



MANAGEMENT'S DISCUSSION AND ANALYSIS 2008

Notice to Reader:

The accompanying management's discussion and analysis for the year ended 31 December 2008 has been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. The Company's auditors have reviewed the management's discussion and analysis. Financial information is presented in Euros and, where appropriate, in United States dollars, in accordance with International Financial Reporting Standards as adopted by the European Union. Readers are cautioned that these statements contain certain forward-looking information as described in management's discussion and analysis.

MANAGEMENT OF THE COMPANY

List of the directors and officers as of 26 February 2009

Ian L. Boxall²

Businessman
George Town, Grand Cayman, Cayman Islands

Carol T. Banducci⁴

Chief Financial Officer
IAMGOLD Corporation
Toronto, Ontario, Canada

Susanne A. Hermans

Vice-Président, Finance and Directeur-Général Délégué
EURO Ressources S.A.
Littleton, Colorado, USA

Paul B. Olmsted⁴

Senior Vice President Corporate Development
IAMGOLD Corporation
Toronto, Ontario, Canada

Larry E. Phillips³

Directeur-Général,
EURO Ressources S.A.
Senior Vice President Corporate Affairs
IAMGOLD Corporation
Toronto, Ontario, Canada

Ian Smith^{1,2}

President and Chief Executive Officer
Santa Fe Metals Corp.
Vancouver, British Columbia, Canada

David H. Watkins^{1,2,5}

President
EURO Ressources S.A.
President and Chief Executive Officer
Atna Resources Ltd.
Vancouver, British Columbia, Canada

(1) Member of the Compensation Committee.

(2) Member of the Audit Committee.

(3) Larry E. Phillips was appointed as Directeur-General on 14 January 2009, following the resignation of James H. Dunnett as Directeur General.

(4) Carol T. Banducci and Paul Olmstead were appointed as Directors on 14 January 2009, following the resignations of both Allan J. Marter and Donald R. Getty

(5) David Watkins was appointed as President of the Board of Directors following the resignation of Allan J. Marter on 14 January 2009

Stock Exchange Listing

EURONEXT, Compartment C - continuous
Symbol: EUR

Toronto Stock Exchange
Symbol: EUR

Registrar and Transfer Agent

Questions regarding the change of stock ownership, consolidation of accounts, lost certificates, change of address and other such matters should be directed to:

BNP Paribas GCT

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Immeuble Tolbiac
75450 Paris Cedex 09
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Equity Transfer and Trust Company

Attention: Shareholder Services
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Toll Free: 1 (866) 393-4891
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Fax: (416) 361-0470
E-Mail: info@equitytransfer.com

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92208 Neuilly-sur-Seine cedex
France

Co-Auditors

S&W Associés
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75116 Paris
France

Registered Office

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75001 Paris
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Société anonyme with a share capital of €624,964.61
SIRET 390 919 082

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

The following discussion and analysis is prepared as at 26 February 2009 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 Euros and in accordance with International Financial Reporting Standards as adopted by the European Union.

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 prepares its consolidated accounts in Euro which is 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 Rosebel, its term loans and gold hedge liabilities. Therefore, management has presented certain data in this MD&A in US dollars. All dollar amounts are United States dollars (US dollars or \$), unless otherwise designated.

The currency exchange rate used to present the financial statements in Euro is €1 = \$1.40974 for balance sheet items at 31 December 2008 (€1 = \$1.47285 as at 31 December 2007). The average currency exchange rate for the twelve months ended 31 December 2008, used to present the consolidated income and cash flow statements, is \$1.47134 (2007: €1 = \$1.37074).

STATEMENTS REGARDING FORWARD-LOOKING INFORMATION

This MD&A 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 Annual 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 certain gold exploration properties in French Guiana and royalties 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 payments from IAMGOLD on this royalty.

Effective December 2, 2008, IAMGOLD became the parent company of EURO when it acquired 43.4 million shares (being 71.6% of the Company) through a successful tender offer. The tender offer was then re-opened, and by December 31, 2008, IAMGOLD had acquired additional shares to own 52.8 million shares, or 84.5% of the Company.

The Company's gold property interests in French Guiana primarily consist of eight concessions and an exploration permit at Paul Isnard. Consequent on the review of environmental matters related

to mining activity in French Guiana, currently being undertaken by the French Government, there is uncertainty as to the areas where mining activity may be permitted in French Guiana.

