

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis is prepared as at May 14, 2007 and should be read in conjunction with, and is qualified by, our consolidated financial statements and related notes, for the periods indicated. The financial statements have been prepared in €uro and in accordance with International Financial Reporting Standards.

INTRODUCTION

EURO Ressources S.A. ("EURO" or the "Company") is a French company and is listed on Euronext in Paris. In accordance with French regulations, the Company is obligated to prepare its consolidated accounts in €uro, and the €uro is therefore the presentation currency for its consolidated financial statements. The functional currency of EURO is the United States dollar which is the denominational currency for its major transactions, such as income from royalties and its term loans. Therefore, management has presented certain data in the MD&A in US dollars.

The currency exchange rate used to present the financial statements in €uro is €1 = \$1.3335 for balance sheet items (€1 = \$1.3202 as at December 31, 2006). The average currency exchange rate for the quarter ended March 31, 2007, used to present the consolidated income and cash flows statements, is €1 = \$1.3104 (€1 = \$1.20256 for the first quarter in 2006).

STATEMENTS REGARDING FORWARD-LOOKING INFORMATION

This Quarterly Report contains forward-looking statements, with respect to our financial condition, results of operations, business prospects, plans, objectives, goals, strategies, future events, capital expenditure, and exploration and development efforts. Words such as "anticipates", "expects", "intends", "plans", "forecasts", "projects", "budgets", "believes", "seeks", "estimates", "could", "might", "should", and similar expressions identify forward-looking statements. Although we believe that our plans, intentions and expectations reflected in these forward-looking statements are reasonable, we cannot be certain that these plans, intentions or expectations will be achieved. Actual results, performance or achievements could differ materially from those contemplated, expressed or implied by the forward-looking statements contained in this Quarterly Report. These statements include comments regarding: the establishment and estimates of mineral resources, exploration spending, the closing of certain transactions including acquisitions and offerings and expectations of future participation rights payments.

RESULTS OF OPERATIONS

Overview

EURO's principal business is to own royalty and similar interests on operating gold mines. We currently own a royalty (the "Rosebel Royalty") on the Rosebel gold mine in Suriname which is owned and operated by IAMGOLD Corporation ("IAMGOLD"). We receive quarterly royalty payments from IAMGOLD. We are actively seeking to acquire additional royalty rights. We continue to own certain gold exploration properties and property interests in French Guiana: in March 2007 we reached an agreement in principle with Golden Star Resources Ltd. ("Golden Star"), as discussed below, on our Paul Isnard property in French Guiana. Under this agreement, Golden Star has committed to expedite its exploration and feasibility studies on the property.

Prior to 2005, our business was solely gold and diamond exploration in French Guiana.

First quarter of 2007 compared to the first quarter of 2006

We recognized €1.34 million of revenue in the quarter ended March 31, 2007, compared to €1.58 million of revenue in the first quarter of 2006. Substantially all of this revenue is income from the Rosebel Royalty. The Rosebel Royalty in the first quarter this year was negatively impacted by the illegal work stoppage at the Rosebel gold mine between January 26 and February 16, although the resulting shortfall in production was partially offset by an average gold price 17% higher in the first quarter this year compared to the first quarter last year (\$650 in Q1 2007 compared with \$554 in Q1 2006). The Rosebel gold mine produced 47,610 ounces of gold in the first quarter this year, a 37% decrease from the 75,135 ounces produced in the first quarter last year. Hedging costs associated

the revenue were €1.0 million in the first quarter of 2007, compared with hedging costs in the first quarter of 2006 of €0.6 million. After adjusting for these realized hedging losses, net revenue from the lower production at Rosebel was €0.35 million in the first quarter this year, substantially below the net revenue of €0.95 million for the same quarter last year.

General and administrative expenses were €0.5 million for the quarter (Q1 2006: €0.3 million). This increase reflects continuing high legal and accounting expenses associated with the dual listing on the Euronext, and the Toronto Stock Exchange and compliance with dual regulations, as well as expenses related to potential new business and capital raising activities. The reduction in interest expense, €0.15 million this quarter compared with €0.25 million in Q1 2006, reflects less interest on the reduced debt to Macquarie Bank Limited ("Macquarie") following repayments over the year.

