



MANAGEMENT'S DISCUSSION AND ANALYSIS 2011

Notice to Reader:

The accompanying management's discussion and analysis for the year ended December 31, 2011 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 International Accounting Standards Board. Readers are cautioned that this financial information contains certain forward-looking information as described in management's discussion and analysis.

MANAGEMENT OF THE COMPANY
List of the directors and officers as of March 15, 2012

Ian L. Boxall²

Businessman
George Town, Grand Cayman, Cayman Islands

Susanne A. Hermans

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

Benjamin Little³

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

Paul B. Olmsted

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

Ian Smith^{1,2}

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

Brian Trnkus³

Directeur-General
EURO Ressources S.A.
Vice President Finance and Corporate Controller
IAMGOLD Corporation
Toronto, Ontario, Canada

David H. Watkins^{1,2}

President
EURO Ressources S.A.
Executive Chairman
Atna Resources Ltd.
Vancouver, British Columbia, Canada

- (1) Member of the Compensation Committee.
- (2) Member of the Audit Committee.
- (3) Brian Trnkus was appointed as Directeur-Général and Benjamin Little was appointed as director following Larry Phillips' resignation as Directeur-Général and Director after the annual shareholders' meeting on June 21, 2011.

Stock Exchange Listing

EURONEXT, Compartment B - continuous

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
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Attention: Shareholder Services
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Auditors

PricewaterhouseCoopers Audit
Crystal Park
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France

Co-Auditors

S&W Associés
8 avenue du Président Wilson
75116 Paris
France

Registered Office

EURO Ressources S.A.
23 rue du Roule
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Société anonyme with a share capital of €24,965
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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following management's discussion and analysis ("MD&A") is prepared as at March 15, 2012 and should be read in conjunction with, and is qualified by, the Company's 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 International Accounting Standards Board.

INTRODUCTION

EURO Ressources S.A. ("EURO" or the "Company") is a French company and is listed on Euronext in Paris. The Company prepares its accounts in Euros which is the presentation currency for its 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 the Rosebel royalty. Therefore, management has presented certain data in this MD&A in US dollars. All dollar amounts are United States dollars (US dollars or \$) or Canadian dollars ("C\$"), unless otherwise designated.

The currency exchange rate used to present the financial statements in Euro was € for \$1.2939 for balance sheet items at December 31, 2011 (\$1.3287 as at December 31, 2010). The average currency exchange rate for the twelve months ended December 31, 2011, used to present the Company's income and cash flow statements, was \$1.3920 (2010 – \$1.32789), except for significant transactions, where they are translated at the exchange rate of the date of the transaction.

STATEMENTS REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains forward-looking statements, with respect to the Company's 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 the Company believes that its plans, intentions and expectations reflected in these forward-looking statements are reasonable, the Company 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.

OVERVIEW

EURO currently owns a royalty (the "Rosebel royalty") on the Rosebel gold mine in Suriname which is owned and operated by IAMGOLD Corporation ("IAMGOLD"). EURO receives quarterly payments from IAMGOLD on this royalty.

The Rosebel royalty paid by IAMGOLD applies to the first 7 million ounces of gold produced from the mine and the related payments are calculated on the basis of gold production at the Rosebel mine and the market price of gold based on the London PM fixing price. As of December 31, 2011 the Rosebel mine has produced 2.8 million ounces of gold and there remains 4.2 million ounces of gold under the royalty contract.

This amount is calculated based on 10% of the excess gold market price above US\$300 per ounce for soft and transitional ore, and above US\$350 per ounce for hard rock ore, and, in each case, after deducting a fixed royalty of 2% of production paid in-kind to the Government of Suriname.

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. From January 1, 2009 to December 31, 2011, IAMGOLD acquired additional shares of the Company increasing its ownership to approximately 86%.

RESULTS OF OPERATIONS

2011 compared to 2010

EURO recorded a net profit of €23.15 million (€0.370 per share) for 2011 compared to €18.52 million (€0.296 per share) for 2010.

EURO recorded revenues of €37.02 million for 2011, an increase of 30% compared to revenues of €28.58 million for 2010. The revenues are essentially attributable to the Rosebel royalty with €6.77 million (2010: €28.40 million) earned from Rosebel. The Rosebel gold mine produced 405,544 ounces of gold during 2011, which compares to 415,521 ounces of gold during 2010, a decrease of 2%. The 30% increase in revenues is primarily due to the record gold prices achieved during 2011. The average gold price for 2011 was \$1,572 per ounce as compared to \$1,225 for 2010, an increase of 28%.

Operating expenses for 2011 were €0.96 million, an 8% reduction compared to €1.04 million in 2010; this continues to reflect the general decline in activity for EURO.

