



QUARTERLY REPORT TO SHAREHOLDERS THIRD QUARTER 2006

Notice to Reader:

The accompanying unaudited interim financial statements for the quarter ended September 30, 2006 have 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 these statements. Financial information is presented in United States dollars and in accordance with International Financial Reporting Standards. Readers are cautioned that these statements contain certain forward-looking information as described in Management's Discussion and Analysis.

EURO RESSOURCES S.A.
CONSOLIDATED BALANCE SHEETS
(Stated in thousands of United States dollars - Unaudited)

	As of September 30, 2006	As of December 31, 2005
ASSETS		
CURRENT ASSETS		
Cash	\$ 863	\$ 1,054
Restricted cash (Note 6)	228	416
Accounts receivable	174	52
Rosebel Royalty due from Cambior Inc. (Note 4)	2,429	1,455
Other current assets	218	84
Total Current Assets	3,912	3,061
LONG TERM ASSETS		
Rosebel Royalty net of depletion (Note 4)	13,313	13,994
Property, plant and equipment net of depreciation	8	16
Future tax asset – long term (Note 11)	9,010	8,056
Total Assets	\$ 26,243	\$ 25,127
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 952	\$ 937
Liquidated derivative liabilities	1,134	362
Current portion of long term debt (Note 6)	3,220	2,521
Interest payable	76	175
Current portion of fair value of derivative	4,069	2,297
Due to Golden Star Resources Ltd. (Notes 3 and 4)	405	39
Total Current Liabilities	9,856	6,331
LONG-TERM LIABILITIES		
Long term debt (Note 6)	2,333	5,000
Fair value of derivatives (Note 5)	9,404	7,263
Due to Golden Star Resources Ltd. (Notes 3 and 4)	6,850	6,523
Total Liabilities	28,443	25,117
SHAREHOLDERS' FUNDS		
Share capital (Note 7)	662	662
Contributed surplus	51,257	51,257
Contributed surplus – stock based compensation & warrants	131	68
Legal reserves	40	40
Reserves related to the consolidation	(1,378)	(1,315)
Reserves related to foreign exchange impact	(259)	(250)
Deficit	(52,653)	(50,452)
Total Shareholders' Deficit	(2,200)	10
Total Liabilities and Shareholders' Funds	\$ 26,243	\$ 25,127

The accompanying notes are an integral part of these consolidated financial statements.

Approved by the Board:

By: /s/ James H. Dunnett
Directeur-Général

By: /s/ Donald R. Getty
Director

EURO RESSOURCES S.A.

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT (Stated in thousands of United States dollars, except for share amounts - Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2006	September 30, 2005	September 30, 2006	September 30, 2005
REVENUES				
Royalties and other	\$ 2,550	\$ 1,090	\$ 6,932	\$ 3,397
Realized derivative Loss	(1,140)	(110)	(3,074)	(184)
Net Revenues	1,410	980	3,858	3,213
EXPENSES				
General and administrative	498	295	1,441	1,074
Other expenses	-	-	-	33
Depreciation and amortization –				
Property, plant and equipment	3	3	14	35
Rosebel Royalty	231	345	680	1,036
Deferred financing costs	11	11	33	(7)
Derivative loss/(gain) – mark-to market adjustment (Note 5)	(2,779)	5,002	3,913	6,426
Debt accretion	112	48	327	486
Interest (Note 3 and 6)	187	139	729	308
Foreign exchange loss/(gain)	(65)	(4)	(114)	(90)
Total Expenses	1,802	5,839	7,023	9,301
Income/(Loss) Before Taxes	3,212	(4,859)	(3,165)	(6,088)
Future income tax recovery	(1,066)	1,646	964	2,121
NET INCOME/ (LOSS)	\$ 2,146	\$ (3,213)	\$ (2,201)	\$ (3,967)
Deficit - beginning of period	\$ (54,799)	\$ (52,309)	\$ (50,452)	\$ (51,555)
Deficit – end of period	\$ (52,653)	\$ (55,522)	\$ (52,653)	\$ (55,522)
NET INCOME/(LOSS) PER SHARE –				
Basic (Note 12)	\$ 0.043	\$ (0.071)	\$ (0.045)	\$ (0.088)
Diluted (Note 12)	\$ 0.043			
Weighted average shares outstanding (in millions of shares)	49.4	45.0	49.4	45.0

The accompanying notes are an integral part of these consolidated financial statements.