The decrease in amortization expenses to €0.10 million (Q1 2006: €0.20 million) reflects the lower gold production from Rosebel, as noted above, and an increase in the reserve base of the Rosebel Royalty with a corresponding decrease in amortization expense per ounce produced. The charge of €0.09 million for debt accretion (Q1 2006: €0.08 million) relates to the accounting treatment for the deferred component of the Rosebel Royalty purchase consideration.

Notwithstanding the economic effectiveness of the derivatives used to hedge certain of the future cash flow from the Rosebel Royalty, in support of our loan repayment obligations, we have recognized fair value of these derivatives against income, being the total unrealized mark-to-market losses of our outstanding gold hedge position. There was an unrealized mark-to-market derivative gain of €18,000 in the first quarter this year compared with a mark-to-market loss of €4.4 million in the first quarter last year, before tax adjustments. These gains and losses do not affect our current cash-flow. If hedge accounting had been available, these prospective losses would have been brought to account against the matching income, and the contango costs inherent in the mark-to-market loss now reflected against income would not arise. The large swing in the unrealized mark-to-market derivative position between the two quarters reflects the changing gold market between those quarters.

We have recognized a future tax credit of €0.15 million for the first quarter of 2007, compared with a future tax credit of €1.43 million in the first quarter last year. The resultant net loss of €0.33 million compares to a loss of €2.86 million in the first quarter 2006.

OUTLOOK

Over the next 12 months, the Rosebel Royalty is expected to provide cash flow to the Company of about \$10.0 million at current gold prices of around \$685 per ounce, offset by an estimated liquidated hedging expense of approximately \$5.0 million. Following the illegal work stoppage at Rosebel and in order to maintain an adequate level of liquidity, EURO and Macquarie agreed to deferment of until January 29, 2009 of the principal repayment of otherwise due April 29.

Additional fair value losses, primarily reflecting increased gold prices, may adversely affect our stated earnings; however this accounting treatment will not adversely impact cash-flow. We expect our cash-flow will be adequate to meet all corporate and related expenses, including debt service.

KEY FINANCIAL DATA

The key financial information for the first quarter 2007 and 2006 is presented in the following tables:

In thousands of Euro except per share data	2007 Q1	2006 Q1
Total Revenue	€ 1,341	€ 1,579
Loss on derivatives	(996)	(629)
Total Revenue less loss on derivatives	345	950
Net Loss	€ (330)	€ (2,860)
Net (loss) per share, basic and fully diluted	€ (0.007)	€ (0.058)
Total assets	€ 19,736	€ 20,489
Total long-term financial liabilities	€ 15,125	€ 14,908
Cash dividends declared	Nil	Nil

The quarterly data for the first quarter of 2007 and 2006 reflect the exchange rates used in the Financial Statements to convert US dollar amounts to Euro. Other periods reflect a conversion of our results expressed in US dollars, converted to Euro at the average exchange rate for the respective financial year.

In thousands of Euro except per share data	2007 Q1	2006 Q 4	2006 Q 3	2006 Q 2
Total Revenues less loss on derivatives	€ 345	€ 1,277	€ 1,122	€ 1,032
Cash provided by/(used) in operating activities	145	107	511	526
Net profit/(loss)	€ (330)	€ (790)	€ 1,710	€ (844)
Net profit/(loss) per share, basic fully diluted – per share	€(0.007)	€(0.015)	€0.03 €0.03	€(0.020)

In thousands of Euro except per share data	2006 Q 1	2005 Q 4	2005 Q 3	2005 Q 2
Total Revenues less loss on derivatives	€ 950	€ 1,124	€ 879	€ 842
Cash provided by/(used) in operating activities	254	77	516	989
Net profit/(loss)	€(2,860)	€ 2,344	€(2,492)	€ 60
Net profit/(loss) per share, basic fully diluted – per share	€(0.058)	€0.037 €0.011	€(0.056)	€0.002 €0.002

LIQUIDITY AND CAPITAL RESOURCES

Consolidated cash at March 31, 2007 was €0.9 million, including €0.23 million restricted cash. We expect to have sufficient cash flow to fund our on-going operational needs and provide sufficient resources to advance acquisition opportunities.