The 6% decrease in amortization expense to €0.61 million (2010: €0.65 million), is partly due to the 2% decrease in production, and the strengthened Euro currency.

EURO recorded other income of €0.18 million in 2011, related to the cash and shares received from COLUMBUS Gold Corporation for the pre-exercise payment in connection with the Option agreement entered into in early December 2011; this compares to €0.57 million related to the sale of Société des Travaux Publics et de Mines Aurifères en Guyane S.A.S. (“SOTRAPMAG”) in 2010. Refer to “OPTION AGREEMENT WITH COLUMBUS GOLD CORPORATION” for further explanation.

EURO recorded financial income in 2011 of €1.10 million, which compares to €0.42 million in 2010. A foreign exchange gain for both 2011 and 2010 was recognized due to the conversion of the issuance premium distributions that originated from the euro currency.

EURO recorded a foreign exchange expense in 2011 of €1.39 million, which compares to €0.10 million in 2010. The foreign exchange loss in 2011 is due in large part to the loss recognized from the income tax installments and the revaluation of the euro denominated bank accounts at the end of 2011. As EURO’s income has increased, so have EURO’s tax expense and the related income tax installments.

Three months ended December 31, 2011 compared to three months ended December 31, 2010

EURO recorded a net profit of €7.55 million (€0.121 per share) for the fourth quarter of 2011 compared to a net profit of €8.09 million (€0.130 per share) for the fourth quarter of 2010.

EURO recorded revenues of €1.68 million for the fourth quarter of 2011, an increase of 20% as compared to €0.75 million for the fourth quarter of 2010. Substantially all of this revenue is income from the Rosebel royalty. The Rosebel gold mine produced 109,673 ounces of gold during the fourth quarter of 2011, a 13% decrease from the 125,506 ounces of gold produced during the fourth quarter of 2010. The increase in revenues is primarily explained by the record average gold price for the quarter ended December 31, 2011 of \$1,686 per ounce as compared to \$1,367 per ounce for the fourth quarter of 2010, an increase of 23%.

The decrease in amortization expense to €0.17 million for the fourth quarter of 2011 as compared to €0.19 million for the fourth quarter of 2010, a decrease of 11%, reflects primarily the 13% decrease in production for the quarter ended December 31, 2011 compared to the same period in 2010.

EURO recorded other income of €0.18 million in the quarter ended December 31, 2011, related to the cash and shares received by COLUMBUS Gold Corporation for the pre-exercise payment in connection with the Option agreement entered into in early December 2011; this compares to €0.65million related to the sale of SOTRAPMAG in the fourth quarter of 2010.

OUTLOOK

Over the twelve months of 2012, the Rosebel royalty is expected to provide cash flow to the Company of approximately €9 - €12 million (US\$55 -US\$59 million). These pre-tax numbers assume that EURO is, using a gold price of \$1,700 per ounce and an exchange rate of € for US\$1.4. The Rosebel royalty production is anticipated to be approximately between 390,000 and 415,000 ounces in 2012. EURO's cash flow will primarily be affected by income tax payments, since there are no more tax losses carried forward to offset any future revenue. EURO expects its cash-flow will be adequate to meet all corporate and related expenses.

KEY FINANCIAL DATA

The following financial information for the years of 2009 - 2011 is presented in thousands of Euros, except per share data.

| | 2011 | 2010 | 2009 |
|------------------------------------|----------|----------|---------|
| Revenues | €37,023 | €28,584 | €19,452 |
| Loss on derivatives | - | (1,803) | (1,178) |
| Net Revenue | 37,023 | 26,781 | 18,274 |
| Profit before tax | 35,344 | 25,997 | 16,418 |
| Income tax expense | 12,194 | (7,476) | (5,644) |
| Net profit | 23,150 | 18,521 | 10,774 |
| Earnings per share, basic | 0.370 | 0.296 | 0.172 |
| Earnings per share, fully diluted | 0.370 | 0.296 | 0.172 |
| Total assets | 25,648 | 31,835 | 26,208 |
| Total non-current liabilities | 137 | 143 | - |
| Payment of issuance premium | (29,373) | (17,499) | - |
| Issuance premium payment per share | €0.47 | €0.28 | - |

