



MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE QUARTER ENDED SEPTEMBER 30, 2010

Notice to Reader:

The accompanying management's discussion and analysis for the quarter ended September 30, 2010 has been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. The Company's auditors have not 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'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis ("MD&A") is prepared as at November 10, 2010 and should be read in conjunction with, and is qualified by, our consolidated financial statements and related notes for the periods indicated. The consolidated 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 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 was €1 for \$1.3629 for balance sheet items at September 30, 2010 (\$1.4332 as at December 31, 2009). The average currency exchange rate for the nine months ended September 30, 2010, used to present the consolidated income and cash flow statements, was \$1.31695 (2009 – \$1.36685). The average currency exchange rate for the quarter ended September 30, 2010 was \$1.29021 (2009 – \$1.42918).

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 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.

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 September 30, 2010, IAMGOLD acquired additional shares of the Company increasing its ownership to approximately 86%.

During the second quarter of 2009, EURO applied to the Toronto Stock Exchange for voluntary delisting of its ordinary shares, due to the low trading volume. The delisting from the Toronto Stock Exchange became effective after the close of business on July 17, 2009. EURO's ordinary shares are still being traded on the NYSE Euronext in Paris under the symbol "EUR".

Three months ended September 30, 2010 compared to three months ended September 30, 2009

The net profit for the third quarter of 2010 of €4.48 million (€0.072 per share) compares to a net profit of €3.12 million (€0.050 per share) for the third quarter of 2009.

EURO had revenue of €7.37 million in the quarter ended September 30, 2010 compared to €5.28 million in the third quarter of 2009, an increase of 40%. Substantially all of this revenue comes from the Rosebel royalty. The Rosebel gold mine produced 105,623 ounces of gold during the third quarter of 2010, a 5% decrease from the 111,657 ounces of gold produced in the third quarter of 2009, resulting primarily from processing lower head grades. This decrease is substantially offset by the 28% increase in the average price of gold for the quarter ended September 30, 2010 of \$1,226.75 per ounce of gold as compared to \$959.97 per ounce of gold for the same period in 2009.

The proportion of gold production from hard rock decreased to 17% for the third quarter of 2010 as compared to 21% for the third quarter of 2009. The effective participation threshold price of \$308.65 for the quarter ended September 30, 2010 was similar to \$310.30 in the comparative period of 2009. However, the resultant participation threshold amount per ounce of attributable gold production increased from \$649.67 to \$918.10, an increase of 41%, due in large part to the 28% increase in gold price for the quarter ended September 30, 2010.

Operating expenses in the third quarter of 2010 were €0.24 million, as compared to €0.52 million for the third quarter of 2009. The decrease of 53%, was largely due to the security costs at the Paul Isnard Properties in French Guiana no longer being the Company's responsibility since the beginning of 2010, whereas during the third quarter of 2009 the Company incurred €0.31 million related to these costs.

Although, there was a 5% decrease in gold production at the Rosebel mine for the third quarter of 2010 as compared to the third quarter of 2009, there was a 4% increase in amortization expense of €0.168 million for the third quarter 2010 as compared to €0.162 million for the same period last year. This increase is attributable to the weakened Euro currency with a foreign exchange impact for the quarter of 10%.

Since the last 5,700 ounces of gold from the gold hedge contract were settled at the end of January 2010, the Company has no more financial instrument expense related to gold for the quarter ended September 30, 2010. This compares to a financial instrument expense related to gold of €0.30 million for the quarter ended September 30, 2009, at which time there were 5,700 ounces of gold remaining under the Company's gold hedge contract.

Nine months ended September 30, 2010 compared to nine months ended September 30, 2009

EURO recorded a net profit €10.43 million (€0.167 per share) during the first nine months of 2010, compared to a net profit of €7.74 million (€0.124 per share) for the first nine months of 2009. EURO had revenue for the first nine months of 2010 of €18.83 million compared to €14.10 million for the first nine months of 2009, with €18.76 million earned from the Rosebel royalty (€13.73 million during the same period last year). The 34% increase in revenue for the first nine months of 2010 is mainly due to a 27% increase in the average gold price for the nine months ended September 30, 2010 to \$1,177.85 per ounce of gold (2009: \$930.60 per ounce of gold). This

increase is partially offset by a 6% decrease in gold production for the first nine months of 2010 to 290,015 ounces of gold, as compared to 308,322 ounces of gold for the same period last year. The weakened Euro currency was another contributing factor to explain the increase in revenue with a foreign exchange impact of 4% for the nine months ended September 30, 2010.