As a consequence of not recording the contingent Rosebel Royalty for future periods in 2007 as a current receivable, we report a working capital deficiency. Since we anticipate that the Rosebel Royalty will be paid on the forecast production at Rosebel for the balance of the year, and our hedging program assures certain minimum revenue on the first 5,700 ounces of production each quarter, we have adequate liquidity to meet our obligations as they become due.

We intend to seek additional acquisitions of gold mineral interests and will likely require additional capital to complete any such transaction. In addition to established cash-flow, we anticipate arranging a combination of equity and debt transactions as sources of capital. There remains no assurance we can obtain additional funding at acceptable prices.

HEDGING

As required by the loan agreement with Macquarie, we entered into a cash-settled forward sales agreement in January 2005 and sold 5,700 ounces of gold to Macquarie each calendar quarter, beginning March 31, 2005 and every calendar quarter thereafter thru June 30, 2007. During the third quarter 2005, we entered into a further cash settled forward sales contract and sold a further 5,700 ounces of gold to Macquarie each calendar quarter, beginning in the third quarter of 2007

until December 31, 2009. In both contracts, cash settlement occurs on the 29th day of the month following the calendar quarter.

In terms of these cash settled forward sales contracts, when the average price of the London PM gold fix for the calendar quarter is less than the contract price, the financial institution will pay an amount to EURO equal to the difference between the average price for that quarter and the contract times 5,700 ounces. If the prior calendar quarter average price exceeds the contract price per ounce we will pay the financial institution an amount equal to the difference between the average price and the contract price per ounce times 5,700 ounces. The contract price for the initial cash settled forward sales contract is \$421 and \$458.50 for the second series contract.

The hedge is structured to reflect and offset the variable nature of the gold price used in calculating the amount due to the Company in terms of the Rosebel Royalty, to the extent of attributable production of 57,000 ounces per quarter. Attributable gold production in the first quarter of 2007 (after the deduction of the government royalties) was 46,658 ounces. The London PM gold fix averaged \$649.82 per ounce during the first quarter of 2007, resulting in a liquidated derivative loss of €1.0 million with respect to gold hedging for that quarter.

We have the following gold derivative contracts outstanding at March 31, 2007:

	Maturity Date of Gold Forward Contracts			
	2007	2008	2009	Total
Ounces of gold	17,100	22,800	22,800	62,700
Average Price	\$446.00	\$458.50	\$458.50	\$455.09

DEBT AND CONTRACTUAL OBLIGATIONS

The amounts shown below, which are all payable in US dollars, are undiscounted to show full expected cash requirements, in thousands of dollars in respect to debt and contractual obligations.

In thousands of US\$	Payments Due by Period				
	Total	< 1 Year	1- 3 Years	4- 5 Years	> 5 Years
Golden Star Resources Ltd.	\$4,385	\$ 0	\$3,540	\$ 110	\$ 735
Macquarie Bank Limited	4,334	2,467	1,867	0	0
Total	\$8,719	\$2,467	\$5,407	\$ 110	\$ 735

SHARE CAPITAL

As at March 31, 2007 and the date of this report, we had 50,442,884 common shares outstanding with a par value of €0.01 per share.

Common Shares – as of March 31, 2007 and the date of this report:

	€	\$
Par	504	672
Premium	<u>38,387</u>	<u>51,189</u>
Total Share Capital	<u>€38,891</u>	<u>\$51,861</u>

CRITICAL ACCOUNTING ESTIMATES

Preparation of our consolidated financial statements requires the use of estimates and assumptions that can affect reported amounts of assets, liabilities, revenues and expenses. Accounting policies relating to current and future values, depreciation, depletion and amortization of bank loans, future royalty payments, equipment, and expense accruals are subject to estimates and assumptions regarding reserves, gold recoveries, future gold prices and future mining activities.

The Rosebel Royalty acquired from Golden Star has been capitalized as the net present value of the future consideration to be paid to Golden Star, calculated at an annual discount rate of 12%, being the marginal borrowing rate for the Company. In determining the payments to be made, the reserve and resource components of the Rosebel gold mine have been reviewed by a Qualified Person who prepared the Company's report in terms of Canadian National Instrument 43-101. Based on this report, the calculation has utilized 100% of the Proven and Probable Reserves, 67% of the Indicated Resources and 33% of the Inferred Resources.

