979	2,938
Other	24	-
Total financial expenses	**€1,098**	**€4,365**
Net financial income (expense)	**€(968)**	**€(4,260)**

1 Financial instrument gain and expense is the variation between periods in mark-to-market valuation of the derivative gold hedges

2 Gold hedge expense is the total of realised losses on liquidation of derivative gold hedges

15) Depreciation and amortization expenses

(in thousands of €uro)

	For nine months ended 30 September	
	2008	2007
Amortization charge in respect of intangible assets	328	412
Depreciation charge in respect of plant, property and equipment	1	2
Other	33	-
Total	**€362**	**€414**

16) Tax

16.1) Tax Reconciliation (in thousands of €uro)

Reconciliation of the theoretical tax liability calculated at the tax rate applicable to corporations in France may be reconciled to the effective tax as follows:

	For nine months ended 30 September	
	2008	2007
Profit (loss) before tax	**€6,425**	**€(982)**
Theoretical tax calculated at the legal rate applicable in the country of each subsidiary	(2,142)	327
Tax related to non-taxable revenue items	-	-
Tax related to non-deductible expenses	(48)	1
Tax related to permanent differences	3	(62)
Utilization of tax losses carried forward	-	604
Other		49
Translation adjustment	(9)	(112)
Effective tax	**€(2,196)**	**€807**

The corporate income tax rate applied for fiscal 2007 and 2008 is 33.33%.

16.2) Tax Recovery (expense) (in thousands of €uro)

Corporate income tax recovery (expense) comprises the following:

	For nine months ended 30 September	
	2008	2007
Current income tax recovery (expense)	-	(9)
Deferred tax recovery (expense) on temporary differences and tax losses carried forward	(2,196)	816
Total	**€(2,196)**	**€807**

16.3) Deferred tax assets

Deferred tax assets amount to €5.60 million. The principal categories of deferred tax assets are:

- **Tax losses carried forward** of EURO, amounting to €11.59 million generating a deferred tax asset of €3.90 million.
- **Temporary difference**: Deferred tax asset arising from gold forward sale contracts: €1.70 million.

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

17) 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).

	For nine months ended 30 September	
	2008	**2007**
Net profit attributable to holders of common shares (in thousands)	€4,229	€(175)
Weighted average number of common shares	60,594,460	50,492,055
Earnings per Share		
Basic	**€0.069**	**€(0.003)**
Diluted	**€0.069**	**€(0.003)**

18) Related parties

Information on Related Parties:

	Xystus Holdings Corp. Ltd.
Presentation of related parties	Xystus, which owns 7.86% of EURO: James H. Dunnett is the beneficial owner and chief executive of Xystus
Nature of relationship between related parties	Management fees payable by EURO to Xystus Holdings Corp. Ltd. for the nine months ended 30 September 2008 were €0.10 million.

19) Arbitration

In October 2007 IAMGOLD determined to withhold a portion of the Rosebel royalty then due to EURO. This deduction was made without discussion or consultation with EURO and purports to be a revision to the basis of the royalty payments made by Cambior from the inception of production at Rosebel and a revision to the payments made by IAMGOLD since its acquisition of Cambior in late 2006. Further deductions were made against the royalty payable in January, April and July 2008 in respect to production in the fourth quarter of 2007 and the first two quarters of 2008.

In unilaterally making these deductions, IAMGOLD has sought to attribute as a royalty determined in ounces of gold, cash payments made to the Suriname Government and Grassalco under the operating agreement for Rosebel. It has then used this arbitrary calculation of ounces to reduce the attributable ounces of production on which the Rosebel royalty is calculated and paid to EURO. Management believes there is no basis for such a computation under the Participation Agreement between Cambior (now IAMGOLD) and EURO. Consequently, EURO has objected to this unilateral deduction and sought arbitration as provided for in the Participation Agreement.

The arbitration process is proceeding.

As at 30 September 2008, the total withheld and recorded by EURO as a receivable in these financial statements is $0.93 million (€0.64 million).

The table below summarises by period the deductions made by IAMGOLD. EURO has made no risk provision against these amounts in the financial statements.

	2005	2006	2007	2008
Amount withheld	$15,035	$174,665	$271,676	$477,370

Management is confident that the amounts withheld by IAMGOLD will be recovered at the conclusion of the arbitration process, anticipated to be completed during 2008.

20) Unsolicited takeover bid by IAMGOLD Corporation

On 29 August 2008 IAMGOLD filed with the Autorité des marchés financiers (the French financial services regulator) (the “AMF”) an unsolicited takeover bid to acquire up to 100% of the outstanding shares of EURO for €1.20 per share. The offer is conditional on IAMGOLD receiving tenders from EURO’s shareholders such that the total, together with the approx 4.95% shareholding held by IAMGOLD, would represent a minimum of 50% plus one share of EURO’s fully dilutes shares.

During September, management commenced the process of retaining financial advisors to assist in evaluating EURO’s response and to consider alternative transactions to IAMGOLD’s unsolicited proposed offer. On 24 September, EURO announced that it had engaged Rothschild & Cie (Transaction R) in Paris and Scotia Capital and Capital West Partners in Canada as its financial advisors.

On 9 October, EURO announced that the board of directors of EURO had reached a unanimous recommendation for its shareholders that they should not tender their shares to IAMGOLD’s unsolicited tender offer. At the same time, EURO filed a draft rely note (“Note en Réponse”) with the AMF that describes in detail the factors that the board of directors considered in reaching their decision and making their recommendation. On 22 October, EURO finalized and received a visa from the AMF for its Note en Réponse.

The closing date for shareholders to tender to IAMGOLD’s offer is November 21, 2008. In the event of a third party offer or an Improved Offer from IAMGOLD made prior to November 14, 2008, this final date will be modified and extended. In the event that there is no such additional transaction and IAMGOLD is successful in meeting the minimum condition, the takeover offer will be re-opened for further acceptance for shareholders who did not tender prior to the original closing date of November 21, 2008.