In April 2010, EURO entered into a foreign exchange forward contract with its financial institution to mitigate the impact of foreign exchange on the issuance premium that was paid in May 2010. As required by French law, the issuance premium was to be paid in Euros. As the Rosebel royalty is received in US dollars and EURO cash balances are carried in US dollars, a foreign exchange forward contract was entered into to ensure EURO would have sufficient liquidity to meet the issuance premium. The forward price agreed to was €1 for \$1.3570 and on the day of maturity the exchange rate was €1 for \$1.2201. Given the unanticipated devaluation of the Euro at that time, a realized financial instrument expense of €1.8 million (equivalent of \$2.39 million) was recorded in the income statement, (2009: €0).

We recorded an income tax expense of €5.69 million for the nine months ended September 30, 2010.

We have recognized a temporary future tax credit for the nine months ended September 30, 2010 of €0.15 million. Since there are no more tax losses carried forward, the deferred tax asset relates to temporary differences.

OUTLOOK

Over the next twelve months, the Rosebel royalty is expected to provide cash flow to the Company of approximately \$30 million, provided the price of gold and production at Rosebel stay fairly consistent with the numbers achieved during the first nine months of 2010. Although, there are no more payments expected related to financial instruments, our cash will be affected by tax payments, since there is no more loss carry forward to offset any future revenue. We expect our cash-flow will be adequate to meet all corporate and related expenses.

KEY FINANCIAL DATA

The financial information for the third quarter of 2010 and 2009 is presented in thousands of Euro, except per share data.

	Q3	Q3
	2010	2009
Total revenue	€7,374	€5,280
Loss on derivatives	-	(300)
Net Revenue	7,374	4,980
Profit before tax	6,947	4,302
Income tax expense	(2,469)	(1,184)
Net profit	4,478	3,120
Earnings per share, basic	0.072	0.050
Earnings per share, fully diluted	0.072	0.050
Total assets	21,618	21,996

Quarterly data in thousands of EURO, except per share data

	2010 Q3	2010 Q2	2010 Q1	2009 Q4
Net Revenue	€7,374	€4,051	€5,607	€4,947
Cash provided by operating activities	7,560	4,374	5,622	4,548
Net profit	4,478	2,478	3,469	3,032
Net profit per share, basic	0.072	0.040	0.056	0.049
Net profit per share, diluted	0.072	0.040	0.056	0.049

	2009 Q3	2009 Q2	2009 Q1	2008 Q4
Net Revenue	€4,980	€4,761	€3,593	€3,149
Cash provided by in operating activities	4,446	3,363	2,611	1,146
Net profit	3,120	2,721	1,902	456
Net profit per share, basic	0.050	0.044	0.030	0.007
Net profit per share, diluted	0.050	0.044	0.030	0.007

LIQUIDITY AND CAPITAL RESOURCES

Consolidated cash and cash equivalents at September 30, 2010 totaled €6.32 million. All of the cash and cash equivalents are unrestricted. We expect to have sufficient cash flow to fund our on-going operational needs.

During the fourth quarter of 2009, EURO began investing some of its cash surplus in marketable securities that were compliant with its short-term investment strategy to ensure reasonable return with an appropriate level of risk.

HEDGING

At the end of January 2010, the Company settled its last remaining 5,700 ounces of gold related to a forward sales contract. The Company has no more financial instruments related to gold.

In April 2010, EURO entered into a foreign exchange forward contract with its financial institution to mitigate the impact of foreign exchange on the issuance premium that was paid in May 2010. As required by French law, the issuance premium was to be paid in Euros. As the Rosebel royalty is received in US dollars and EURO cash balances are carried in US dollars, a foreign exchange forward contract was entered into to ensure EURO would have sufficient liquidity to meet the issuance premium. The forward price agreed to was €1 for \$1.3570 and on the day of maturity the exchange rate was €1 for \$1.2201. Given the unanticipated devaluation of the Euro at that time, a realized financial instrument expense of €1.8 million (equivalent of \$2.39 million) was recorded in the income statement.

SHARE CAPITAL

As at September 30, 2010 and the date of this report, the Company had 62,496,461 common shares outstanding with a par value of €0.01 per share.