Quarterly data in thousands of Euros, except per share data

| | 2011 Q4 | 2011 Q3 | 2011 Q2 | 2011 Q1 |
|---|------------|------------|------------|------------|
| Revenues | €1,685 | €9,965 | €7,478 | €7,895 |
| Cash provided by (used in) operating activities | 9,071 | 5,744 | (722) | 8,800 |
| Net profit | 7,555 | 5,850 | 4,465 | 5,280 |
| Net profit per share, basic | 0.121 | 0.094 | 0.071 | 0.084 |
| Net profit per share, diluted | 0.121 | 0.094 | 0.071 | 0.084 |

| | 2010 Q4 | 2010 Q3 | 2010 Q2 | 2010 Q1 |
|---------------------------------------|------------|------------|------------|------------|
| Revenues | €9,750 | €7,374 | €5,853 | €5,607 |
| Cash provided by operating activities | 4,228 | 7,560 | 4,374 | 5,622 |
| Net profit | 8,096 | 4,478 | 2,478 | 3,469 |
| Net profit per share, basic | 0.130 | 0.072 | 0.040 | 0.056 |
| Net profit per share, diluted | 0.130 | 0.072 | 0.040 | 0.056 |

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents at December 31, 2011 totaled €5.58 million (2010: €13.29 million). All of the cash and cash equivalents are unrestricted. EURO expects to have sufficient cash flow to fund its on-going operational needs.

During 2011, EURO has continued to invest some of its cash surplus in money market investments that were compliant with its short-term investment strategy to ensure reasonable return with an appropriate level of risk.

SHARE CAPITAL

As at December 31, 2011 and the date of this report, the Company had 62,496,461 common shares outstanding with a par value of €0.01 per share.

There were no shares issued during 2010 and 2011.

During the Annual Shareholders Meeting held on June 21, 2011 in Paris, the shareholders approved the distribution of an issuance premium, in the maximum amount of €29.4 million, which was paid in two installments:

- The first installment occurred on July 11, 2011 in the amount of €0.28 per share, totaling €7.5 million.
- The second installment occurred on November 14, 2011, in the amount of €0.19 per share, totaling €1.9 million.

The issuance premium is related to the shareholders' paid-in-capital anytime there was an issuance of capital by EURO less the par value. The distribution is tax-free for all shareholders.

The amount of the approved distribution of issuance premium represents excess cash not required for operations.

Any future distributions of dividends will be proposed by the Board of Directors after taking into account various factors, including EURO's operating results, financial condition, current and anticipated cash needs, and will be subject to shareholders' approval.

As at December 31, 2011 and the date of this report, the Company's share capital was (in millions of Euro):

| | |
|----------------------------|-------------|
| Par | €0.6 |
| Additional Paid-In-Capital | <u>0.1</u> |
| Total Share Capital | <u>€0.7</u> |

CRITICAL ACCOUNTING ESTIMATES

Preparation of EURO's 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 or amortization, future royalty payments, equipment, and expense accruals are subject to estimates and assumptions regarding reserves, gold recoveries, future gold prices and future mining activities.

Until the end of 2009, the Company had written off substantially all of its investments in exploration properties in French Guiana based upon its previous assessments of the amounts recoverable from these properties. However, through the completed settlement agreement with Golden Star Resources Ltd. ("Golden Star") in late 2009, it was determined that the recoverable value of the Permis Exclusif de Recherches ("PER") needed to be updated. Since the application for the renewal of the PER was still under review by the French authorities at December 31, 2011, the ascribed value of (750,000) (€80,000) still stands. Refer to "ASSETS HELD FOR SALE" for further explanation.

RELATED PARTY TRANSACTIONS

Mr. Brian Trnkus, Vice-President, Corporate Controller of IAMGOLD was appointed as Director of EURO on August 10, 2010, and as Directeur-Général on June 21, 2011, following the resignation of Mr. Larry E. Phillips. IAMGOLD holds directly approximately 86% of all outstanding shares.

Compensation to the key management officers of the Company for the fiscal year 2011 was as follows:

Ms. Susanne Hermans received \$150,000 in 2011 in respect of 2011.

The other officers did not receive any compensation during 2011. Compensations of officers that are also senior executives of IAMGOLD are included in management fees paid to IAMGOLD.

ASSETS HELD FOR SALE

The "Paul Isnard properties" are comprised of eight mineral concessions held by SOTRAPMAG and the Paul Isnard Permis Exclusif de Recherches ("PER") held by EURO, (collectively, the "Paul Isnard Properties").

In 2009, EURO agreed to transfer ownership of SOTRAPMAG and of EURO's interest in the PER to Auplata S.A. ("AUPLATA") in exchange of a royalty on gold production from the Paul Isnard Properties. The royalty will be equal to the difference between the market price of an ounce of gold and US\$400 multiplied by 10% of gold production up to two million ounces and by 5% of gold production between two and five million ounces. The completion date of the transfers to AUPLATA was initially expected by June 2010 pending the approval of the transfer of SOTRAPMAG and of the PER by the French authorities.

