EURO Ressources SA

A Gold Resource Royalty Company

Consolidated Financial Statements and Shareholder Report

Fiscal year ended 31 December 2007

PRICEWATERHOUSECOOPERS

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AUDITORS' REPORT

To the Shareholders of
Euro Ressources SA

We have audited the consolidated balance sheets of Euro Ressources SA for the years ended December 31, 2007 and December 31, 2006 and the consolidated statements of income, changes in consolidated equity and cash flows for each of the years in the two-year period ended December 31, 2007. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with International Standards of Auditing. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2007 and December 31, 2006 and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2007 in accordance with International Financial Reporting Standards as approved by the IASB.

PricewaterhouseCoopers LLP

Chartered Accountants

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I Consolidated Balance Sheets
(in thousands of €uro)

	Notes	As at 31 December 2007	As at 31 December 2006
NON-CURRENT ASSETS		**€16,204**	**€17,321**
Intangible assets	4	8,368	9,940
Property, plant and equipment	5	3	3
Other financial assets		4	7
Deferred tax	16	7,829	7,371
CURRENT ASSETS		**€3,587**	**€3,168**
Trade receivables and similar accounts	6	2,931	1,700
Other current assets	6	99	165
Cash and cash equivalents	7	557	1,303
TOTAL ASSETS		**€19,791**	**€20,489**
EQUITY – GROUP SHARE		**€5,776**	**€(1,427)**
Issued capital stock	8	606	504
Additional paid-in capital	8	45,634	38,387
Translation adjustment		810	319
Other reserves		(40,511)	(38,095)
Retained earnings		(763)	(2,542)
TOTAL EQUITY		**€5,776**	**€(1,427)**
NON-CURRENT LIABILITIES		**€7,846**	**€14,908**
Loans	10	447	4,387
Other financial debt	10	-	3,003
Derivative financial instruments	10	7,399	7,518
CURRENT LIABILITIES		**€6,169**	**€7,008**
Loans	10	1,603	2,060
Derivative financial instruments	10	2,615	3,548
Gold hedge liabilities	11	1,270	831
Trade payables and similar accounts	11	514	489
Other liabilities	11	168	80
TOTAL EQUITY & LIABILITIES		**€19,791**	**€20,489**

II Consolidated Income Statements
(in thousands of €uro)

		Fiscal Year Ended	
	Notes	31 December, 2007	31 December, 2006
Revenue from ordinary activities	12	8,086	7,275
Other operating Income	12		396
Operating expenses	13	(1921)	(2,020)
Depreciation and amortization expenses	15	(585)	(707)
Other income		9	169
Other expenses		(12)	(169)
OPERATING PROFIT		**€5,577**	**€4,945**
Financial income	14	166	167
Financial expenses	14	(7,444)	(8,559)
NET FINANCIAL EXPENSE		**€(7,278)**	**€(8,392)**
PROFIT (LOSS) BEFORE TAX		**€(1,701)**	**€(3,447)**
Future income tax recovery	16	938	905
NET PROFIT (LOSS) FOR THE YEAR		**€(763)**	**€(2,542)**
Net profit (loss)		**€(763)**	**€(2,542)**
EARNINGS (LOSS) PER SHARE			
Basic		**€(0.015)**	**€(0.050)**
Diluted		**€(0.015)**	**€(0.050)**

III Consolidated Cash Flow Statements

(in thousands of €uro)