EURO RESSOURCES S.A.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Stated in thousands of United States dollars - Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2006	September 30, 2005	September 30, 2006	September 30, 2005
OPERATING ACTIVITIES:				
Net income/ (loss)	\$ 2,146	\$ (3,213)	\$ (2,201)	\$ (3,967)
Reconciliation of net loss to net cash provided by operations:				
Depreciation, property plant and equipment	3	3	14	8
Depletion of Rosebel Royalty	231	345	680	1,036
Amortization of deferred financing costs	11	12	33	-
Debt accretion due Golden Star (Note 4)	112	48	327	486
Stock based compensation (Note 9)	-	-	63	57
Income tax expense	1,066	-	1,517	-
Future tax recovery	-	(1,646)	(2,481)	(2,121)
Mark-to-market derivative adjustment (Note 5)	(2,779)	5,002	3,913	6,426
	790	551	1,865	1,925
Changes in Assets and Liabilities				
Accounts receivable	(92)	(63)	(122)	(34)
Rosebel Royalty due from Cambior Inc.	(2)	3	(974)	(1,100)
Other current assets	(73)	(30)	(133)	(39)
Reserves related to consolidation	-	-	(63)	-
Due from Golden Star Resources Ltd.	-	-	-	497
Accounts payable and accrued liabilities	15	96	15	10
Liquidated derivative payable	(40)	110	772	184
Increase in interest payable	44	91	(99)	308
Net cash provided by operating activities	642	758	1,261	1,751
INVESTING ACTIVITIES:				
Purchase of computer equipment	-	-	(5)	-
Net Cash used in investing activities	-	-	(5)	-
FINANCING ACTIVITIES:				
Issuance of common stock	-	-	-	90
Bank loan	-	3,000	-	9,000
Bank Loan - repayments	(667)	(667)	(2,001)	(667)
Increase/(decrease) in amount due Golden Star Resources Ltd.	-	(2,938)	366	(9,294)
Net cash provided by/(used in) financing activities	(667)	(605)	(1,635)	(871)
Effect on Cash on Adoption of IFRS Accounting	-	-	-	(191)
Increase/(Decrease) in cash	(25)	153	(379)	689
Cash – beginning of period	1,116	537	1,470	1
Cash at end of period - cash	863	197	863	197
- restricted cash (Note 6)	228	493	228	493
Total Cash at End of Period	\$ 1,091	\$ 690	\$ 1,091	\$ 690

The accompanying notes are an integral part of these consolidated financial statements.

EURO RESSOURCES S.A.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Stated in thousands of United States dollars -Unaudited)

	Share Capital	Share Premium	Contributed Surplus	Other Reserves	Translation Reserve	Retained Earnings	Total
	\$	\$	\$	\$	\$	\$	\$
Balance at December 31, 2004	\$ 611	\$ 44,582	\$ 17,454	\$ -	\$ -	\$ (63,019)	\$ (372)
Private placement	46	879					925
Warrants issued			52				52
GSR debt forgiveness			304				304
Options issued			27				27
Options exercised	5	84					89
Loss for the period						(1,480)	(1,480)
Balance at December 31, 2005	662	45,545	17,837	-	-	(64,499)	(455)
Adoption of IFRS Accounting	-	5,712	(17,769)	(1,275)	(250)	14,046	465
Balance at January 1, 2006	662	51,257	68	(1,275)	(250)	(50,453)	10
Stock options			63				63
Foreign exchange reserves					(9)		(9)
Consolidation reserves				(63)			(63)
Loss for the period						(2,201)	(2,201)
Balance at September 30, 2006	\$ 662	\$ 51,257	\$ 131	\$ (1,338)	\$ (259)	\$ 52,653	\$ (2,200)

The accompanying notes are an integral part of these consolidated financial statements.

EURO RESSOURCES S.A.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED SEPTEMBER 30, 2006 AND 2005

(Currency amounts are stated in United States dollars unless otherwise expressed)

The accompanying unaudited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards adopted by the European Union "EU IFRS", including IAS 34 "Interim Financial Reporting".

1. Summary of Significant Accounting Policies

Basis of Consolidation

The consolidated financial statements include the accounts of EURO Ressources S.A. ("EURO", the "Company", "we") and its 100% owned subsidiary, Société de Travaux Publics et de Mines Aurifères en Guyane Sarl ("SOTRAPMAG"). All inter-company balances and transactions have been eliminated.

Cash

Cash consists primarily of restricted cash (Note 6) and checking account balances.