2008 compared to 2007

We had revenue of €12.43 million in 2008 compared to €8.09 million in 2007, an increase of 54%. Substantially all of this revenue is income from the Rosebel royalty. The Rosebel gold mine produced 331,131 ounces of gold during 2008 (2007: 276,085 ounces of gold), an increase of 20%. This increase relates in part to improvements in throughput, cut-off grade optimization and recovery and also due to the fact that there was no strike at the Rosebel mine in 2008 as there had been during 2007. Liquidated hedging costs associated with our scheduled loan repayments in 2008 were €0.96 million (2007: €6.59 million) providing net revenue after hedging of €11.47 million (2007: €1.49 million). This increase in net revenue reflects the higher gold production at the Rosebel mine and the increase in the average price of gold for the year of \$871.96 per ounce of gold as compared to \$695.36 per ounce of gold in 2007.

General and administrative expenses were €4.02 million, including €0.13 million associated with the IAMGOLD arbitration and €1.97 million of costs associated with the takeover bid by IAMGOLD. Excluding these costs, there was a marginal reduction in G&A costs compared to the €1.92 million of similar expenses in 2007. These expenses are still high due to the dual listing on the Euronext, Bourse de Paris in France and the Toronto Stock Exchange. Interest expense decreased in 2008 to €0.07 million (2007: €0.43 million), an 84% decrease reflecting the full repayment of the loan to Macquarie Bank Limited in the beginning of December (“Macquarie”) and no repayments in 2008 to Golden Star Resources Ltd. (“Golden Star”), since the debt was repaid in full at the end of 2007.

The decrease in amortization expenses to €0.47 million (2007: €0.59 million), a 20% decrease, reflects the change in accounting estimate of the resources at Rosebel to include the full amount of the remaining ounces under the Rosebel Participation Right royalty, which resulted in a higher resource base for computing the amortization per ounce of production.

Notwithstanding the economic effectiveness of the derivatives used to hedge certain of the future cash flow from the Rosebel royalty, implemented as a requirement of our loan from Macquarie, we have recognized against income the total unrealized mark-to-market position of our outstanding gold hedge position.

We have recognized a future tax credit in the 2008 balance sheet of €5.55 million being €0.81 million against the unrealized mark-to-market position at year-end and €4.65million in respect to cumulative net operating losses.

The profit for 2008 of €4.68 million (€0.078 per share) compares to a loss of €0.76 million (€0.015 per share) for 2007.

Q4 2008 compared to Q4 2007

EURO had revenue of €3.21 million in the quarter ended 31 December 2008 compared to €2.80 million in the fourth quarter of 2007, an increase of 15%. Substantially all of this revenue is income from the Rosebel royalty. The Rosebel gold mine produced 89,651 ounces of gold in the fourth quarter of 2008, a 7 % increase from the 83,438 ounces of gold produced in the fourth quarter of 2007. The increase in revenue from Rosebel also reflects the marginal increase of less than 1% in the average gold price to \$794.76/ounce for the fourth quarter of 2008 compared to \$786.25/ounce for the same period last year.

The proportion of gold production from hard rock increased to 31.9% from 29.5% in the fourth quarter of 2008 giving an effective participation threshold price of \$315.95 this quarter compared to \$314.75 in the comparative period of 2007: the resultant payable amount per ounce of attributable gold production increased from \$471.50 to \$478.81, an increase of only 2%, due to the fact that there was only a 1% increase in the price of gold, and a 7% increase in gold production.

EURO had no scheduled gold hedging maturities during the fourth quarter of 2008. During the fourth quarter of 2007, EURO had €1.48 million in net revenue after deduction from revenue of hedging costs of €1.32 million, which costs arose from scheduled maturity of derivative gold hedges during that period. In the fourth quarter of 2008, we liquidated the gold hedges scheduled to mature in the second quarter of 2009 and half of the gold hedge scheduled to mature in the third quarter of 2009. The liquidated loss of €2.74 million associated with the early liquidation of this gold hedge is offset by the decrease over the period in the negative mark-to-market value for the outstanding gold hedges of €2.70 million resulting in a net financial loss in the fourth quarter of €0.04 million.