	Notes	Fiscal Year Ended 31 December 2007	Fiscal Year Ended 31 December 2006
CASH FLOW RELATING TO OPERATING ACTIVITIES			
NET PROFIT (LOSS) FROM CONSOLIDATED COMPANIES		(763)	(2,542)
Elimination of expenses which do not have an impact on the cash flow and/or are not related to operating activities:			
Depreciation, amortization and provisions	15	585	707
Provisions		(8)	(169)
Deferred tax	16.2	(938)	(905)
Derivative financial instruments	14	2,334	4,021
Stock option expense		125	112
Impact of discounting other financial debt	14	317	352
Amortization of loan costs		31	-
Other		12	-
GROSS CASH FLOW FROM OPERATIONS GENERATED BY CONSOLIDATED COMPANIES BEFORE NET CHANGE IN OPERATING WORKING CAPITAL		**1,695**	**1,576**
Change in trade receivables and other current assets		(1,295)	(517)
Change in trade payables and other current liabilities		617	257
NET CHANGE IN OPERATING WORKING CAPITAL		**(678)**	**(260)**
NET CASH FLOW FROM OPERATING ACTIVITIES		**€1,017**	**€1,315**
CASH FLOW RELATING TO INVESTING ACTIVITIES			
AMOUNTS PAID TO PURCHASE FIXED ASSETS		(1)	(5)
NET CASH FLOW (USED IN) INVESTING ACTIVITIES		**€(1)**	**€(5)**
CASH FLOW RELATING TO FINANCING ACTIVITIES			
Capital increase in cash		7,348	470
Borrowings issued and capitalized interest		5	500
Borrowings repaid		(6,947)	(2,133)
Early settlement of derivative financial instrument		(2,096)	-
NET CASH FLOW RELATING TO FINANCIAL ACTIVITIES		**€(1,690)**	**€(1,163)**
Impact of changes in foreign exchange rates		(75)	(87)
CHANGE IN CASH AND CASH EQUIVALENTS		**€(746)**	**€60**
OPENING BALANCE		1,303	1,243
CLOSING BALANCE		557	1,303
INCREASE/(DECREASE)		(746)	60

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 1 January 2006	**494**	**37,928**	**(196)**	**(38,208)**		**18**
Capital Increase	10	459				469
Options Issued				113		113
Other			515			515
Loss for fiscal year 2006					(2,542)	(2,542)
Position as of 31 December, 2006 before appropriation of profit or loss	**504**	**38,387**	**319**	**(38,095)**	**(2,542)**	**(1,427)**
Appropriation of 2006 loss				(2,542)	2,542	**-**
Position as of 31 December, 2006 after appropriation of profit or loss	**504**	**38,387**	**319**	**(40,637)**	**-**	**(1,427)**
Capital Increase	101	7,247				7,348
Options Issued				126		126
Other			492			492
Loss for fiscal year 2007					(763)	(763)
Position as of 31 December, 2007 before appropriation of profit or loss	**606**	**45,634**	**810**	**(40,511)**	**(763)**	**5,776**

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".

Until June 2006, EURO was a subsidiary of Golden Star Resources Ltd. ("Golden Star"), a Canadian company which held more than 50% of the Company's issued share capital. Consequent on the sale of part of Golden Star's shareholding in June 2006 it then held less than a 50% shareholding and EURO was no longer a subsidiary of Golden Star. Golden Star has subsequently sold substantially all of its shareholding in EURO and has declared their shareholding to be less than 5%.

These consolidated financial statements have been approved for publication by the Board of Directors on 14 March 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 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.

1.3) List of Group companies

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

As at 31 December 2007, 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:

- IFRIC 12 "Service concession"
- IFRIC 13 "Customer loyalty"
- IFRIC 14 "The limit on a Defined Benefit Asset Minimum funding requirements and their interaction
- IAS 23R "Borrowing Costs"
- IAS 1R1 "Presentation of Financial statements - a revised presentation"

As at 31 December 2007 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 fiscal year ended 31 December, 2007 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 accounting estimates. The main ones are described in Note 2.3.