On May 25, 2010, the Company distributed to all shareholders of record an issuance premium in the amount of €17.499 million.

The issuance premium related to the shareholders' paid-in-capital anytime there was an issuance of capital by the Company less the par value. This distribution was tax free for all shareholders. The amount of the distribution of issuance premium represented the accumulation of excess cash.

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

As at September 30, 2010 and the date of this report, the Company's share capital was (in thousands of Euro):

Par	€ 625
Premium	<u>29,477</u>
Total Share Capital	<u>€ 30,102</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 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 last year, the Company had written off substantially all of its investments in exploration properties based upon its previous assessments of the amounts recoverable from these properties. However, in view of the pending transfer of the Paul Isnard Permis Exclusif de Recherches ("PER") to Auplata, the Company has reversed a portion of the depreciation on the PER to reflect the estimated sale price (for more information, see paragraph below on "**Assets held for sale**").

RELATED PARTY TRANSACTIONS

Mr. Larry E. Phillips, Executive Vice President, Corporate Affairs of IAMGOLD was appointed a Director on December 31, 2008 and as Directeur-Général on January 14, 2009. IAMGOLD holds directly and indirectly approximately 86% of all outstanding shares.

COMPLETED TRANSFER OF SOTRAPMAG TO AUPLATA S.A.

On October 22, 2010, the Société de Travaux Publics et de Mines Aurifères en Guyane S.A.S. ("SOTRAPMAG"), EURO's wholly-owned subsidiary in French Guiana, was transferred to Auplata S.A ("Auplata").

The Permis Exclusif de Recherches ("PER"), which will be replaced by the Permis d'Exploitation ("PEX"), after November 30, 2010, because of its pending expiration, (see paragraph below "**Assets held for sale**" for further explanation) will be transferred to SOTRAPMAG once it has been granted by the French authorities, sometime in 2011.

On November 18, 2009, the Company entered into a settlement agreement with Golden Star to bring an end to the litigation between the two parties regarding the Paul Isnard properties which are held by EURO and SOTRAPMAG.

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”). The renewal of the PER was granted in January 2010 until the end of November 2010.

Pursuant to the terms of the settlement agreement, EURO has agreed to transfer ownership of SOTRAPMAG and of EURO’s interest in the PER, to Golden Star, and EURO will receive a royalty on gold production from the Paul Isnard Properties. The royalty, as historically agreed between the parties, is equal to the difference between the market price of gold and \$400 multiplied by 10% of gold production up to two million ounces, and by 5% of gold production between two and five million ounces.

EURO will transfer Paul Isnard Properties in exchange for a non-monetary asset, a royalty on gold production. According to IAS 38, the cost of such an intangible asset should be measured at fair value. If the acquired asset cannot be measured at fair value, its cost is measured at the fair value of the asset given up. The royalty cannot be measured at fair value because the resources reported are categorized as “inferred” and do not necessarily present economic viability. EURO has decided to measure the royalty at the fair value of the Paul Isnard Properties transferred to Golden Star.

In December 2009, Golden Star notified EURO that ownership of SOTRAPMAG and EURO’s interest in the PER was to be transferred to Auplata S.A. Based on the transaction between Golden Star and Auplata for the sale of Paul Isnard Properties and two other exploration properties in French Guyana, the value of Paul Isnard Properties has been estimated by the Company to be \$1,500,000 (\$750,000 for the PER and \$ 750,000 for the concessions).

As a result of the settlement agreement with Golden Star for the transfer of Paul Isnard Properties, the recoverable value of the PER was updated as at December 31, 2009. The concessions had no book value. As a consequence, as at December 31, 2009, EURO had reversed the depreciation on the PER by \$750,000.

ASSETS HELD FOR SALE

In January 2010, EURO was notified by the Ministry of ecology, energy, sustainable development and the sea, in charge of green technologies and climate negotiations, that the PER could not be renewed after November 2010. For this reason, EURO in agreement with Auplata decided to apply for an operating permit (Permis d’exploitation (“PEX”)), which will be filed before the expiration of the PER, by November 30, 2010. This application will also encompass a transfer of the PEX to SOTRAPMAG, once granted (probably sometime in 2011). The PEX will cover a much smaller area (14.4 km²), 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.

DISCLOSURE CONTROLS AND PROCEDURE AND INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company has no employees 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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