General and administrative expenses in the fourth quarter of 2008 were €2.55 million, including €0.07 million associated with the IAMGOLD arbitration and €1.79 million of costs associated with the unsolicited takeover bid. Excluding these costs, there was a 114% increase in G&A costs compared to the €0.32 million of similar expenses in the fourth quarter of 2007 due to the fact that the expenses related to the takeover bid included €890K related to the severance payments that were held in escrow at the end of 2008 and legal and professional expenses related to the rights issue of 2007 were capitalized and treated as a reduction in paid-in-capital.

OUTLOOK

During 2009, the Rosebel royalty is expected to provide increased cash flow to the Company as compared to 2008, assuming the forecast increase in production at Rosebel is achieved and currently higher gold prices are maintained. The net cash-flow will be further increased by a reduction in the scheduled liquidation of the gold hedge in 2009 of 8,550 ounces compared to a comparable reduction in 2008 of 29,050 ounces. The net cash flow will also be increased because the debt owed to Macquarie was settled in full in the beginning of December 2008. Additional fair value derivative losses, primarily reflecting increased gold prices, may adversely affect our stated earnings; however this accounting treatment will not directly impact cash-flow. We expect our cash-flow will be adequate to meet all corporate and related expenses, including scheduled debt service.

KEY FINANCIAL DATA

All financial data in table is in thousands of Euro except per share data

Annual data - financial year ended 31 December

	2008	2007	2006
Total revenue	€12,437	€8,086	€ 7,671
Loss on derivatives	(961)	(6,594)	(7,351)
Total revenue less loss on derivatives	11,476	1,492	320

Net profit (loss) before tax	6,991	(1,701)	(3,447)
Income tax (expense) recovery	(2,307)	938	905
Net profit (loss)	4,684	(763)	(2,542)
Earnings (loss) per share, basic	0.078	(0.015)	(0.050)
Earnings (loss) per share, fully diluted	0.078	(0.015)	(0.050)
Total assets	18,366	19,791	20,489
Total long-term financial liabilities	-	7,846	14,908
Cash dividends declared	Nil	Nil	Nil

Quarterly data in thousands of Euro except per share data

	2008	2008	2008	2008
	Q4	Q3	Q2	Q1
Net Revenue	€3,149	€4,210	€2,577	€1,540
Cash provided by (used) in operating	1,146	2,445	1,406	1,065
Net profit (loss)	456	2,202	1,236	791
Net profit (loss) per share, basic	0.007	0.04	0.02	0.01
fully diluted – per share	0.007	0.04	0.02	0.01

	2007	2007	2007	2007
	Q4	Q3	Q2	Q1
Net Revenue	€(148)	€(1,234)	€2,503	€363
Cash provided by (used) in operating activities	813	463	(404)	145
Net profit (loss)	(582)	(1,521)	1,670	(330)
Net profit (loss) per share, basic	(0.01)	(0.03)	0.03	(0.00)
fully diluted – per share			0.03	

LIQUIDITY AND CAPITAL RESOURCES

Consolidated cash and cash equivalents at 31 December 2008 totaled €0.5 million, and there was no restricted cash at the end of 2008 because we repaid the last installment of our loan to Macquarie and we were permitted to withdraw the remaining funds from the restricted cash account to pay expenses related to the tender offer by IAMGOLD. We expect to have sufficient cash flow to fund our on-going operational needs and to provide sufficient resources to investigate acquisition opportunities.

In December 2008, we liquidated 8,550 ounces of our gold hedge position (scheduled for settlement in January 2009) resulting in a remaining outstanding hedge position of 8,550 ounces at year-end. We intend to use available liquidity from time to time to further liquidate this hedge ahead of its scheduled maturity, but consistent with our other liquidity requirements.

As a consequence of not recording the contingent Rosebel royalty for 2008 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, and our hedging program assures certain minimum revenue per ounce of production, we have adequate liquidity to meet our obligations as they become due.

HEDGING

As required by the loan agreement from Macquarie, we entered into a cash-settled forward sales agreement in January 2005 which obligated us to sell 5,700 ounces of gold to the financial institution at the end of each calendar quarter, beginning 31 March 2005 and every three months thereafter until 30 June 2007. Settlement occurs at the end of the month following the calendar quarter. During the third quarter 2005, we entered into a further similar cash settled forward sales contract which obligates us to sell a further 5,700 ounces of gold to Macquarie at the end of each calendar quarter, beginning in the third quarter of 2007 until 31 December 2009. In both contracts, cash settlement occurs on the 29th day of the month following the end of the calendar quarter.