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 2007

Application of the following amendments and interpretations became obligatory with effect from the 2007 fiscal year:

- IFRS 7: Financial Instruments – Information to be provided on financial instruments (replacement of standard IAS 30, revision of standard IAS 32 and amendment of standard IAS 1}
- IAS 1: Amendment related to share capital (resulting from standard IFRS 7)
- IFRIC 10: Interim Financial Reporting and Impairment
- IFRIC 9: Reassessment of Embedded Derivatives
- IFRIC 8: Scope of IFRS 2 (Share Based Payment)
- IFRIC 7: Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies
- IFRIC 11: "IFRS 2": Group and Treasury Share Transactions

Having analyzed these amendments and interpretations, management concluded that they did not apply to the Group's operations with the exception of IFRS 7, IAS 1 and IFRIC 10.

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 2007. Among such new standards, interpretations and amendments, the Group has identified the following requirements which may apply to it during the coming years:

- IAS 23: Amendments to standard IAS 23 - Borrowing Costs
- IFRS 8: Operating Segments

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

2.2) Consolidated 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.

Intra-group 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 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, Macquarie loans and derivative liabilities 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 €uros. The €uro has therefore been defined as the presentation currency for the Group's consolidated accounts.

Bookkeeping and presentation of the accounts of consolidated companies

The individual books of account of each Group company are prepared in their respective functional or local currencies namely:

- EURO: in US dollars
- SOTRAPMAG: in €uros

and each are presented in €uros

Recognition of transactions in the functional currency

Transactions denominated in foreign currencies are recognized in amounts equating to 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 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 €uros, the results and financial position of each entity are converted into €uros on the basis of the individual entity accounts prepared in the functional currency.

For this purpose, a distinction is made between assets and liabilities, income and expenses and equity to which different consolidation rules apply.

➢ Assets and Liabilities

Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

➢ Income and expenses

Income and expenses for each income statement are translated at an average rate for the period;

➢ Equity

Equity is translated using the exchange rate at the date of the transaction.

➢ 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 income from gold mine royalties.

Second level:
Information analyzed by geographic segment: only one material segment has been identified, namely Canada. The Rosebel royalty emanates from Canada and accounts for 96% of the Company's operating revenue.

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 31 December, 2007.

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 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.

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 adjustment of the related prospective depreciation schedules.

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

2.8) Impairment of tangible and intangible fixed assets

Intangible assets with indefinite useful lives are systematically subjected to impairment testing at least annually as of 31 December 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 since inception and are revalued on the last day of each quarter using the London PM gold price in US dollars. 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 duration, and as a current asset or liability when the remaining maturity of the underlying is of less than 12 months duration.

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 based on volume of gold production or sales and the realized gold price or the London bullion market fixing. 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 and also includes foreign exchange gains/losses on financing and operational transactions, as well as changes in the fair value of derivative financial instruments.

2.18) Stock-based payments

The Company has implemented a stock subscription plan which authorizes the Board of Directors to grant stock subscription options to certain executives, managers and 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 an exercise period of up to 10 years and may have a vesting period of up to 3 years.

The fair value of the options granted is recognized as an operating expense at the time of vesting.

At each balance sheet date, the entity records the number of options outstanding, both exercisable and not-exercisable, and those forfeited or expired during the reporting period.

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 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 approx 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 10.4). 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/oz. 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/oz – 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 96% of its revenue in US dollars and 4% in €uros. Operational costs incurred in €uros exceed revenue denominated in €uros however, this risk is considered negligible since the excess of our €uro denominated expenses over revenue is a small proportion of total expenses.

(in 000s)		US $	€	C$	% exposed to currency translation
Revenue	€8,086	€7,763	€323	-	**96%**
Expenses	€9,951	€8,702	€883	€365	**87%**
Operational	*€1,921*	*€672*	*€883*	*€365*	*35%*
Financial	*€7,445*	*€7,445*	-	-	*100%*
Amortization	*€585*	*€585*	-	-	*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 forward contango on gold prices which is directly correlated to interest rates. As at 31 December 2007, our unliquidated mark-to-market loss on these positions was €10.1 million and a 1% p.a. increase or decrease in interest rates is estimated to increase or decrease the loss by €0.1 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 10.4).