Paul Isnard PER

In January 2010, EURO was notified by the French Authorities that the PER could not be renewed after November 2010. For this reason, EURO in agreement with AUPLATA applied for an operating permit (Permis d'exploitation ("PEX")), which was filed on November 30, 2010. This application expires on May 30, 2013. This application also encompasses a transfer of the PEX to SOTRAPMAG, once granted. The PEX covers a much smaller area (14.4 square kilometers), but the area that it covers has been subject to a prefeasibility study. No application for a PEX can be made if it cannot be demonstrated that substantial work has been performed and that there is economic viability. As at December 31, 2011, the PEX had not been granted yet.

As a result of the settlement agreement for the transfer of Paul Isnard Properties, the recoverable value of the PER was updated as at December 31, 2009. At the end of December 31, 2011, it was determined that this value is still justified based on the following reasons:

- 1) The mining plan ("schéma minier") in French Guiana has been approved
- 2) COLUMBUS Gold Corporation ("COLUMBUS") has entered into an Option agreement with AUPLATA related to the Paul Isnard Properties. (see OPTION AGREEMENT WITH COLUMBUS for further explanation).
- 3) In 2010 and 2011, the price of gold reached record levels, which could justify expedient exploration and exploitation on these properties.

As a consequence, as at December 31, 2011, EURO maintains the reinstatement of the PER net value of \$750,000 (€80,000) in its books.

Paul Isnard Concessions

On October 22, 2010, SOTRAPMAG was transferred to AUPLATA. EURO recorded an intangible asset related to the royalty on gold production from the concessions in the amount of \$750,000.

On December 5, 2011, EURO entered into an Option agreement with COLUMBUS that would allow for the restructuring of the Paul Isnard royalty ("Paul Isnard Concessions and the Paul Isnard PER").

The last step in finalizing this sale of the Paul Isnard royalty is the approval from the French Authorities. For this reason, EURO has decided to transfer its Paul Isnard concessions from intangible assets to assets held for sale as at December 31, 2011.

OPTION AGREEMENT WITH COLUMBUS GOLD CORPORATION

On December 5, 2011, EURO entered into an option agreement with COLUMBUS that would allow for the restructuring of the Paul Isnard royalty held by EURO on the properties in French Guiana (the "Option"). The Option agreement was subject to TSX Venture approval, which was received on December 22, 2011.

The Option provides COLUMBUS with the ability to purchase from EURO the existing Paul Isnard royalty in return for cash, shares of COLUMBUS and a retained net smelter royalty. The Option is only exercisable when COLUMBUS has earned a 100% direct or indirect interest in the Paul Isnard Properties. EURO maintains the right to compel Columbus to exercise the Option. The Option expires on July 30, 2015 if not exercised. The approval or non-approval of the PEX by the French authorities does not change the terms and conditions of the Option agreement.

COLUMBUS has paid a pre-exercise payment of C\$250,000 (€186,000), which was comprised of the following:

- C\$166,667 (€124,000) in shares of COLUMBUS at the 20-day volume weighted average price (“VWAP”), and
- C\$83,333 (€62,000) in cash.

Under the VWAP, as of December 21, 2011, each share of COLUMBUS was worth C\$0.703 (€0.524), which translates to EURO having received 237,017 shares in COLUMBUS, less than 0.3% of all outstanding shares.

In addition, until the Option is exercised or has expired, COLUMBUS must pay an annual C\$50,000 maintenance fee at the anniversary date of the signed Option agreement.

Once the Option has been exercised, and COLUMBUS has earned a 100% direct or indirect interest in the Paul Isnard properties, the following payments must be made:

- C\$4.2 million cash,
- 12,865,600 shares of COLUMBUS (approximately 12.25% of existing shares as of December 31, 2011) subject to possible upward adjustments based on certain events and the volume weighted average price at the time of exercise, and
- A 1.8% net smelter royalty on the first 2 million ounces of gold followed by a 0.9% net smelter royalty on the next 3 million ounces of gold. This royalty is capped at five million ounces.

Before the end of 2011, AUPLATA and COLUMBUS amended their respective agreement allowing COLUMBUS to accelerate its ability to earn a 100% direct or indirect interest in the Paul Isnard properties. This amendment to the agreement was approved by the TSX Venture exchange on December 23, 2011. The last step in finalizing this amendment to the agreement is the approval from the French Authority, which is expected sometime in 2012.

DISCLOSURE CONTROLS AND PROCEDURE AND INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company has no employees and, prior to the disposition of SOTRAPMAG in October 2010, limited subsidiary activities. Accordingly, the Directeur-Général and Vice-Président Finance have reasonable assurance that material information relating to the Company are known to them. The Directeur-Général and the 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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