



**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE QUARTER AND NINE MONTHS ENDED
SEPTEMBER 30, 2011**

Notice to Reader:

The accompanying management's discussion and analysis for the quarter and nine months ended September 30, 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 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 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'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following management's discussion and analysis ("MD&A") is prepared as at November 10, 2011 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 ("IASB").

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 \$), unless otherwise designated.

The currency exchange rate used to present the financial statements in Euro was €1 for \$1.3503 for balance sheet items at September 30, 2011 (\$1.3287 as at December 31, 2010). The average currency exchange rate for the nine months ended September 30, 2011, used to present the Company's income and cash flow statements, was \$1.4065 (2010 – \$1.3169). The average currency exchange rate for the quarter ended September 30, 2011 was \$1.4155 (2010 – \$1.2902).

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 due 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. To date the Rosebel mine has produced 2.6 million ounces of gold and there remains 4.4 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 September 30, 2011, IAMGOLD acquired additional shares of the Company increasing its ownership to approximately 86%.

RESULTS OF OPERATIONS

Three months ended September 30, 2011 compared to three months ended September 30, 2010

EURO recorded a net profit of €5.85 million (€0.094 per share) for the third quarter of 2011 compared to a net profit of €4.48 million (€0.072 per share) for the third quarter of 2010.

EURO recorded revenues of €9.97 million for the third quarter of 2011, an increase of 35% as compared to €7.37 million for the third quarter of 2010. Substantially all of this revenue is income from the Rosebel royalty. The Rosebel gold mine produced 99,125 ounces of gold during the third quarter of 2011, a 6% decrease from the 105,623 ounces of gold produced during the third quarter of 2010. The increase in revenue is primarily explained by the record average gold price for the quarter ended September 30, 2011 of \$1,702 per ounce as compared to \$1,227 per ounce for the third quarter of 2010, an increase of 39%.

The proportion of gold production from hard rock increased to 19% for the third quarter of 2011, as compared to 17% for the third quarter of 2010. The effective participation threshold price of \$310 per ounce of gold for the third quarter of 2011 compares to \$309 per ounce of gold for the third quarter of 2010. The resultant participant threshold amount per ounce of attributable gold increased from \$918 to \$1,392 per ounce of gold, an increase of 52%, mainly due to the 39% increase in gold price for the quarter ended September 30, 2011.

Operating expenses for the third quarter of 2011 were €0.23 million, as compared to €0.24 million in the third quarter of 2010. This decrease of 4% reflects the general decline in activity for EURO.

The decrease in amortization expense to €0.151 million for the third quarter of 2011 as compared to €0.168 million for the third quarter of 2010, a decrease of 10%, reflects in large part the 6% decrease in production for the quarter ended September 30, 2011 compared to the same period in 2010.

EURO recorded an income tax expense of €3.25 million for the third quarter of 2011 (2010: €2.47 million) due to higher profit.

Nine months ended September 30, 2011 compared to nine months ended September 30, 2010

EURO recorded a net profit of €15.60 million (€0.250 per share) for the nine months ended September 30, 2011, compared to a net profit of €10.43 million (€0.167 per share) for the first nine months of 2010.

EURO recorded revenues of €25.34 million for the first nine months of 2011 compared to €18.83 million for the same period in 2010, with €25.16 million earned from the Rosebel royalty (€18.76 million during the same period in 2010). The 35% increase in revenue is essentially attributable to the 30% increase in the average gold price for the nine months ended September 30, 2011 to \$1,534 per ounce of gold (2010: \$1,178 per ounce of gold). Another contributing factor was the 2% increase in production for the nine months ended September 30, 2011 to 295,870 ounces of gold (2010: 290,016 ounces of gold).

EURO recorded an income tax expense of €7.76 million for the nine months ended September 30, 2011 (2010: €5.69 million).

EURO has recognized a deferred tax liability for the nine months ended September 30, 2011 in the amount of €0.13 million, all of which pertains to temporary differences, mostly due to the Cotisation sur la Valeur Ajoutée des Entreprises (“C.V.A.E”) (property tax).

OUTLOOK

Over the next twelve months, the Rosebel royalty is expected to provide cash flow to the Company of approximately €35 million (US\$45 million), provided the price of gold and production at Rosebel stay fairly consistent with the numbers achieved during the first nine months of 2011. The Rosebel royalty production is anticipated to be approximately between 379,000 and 400,000 ounces in 2011. 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 third quarters of 2011 and 2010 is presented in thousands of Euros, except per share data.

	Q3 2011	Q3 2010
Total revenues	€9,965	€7,374
Profit before tax	9,103	6,947
Income tax expense	(3,253)	(2,469)
Net profit	5,850	4,478
Earnings per share, basic	0.094	0.072
Earnings per share, fully diluted	0.094	0.072
Total assets	27,043	21,618
Payment of issuance premium	(17,499)	-
Total long-term liabilities	131	-

Quarterly data in thousands of Euros, except per share data

	2011 Q3	2011 Q2	2011 Q1	2010 Q4
Net Revenue	€9,965	€7,478	€7,895	€9,750
Cash provided by (used in) operating activities	5,744	(722)	8,800	4,228
Net profit	5,850	4,465	5,280	8,096
Net profit per share, basic	0.094	0.071	0.084	0.130
Net profit per share, diluted	0.094	0.071	0.084	0.130

	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

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents at September 30, 2011 totaled €8.85 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 the first nine months of 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 September 30, 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.

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 to be paid in two installments:

- The first installment occurred on Monday, July 11, 2011 in the amount of €0.28 per share, totaling €17.5 million.
- Based on the June and September financial results and the operating expectations for the remainder of 2011, EURO anticipates paying the second installment of the issuance premium in the maximum amount of €0.19 per share (€11.9 million) as scheduled on November 14, 2011.

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 the accumulation of excess cash.

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 September 30, 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 in late 2009, it was determined that the recoverable value of the Permis Exclusif de Recherches ("PER") needed to be updated as at December 31, 2009 to reflect the estimated value ascribed to it (\$750,000), see "**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.

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").

On October 22, 2010, SOTRAPMAG was effectively transferred to AUPLATA.

The PER, which will be replaced by an operating permit, the Permis d'Exploitation ("PEX"), will be transferred to SOTRAPMAG once it has been granted by the French authorities.

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 applied for a PEX, which was filed on November 30, 2010. This application also encompasses a transfer of the PEX to SOTRAPMAG, once granted. The PEX will cover 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 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. At the end of September 30, 2011, it was determined that this value still is justified based on the following reasons:

- 1) The mining schema ("schéma minier") in French Guiana is still pending and the areas in French Guiana where exploration and exploitation are permitted are still under review.
- 2) A third party has entered into an option agreement with AUPLATA related to the Paul Isnard properties.
- 3) In 2010 and during the first nine months of 2011, the price of gold has reached record levels, which could justify expedient exploration and exploitation on these properties.

As a consequence, as at September 30, 2011, EURO maintains the reinstatement of the PER value of \$750,000 (€565,000) in its books.

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 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:

Brian Trnkus,
Directeur-Général

Tel: +1 416 933 4739

Email: btrnkus@euroressources.net

Susanne A. Hermans,

Vice-Président, Finance and Directeur-Général Délégué

Tel: +1 303 204 7771, Fax +1 303 496 0971

Email: shermans@euroressources.net