3.2) Credit risk

The Group is subject to a concentrated credit risk with 96% of its (2007) 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 (see Note 10.1) and accordingly, variance in interest rates poses limited financial risk to the Group. Our financial indebtedness at 31 December 2007 was $3,07 million and with a scheduled duration of approximately 6 months. An adverse variance in interest rates of 1% per annum over the remaining term of the indebtedness would have an adverse impact of less than $20,000.

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 2005	Increase	Decrease	Translation adjustment	31 December 2006
Gross values					
Paul Isnard	4,642			(478)	4,164
Rosebel	12,963			(1,337)	11,626
Licenses	16		(16)		-
Total	**€17,621**	**-**	**€(16)**	**€(1,815)**	**€15,791**
Amortization					
Paul Isnard	(4,642)			478	(4,164)
Rosebel	(1,687)	(692)		153	(1,687)
Licenses	(16)		16		
Total	**€(5,805)**	**€(692)**	**€16**	**€631**	**€(5,851)**
Net values					
Paul Isnard	-	-		-	-
Rosebel	11,816	(692)		(1,184)	9,940
Licenses					

Total	**€11,816**	**€(692)**	**-**	**€(1,184)**	**€9,940**
	31 December 2006	**Increase**	**Decrease**	**Translation adjustment**	**31 December 2007**
Gross values					
Paul Isnard	4,164			(432)	3,732
Rosebel	11,626			(1,203)	10,423
Total	**€15,790**	**-**	**-**	**€(1,635)**	**€14,155**
Amortization					
Paul Isnard	(4,164)			432	(3,732)
Rosebel	(1,687)	(583)		215	(2,055)
Total	**€(5,851)**	**€(583)**	**-**	**€647**	**€(5,787)**
Net values					
Paul Isnard	-	-		-	-
Rosebel	9,939	(583)		(988)	8,368
Total	**€9,939**	**€(583)**	**-**	**€(988)**	**€8,368**

On 23 March 2007, EURO concluded 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 provides for a sale of Paul Isnard in exchange for a royalty consideration. This amendment remains subject to final documentation.

5) Property, plant and equipment

(in thousands of €uro)

	31 December 2005	Increase	Decrease	Translation adjustment	31 December 2006
Gross values					
Equipment and tools	86		(81)	(5)	-
Other property, plant and equipment	327	5	(309)	(18)	5
Total	**€413**	**€5**	**€(390)**	**€(23)**	**€5**
Depreciation					
Equipment and tools	(85)	(1)	81	5	-
Other property, plant and equipment	(315)	(14)	309	18	(2)
Total	**€(400)**	**€(15)**	**€390**	**€23**	**€(2)**
Net values					
Equipment and tools	1	(1)	-	-	-
Other property, plant and equipment	12	(9)	-	-	3
Total	**€13**	**€(10)**	**-**	**-**	**€3**

	31 December 2006	Increase	Decrease	Translation adjustment	31 December 2007
Gross values					
Other property, plant and equipment	5	2	-	(1)	6
Total	**€5**	**€2**	**-**	**€(1)**	**€6**
Depreciation					
Equipment and tools	-	-	-	-	-
Other property, plant and equipment	(2)	(2)	-	1	(3)
Total	**€(2)**	**€(2)**	**-**	**1**	**€(3)**
Net values					
Equipment and tools	-	-	-	-	-
Other property, plant and equipment	3	-	-	-	3
Total	**€3**	**-**	**-**	**-**	**€3**

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

Current assets	31 December 2007	31 December 2006
Trade receivables and similar accounts[1]	2,931	1,700
Subtotal of trade receivables and similar accounts	**2,931**	**1,700**
Tax and social security receivables	84	146
Prepaid expenses	15	19
Subtotal other current assets	**99**	**165**
Total	**€3,030**	**€1,865**

[1] Trade receivables include €2.851 million of amounts receivable from IAMGOLD. Included in this amount is a total of €0.3 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)

	31 December 2007	31 December 2006
Marketable securities [2]	54	48
Cash	472	884
Restricted cash [1]	31	370
Accrued interest receivable	-	1
Total	**€557**	**€1,303**

[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 31 December, 2007 the Company's share capital comprises 60,591,460 common shares with a nominal value of €0.01 per share.