We have written off substantially all of our investments in exploration properties based upon our previous assessments of the amounts recoverable from these properties. We continue to retain title to certain properties after impairment write-offs as future events and discoveries may ultimately prove that they have significant value.

CHANGE IN APPLICATION OF ACCOUNTING POLICY

Prior to the 2005 year-end, we changed the application of our hedge accounting policies to record mark-to-market assets and liabilities on our derivative gold hedges against income in the period they arise. Historically, we had formally documented all relationships between the hedging instruments and hedged items with the intention of presenting our derivatives as an effective hedge and accounting for them as qualifying for hedge accounting. As a consequence of this change, we amended and restated our quarterly results for the first three quarters of 2005.

RELATED PARTY TRANSACTIONS

Prior to December 2006 Golden Star was the parent company of EURO (until June 2006) or its largest shareholder (until December 2006). Mr. James H. Dunnett, Directeur-Général, provides services to the Company through Xystus Holdings Corp. Ltd., of which Mr. Dunnett is chief executive and which is a 7.74% shareholder of EURO.

DISCLOSURE CONTROLS AND PROCEDURE

The Company has limited employees and subsidiary activities. Accordingly, the Directeur-Général and Vice Président Finance have reasonable assurance that material information relating to the Company and its consolidated subsidiaries are known to them and the Directeur-Général and Vice Président Finance have concluded that the Company's disclosure controls and procedures are effective.

TRANSACTIONS INVOLVING GOLDEN STAR RESOURCES LTD.**Memorandum of Understanding**

On March 26, 2007, EURO entered into 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;
- ii) the granting to EURO of an Option to settle for a single cash payment the remaining contingent payments payable in terms of the Rosebel acquisition agreement;
- iii) the agreement by Golden Star, subject to certain conditions, to provide an underwriting commitment of \$5 million to 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).

Further details of the agreement in respect of Paul Isnard properties and the Rosebel contingent payment Option are as follows:

Paul Isnard exploration properties in French Guiana

Under the amendment to the previous agreement with Golden Star on the Paul Isnard concessions and PER (the "Properties") held by EURO in French Guiana, Golden Star has agreed to certain exploration and development commitments and will pay a royalty on production as the purchase price of the transaction.

The principal terms of the agreement are:

- EURO will receive royalty payments from production on the Properties calculated as to:
 - 10% on the first two million ounces of production
 - 5% on the next three million ounces of production

in both cases multiplied by the market price of gold in excess of \$400/ounce. The market price of gold being determined as the simple average of the London PM gold fix for each calendar quarter.

- By November 2007, Golden Star will spend €1,215,000 on the Paul Isnard exploration permit held by EURO.
- Golden Star undertakes to complete a feasibility study on at least one project on the Properties within 12 months.
- Subject to a positive feasibility study, Golden Star will commence commercial production within 30 months.
- In the event of commercial production being delayed, Golden Star will pay advance royalties of \$1 million per annum.

Rosebel Royalty

Golden Star has granted an option to EURO to purchase the contingent future additional purchase payments due by EURO to Golden Star under the Rosebel Royalty purchase agreement. This Option provides for a cash payment of \$4,150,000 on or before June 30, 2007 with a right to extend the option period to December 31, 2007 for an addition of \$250,000 to the Option price for each quarter's deferral. The contingent future additional purchase payments to Golden Star are related to future production from Rosebel in excess of 2MM ounces of attributable production. Although such production is not expected to be achieved until 2010, the total additional payments to Golden Star could amount to \$20 million on production of the full 7 million attributable ounces of gold subject of the Rosebel Royalty.

TRANSACTION INVOLVING PATRICIA MINING CORP.

On March 14, 2007, EURO entered into a letter agreement with Patricia Mining Corp. ("PAT"), whereby PAT granted EURO an exclusivity period in which to complete due diligence in respect of a proposed acquisition of PAT for cash. On May 10, 2007, following a period of due diligence, EURO elected not to renew the letter agreement with PAT.

ADDITIONAL INFORMATION

Additional information relating to EURO Ressources S.A. is available on SEDAR at www.sedar.com. Information related to the Rosebel Royalty can be found at IAMGOLD's website at www.iamgold.com. Further requests for information should be addressed to:

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