In terms of these cash settled forward sales contracts, when the average price for 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 was \$421.00. It is \$458.50 for the second series of sales.

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. Since the Rosebel royalty is calculated quarterly on the average gold price and 10% of attributable production, the 5,700 ounces of each quarterly contract represent a hedge of 57,000 of attributable production per quarter.

Following the liquidation of hedges at their scheduled maturity and the liquidation of hedges in advance of their scheduled maturity, we had 8,550 ounces in gold derivative contracts outstanding at 31 December 2008, all at a contract price of \$458.50, with the following maturities:

	2009				
Scheduled Maturity	Q1	Q2	Q3	Q4	Total
Gold ounces	-	-	2,850	5,700	8,550

DEBT AND CONTRACTUAL OBLIGATIONS

In early December 2008 we paid the last installment of our debt to Macquarie, including accrued interest. This was in advance of our scheduled maturity of January 29, 2009. Therefore at the end of December 2008, we had no debt and contractual obligations.

SHARE CAPITAL

As at 31 December 2008 and the date of this report, we had 62,496,461 common shares outstanding with a par value of €0.01 per share. We issued 1,905,001 new shares during the twelve months ended 31 December 2008 upon the exercise of stock options. As at 31 December 2008 and the date of this report, our share capital was:

Par	€ 625
Premium	<u>46,976</u>
Total Share Capital	<u>€ 47,601</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.

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.

RELATED PARTY TRANSACTIONS

Following the successful completion of the tender offer that was launched by IAMGOLD in the third quarter of 2008, Mr. James H. Dunnett, Directeur-Général from June 2004 until December 2007, resigned as Director of the company on 31 December 2008 and as Directeur-General on 14 January 2009. Mr. Larry E. Phillips, Senior Vice President, Corporate Affairs of IAMGOLD was appointed a Director on 31 December 2008 and as Directeur-General on 14 January 2009. IAMGOLD holds 84.55% of all outstanding shares.

PAUL ISNARD

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 signing the memorandum, however Golden Star has not completed the required feasibility study.

Consequent on the review of environmental matters related to mining activity in French Guiana, currently being undertaken by the French Government, there is uncertainty as to the areas where mining activity may be permitted in French Guiana. Until such time as this review is concluded,

anticipated sometime in late summer 2009, it is not expected that significant further activity will be undertaken on Paul Isnard.

LITIGATION IN CANADA BETWEEN EURO AND GOLDEN STAR

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. Golden Star also seeks monetary damages. EURO considers Golden Star's claim to be without merit.

ARBITRATION

In October 2007, IAMGOLD withheld a portion of the Rosebel royalty then due to EURO. This deduction was 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, July and October 2008 in respect to production in the fourth quarter of 2007 and the first three quarters of 2008. Management believed that there was no basis for such a computation under the Participation Agreement between Cambior (now IAMGOLD) and EURO. Consequently, EURO objected to the deduction and sought arbitration as provided for in the Participation Agreement. In late November 2008, the arbitrator ruled in favor of EURO. Subsequently IAMGOLD paid EURO the full amount of the deductions, which amounted to \$0.976 million, which included interest for a few days (€0.72 million). The royalty receivable for the fourth quarter of 2008 includes the full amount of the royalty receivable without deductions.

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 was 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 diluted shares.

On 2 December 2008, the AMF announced preliminary results of the tender offer made by IAMGOLD. The total number of shares that had been tendered was 43.4 million shares representing 71.6% (69.4% on a fully-diluted basis); in excess of the minimum threshold set by IAMGOLD of 50% + 1 share. The takeover bid for EURO was successful.

In early December 2008, the offer reopened with the same conditions as before allowing shareholders who previously held off from tendering their shares to do so. The offer closed on 17 December 2008 and the AMF announced in late December that IAMGOLD now controlled 84.6% of the outstanding and fully diluted shares of the company.

DISCLOSURE CONTROLS AND PROCEDURE AND INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company has no employee and limited 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 and internal control over financial reporting are effective.

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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