The share capital of Company changed during the last two fiscal years, as detailed below:

	Number of shares	Nominal value	Share Capital (in 000 €uro)	Additional paid-in capital (in 000 of €uro)
As at 31 December 2005	**49,402,884**	**€0.01**	**€494**	**€ 37,928**
1 November 2006	40,000	€0.01	-	17
14 December 2006	1,000,000	€0.01	€10	440
Other (including issue expense				2
31 December 2006	**50,442,884**	**€0.01.**	**€504**	**€38,387**
4 April 2007	50,000	€0.01	€1	€9
22 November 2007	10,098,576	€0.01	€101	€7,238
As at 31 December 2007	**60,591,460**	**€0.01**	**€606**	**€ 45,634**

The company's share capital was increased as follows during 2007:

- €500 in April 2007 consequent on the exercise of exercised 50,000 stock options in respect of 50,000 common shares with a nominal value of €0.01 each. The additional paid in capital amounted to €8.6K.

- €101K in November 2007 pursuant to the rights issue to shareholders of one right for each share held: five rights entitled the holder to purchase one additional share on cash payment of €0.75. 10,098,576 common shares were issued with a nominal value of €0.01 each. Each share was subscribed for an issue price of €0.75. The additional paid-in capital amounted to €7,238K after deducting expenses related to the rights offering

9) Stock-based payments

EURO's Stock Option Plan permits the board of directors of EURO to grant of stock options to eligible participants at a minimum subscription price equal to 80% of the closing price on Euronext Paris during the 20 consecutive days of trading preceding the date of grant of the option.

During 2007, the stock options issued, granted and outstanding, were as follows::

	2007		2006	
	Average Exercise Price	Number (in 000)	Average Exercise Price	Number (in 000)
As of 1 January	**€0.73**	**1,475**	**€0.49**	**687**
Granted	€0.85	100	€0.97	975
Exercised	€0.21	(50)	€0.42	(40)
Expired	**-**	**-**	**€2.24**	**(147)**
As of 31 December	**€0.75**	**1,525**	**€0.73**	**1,475**
Not exercisable	€0.97	450	€0.97	675
Exercisable	€0.66	1,075	€0.54	800

The following are the maturities and prices for the stock options available at 31 December, 2007:

Year of maturity	Average exercise price	Number of Share Options
2014	€0.21	50,000
2015	€0.27	400,000
2016	€0.97	975,000
2017	€0.85	100,001

Options Granted:

On 26 February 2007, 50,001 options were granted vesting with effect of the date of the grant.
On 3 August 2007, 50,000 options were granted vesting with effect of the date of the grant.

Options Exercised:

On 4 April 2007, 50,000 options were exercised.

Options Vested:

On 1 January 2007 54,000 options vested and on 30 June 2007, 96,000 options vested as part of 600,000 options granted on 30 June 2006. The remaining 300,000 unvested options vest as to:

102,000 on 1 January 2008
48,000 on 30 June 2008
150,000 on 1 January 2009

On 30 October 2007, 75,000 options vested as part of 375,000 options granted on 30 June 2006. The remaining 150,000 unvested options vest as to:

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

subject, in each case, to the condition that the Optionee remain eligible at those dates.

10) Financial liabilities (in thousands of €uro)

	31 December 2007	31 December 2006
Macquarie Bank Limited loan	447	1,774
Golden Star loan	-	2,613
Other financial debt	-	3,003
Derivative financial instruments	7,399	7,518
Total non-current financial liabilities	**€ 7,846**	**€ 14,908**
Macquarie Bank Limited loan	1,597	1,936
Accrued interest on loans	5	124
Derivative financial instruments	2,615	3,548
Total current financial liabilities	**€ 4,217**	**€ 5,608**

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	3,067	$2,400	$667	-	-

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 10.4). At 31 December 2007, the Company was in full compliance with these financial ratios.

10.2) Golden Star loan

On 30 September 2005, the Company borrowed $3.0 million from Golden Star to assist in paying the second installment of the Rosebel royalty acquisition price. The loan carried interest until 31 December 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 the Macquarie loan is fully repaid, except from funds derived other than from the Rosebel royalty.

On 23 March 2007, EURO concluded a memorandum of understanding with Golden Star in terms of which Golden Star agreed to provide an underwriting commitment of $5 million to support a rights issue, and in consideration of that support, EURO agreed to fully repay the outstanding loan principal and interest from the proceeds of that rights issue. The rights issue was successfully closed in November 2007 and EURO received proceeds of €7.574 million. Following receipt of the rights issue proceeds, EURO fully repaid the loan from Golden Star in the amount of $3.723 million.

10.3) Other financial liabilities

In the memorandum of understanding with Golden Star dated 23 March 2007, Golden Star granted EURO an option to settle the contingent element of the Rosebel Royalty purchase price consideration $4.4 million. The Company exercised this option in September 2007 and made settlement from the proceeds of the rights issue in December 2007.

10.4) 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 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 the financial institution the difference between the average price and the settlement price for 5,700 ounces of gold.

Following the liquidation of hedges at their scheduled maturity and the liquidation of 8,000 ounces of the hedge in advance of their scheduled maturity, we had 37,600 ounces of gold derivative contracts outstanding at 31 December 2007, all at a contract price of $458.50, with the following maturities:

	2008				2009			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Gold ounces	3,200	3,200	3,700	4,700	5,700	5,700	5,700	5,700

At 31 December 2007 the negative fair value of the forward sale agreements for gold amounted to $14.7 million (€10 million) (compared to $14.610 million, or €11.1 million at 31 December, 2006) resulting in a loss of $3.2 million (€2.3 million). The Group has decided to account 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)

	31 December 2007	31 December 2006
Trade payables	514	489
Tax and social security liabilities	148	18
Golden Star	-	34
Gold hedge liabilities	1,270	831
Other liabilities [1]	20	28
Total	**€ 1,951**	**€ 1,400**

[1] Other liabilities mainly comprise directors' fees due in respect of the fourth quarter 2007

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

	For fiscal year ended 31 December	
	2007	2006
Rosebel Royalty	7,762	7,275
Other operating income	324	396
Total	**€ 8,086**	**€ 7,671**

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 from ordinary activities is from 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 fiscal year ended 31 December 2007	For fiscal year ended 31 December 2006
Other investment income	31	20
Foreign exchange gain	135	147
Total financial income	**€166**	**€167**
Interest on Macquarie loan	236	374
Effect of discounting other financial debt	317	352
Interest on Golden Star Loan	197	358
Foreign exchange loss	66	88
Financial instrument expenses	2,334	4,021
Gold hedge expenses	4,260	3,330
Other	34	35
Total financial expenses	**€7,445**	**€8,558**
Net financial income (expense)	**€(7,278)**	**€(8,391)**

15) Depreciation and amortization expenses

(in thousands of €uro)

	For fiscal year ended 31 December 2007	For fiscal year ended 31 December 2006
Amortization charge in respect of intangible assets	583	692
Depreciation charge in respect of plant, property and equipment	2	15
Total	**€585**	**€707**

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 fiscal year ended 31 December	
	2007	**2006**
Profit (loss) before tax	**€(1,701)**	**€(3,447)**
Theoretical tax calculated at the legal rate applicable in the country of each subsidiary	567	1,149
Tax related to non-taxable revenue items	-	(419)
Tax related to non-deductible expenses	-	303
Tax related to permanent differences	(80)	(38)
Utilization of tax losses carried forward	602	
Other	111	130
Translation adjustment	(262)	(220)
Effective tax	**€938**	**905**

The corporate income tax rate applied for fiscal year 2007 is 33 1/3%.

16.2) Tax Recovery (in thousands of €uro)

Corporate income tax recovery comprises the following:

	For fiscal year ended 31 December	
	2007	**2006**
Current income tax recovery/(expense)		
Deferred tax recovery on temporary differences and tax losses carried forward	938	905
Total	**€938**	**€905**

16.3) Deferred tax assets

Deferred tax assets amount to €7.82 million. The principal categories of deferred tax assets are:

- **Tax losses carried forward** of EURO, amounting to €13.1 million generating a deferred tax asset of €4.40 million.
- **Temporary difference**:
  Deferred tax asset arising from gold forward sale contracts: €3.4 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 5 years).

17) Earnings (loss) per share

Earnings (loss) 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 fiscal year ended 31 December	
	2007	2006
Net profit (loss) attributable to holders of common shares	€ (763)	€ (2,542)
Weighted average number of common shares	51,918,572	49,451,217
Earnings (loss) per Share		
Basic	**€(0.015)**	**€(0.050)**
Diluted	**€(0.015)**	**€(0.050)**

18) Related parties

Information on Related Parties:

	Xystus Holdings Corp. Ltd.
Presentation of related parties	XYSTUS which owns 7.74% 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. in 2007 were $0.28 million.

The information relating to director's compensation includes the payments of director's fees and stock subscription options granted.

Directors' fees:

Compensation to the directors of the Company for the fiscal years 2006 and 2007 was as follows:

Mr. James H. Dunnett: $5,250 paid in 2007 in respect of 2006, $14,250 paid in 2007 in respect of 2007 and $4,500 in respect of 2007 paid in 2008.

Mr. Allan J. Marter: $5,250 paid in 2007 in respect of 2006, $14,250 paid in 2007 in respect of 2007 and $4,500 in respect of 2007 paid in 2008.

Mr. Ian L. Boxall: $7,250 paid in 2007 in respect of 2006, $16,275 paid in 2007 in respect of 2007 and $5,550 in respect of 2007 paid in 2008.

Mr. Donald R. Getty: $7,250 paid in 2007 in respect of 2006, $16,275 paid in 2007 in respect of 2007 and $5,550 in respect of 2007 paid in 2008.

Mr. David Watkins: $5,500 paid in 2007 in respect of 2006, $16,275 paid in 2007 in respect of 2007 and $5,550 in respect of 2007 paid in 2008.

Mr. Jean-Pierre Prévot: $5,250 paid in 2007 in respect of 2006, $14,000 paid in 2007 in respect of 2007 and $4,000 in respect of 2007 paid in 2008.

Stock Subscription options:

In fiscal year 2007, the following stock subscription options were awarded to directors:

Jean-Pierre Prevot (Directeur-General Délégué of the Company): 50,000 options, all of which vested as of the date of the grant.

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. A further deduction was made against the royalty payable in January 2008 in respect to production in the fourth quarter of 2007. The total withheld and recorded by EURO as a receivable in these financial statements is $0.46 million (€0.31 million).

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 table below summarises by period the deductions made by IAMGOLD. EURO has made no risk provision against these amounts in the financial statements as management considers IAMGOLD's re-interpretation of the Participation Agreement is contrary to the contract and not in accord with the intentions of the original parties to the agreement, as demonstrated by four years of previous practice and payment.

	2005	2006	H1 2007	Q3 2007	Q4 2007
Amount withheld	$15,035	$174,665	$96,581	$66,388	$108,707

Management is confident that the amounts withheld by IAMGOLD will be paid at the conclusion of the arbitration process.