Interest Costs

Interest costs are charged to expense as incurred.

Mineral Properties and Deferred Exploration

Acquisition, exploration and development costs of mineral properties are capitalized.

We have written off 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.

Rosebel Royalty

The Gross Rosebel Participation Right (the "Rosebel Royalty") acquired from Golden Star Resources Ltd. ("Golden Star") has been capitalized as the net present value of the estimated future consideration to be paid to Golden Star, calculated at an annual discount rate of 12% equal to the marginal borrowing rate for the Company. In determining the payments to be made, the reserve and resource components of the Rosebel gold mine have been reviewed by a Qualified Person who has prepared the Company's report in terms of Canadian National Instrument 43-101. Based on this report, the calculation has utilized 100% of the Proven and Probable reserves, 67% of the Indicated resources and 33% of the Inferred resources.

Amortization and Depletion

In determining the Amortization and Depletion to be applied to the Rosebel Royalty during any financial period, the net book value of the asset is amortized on a unit of production basis, having regard to the production at the Rosebel gold mine, attributable in terms of the Rosebel Royalty, and the resources and reserves used in computing the acquisition value.

Hedges and Derivatives

We record the mark-to-market assets and liabilities on our derivative gold hedges against income in the period they arise.

Property, Plant and Equipment

Fixed assets are stated at cost. Depreciation is computed using the straight-line method at rates calculated to amortize the cost of the assets less their residual values over their estimated useful lives.

Foreign Currency Translation

As our functional currency is the United States dollar, monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange prevailing at the end of the period. Non-monetary assets and long term liabilities are translated at the rates of exchange prevailing when the assets were acquired or the liabilities assumed. Revenue and expense items are translated at the average rate of exchange during the period.

Translation gains or losses are included in the determination of net income for the period. The accounts of subsidiaries are translated using the same method.

Income Taxes

Future tax assets are estimated future tax consequences of transactions and events recognized in the financial statements of the current and previous periods.

Future tax arises when the actual tax consequence of a particular transaction (tax payable or recoverable) arises in a different period from the period in which the transaction itself is included in the financial statements.

EURO recognizes future tax assets and liabilities based on the difference between the financial reporting and tax basis of assets and liabilities using the enacted tax rates expected to be in effect when the taxes are paid or recovered. We provide a valuation allowance against future tax assets for which we do not consider realization of such assets to meet the required “more likely than not” standard.

Use of Estimates

Preparation of our consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that can affect reported amounts of assets, liabilities, revenues and expenses. The more significant areas requiring the use of estimates include asset impairments, stock based compensation, depreciation, depletion and amortization of assets.

Accounting for these areas is subject to estimates and assumptions regarding, among other things, gold reserves, gold recoveries, future gold prices, future operating costs, asset usage rates, and future mining activities. Management bases its estimates on historical experience and on other assumptions we believe to be reasonable under the circumstances. However, actual results may differ from our estimates.

Measurement Uncertainty

The nature of the Company’s income is subject to uncertainties relating to the production levels at the Rosebel gold mine and to the price of gold. Since the Company is not the operator of the Rosebel gold mine, it has no influence over those operations or operational production and is entirely reliant on the performance of the mine operator, which is controlled by Cambior Inc. Historically, the operational performance of the Rosebel gold mine has not varied substantially by calendar quarter.

The price of gold is subject to change. It trades in an international market subject to many influences, none of them within the control of the Company. Historically the price of gold has varied considerably.

Stock Based Compensation

In accordance with the requirements of IFRS 02, “Share-based Payment”, EURO uses the fair value method to expense the fair value of options granted to employees and directors. The fair value of options granted is established at the date of the grant, using the Black-Scholes option-pricing model. Compensation expense for options with immediate vesting is recognized in the period of the grant. Compensation expense for options with graded vesting is recognized on a straight line basis over the vesting periods.

Net Loss per Share

Basic loss per share is calculated by dividing net loss available to common shareholders by the weighted average number of common shares outstanding during the period. The calculation of diluted income per common share uses the treasury stock method to compute the dilutive effects of stock options and warrants.

Fair Value of Financial Instruments

The Company’s financial instruments are comprised of cash, accounts receivable, accounts payable and accrued liabilities and amounts due to its lenders and to Golden Star. The fair value of cash, accounts receivable, amounts receivable from Cambior under the Rosebel Royalty, accounts payable and accrued liabilities equals their carrying value due to the short-term nature of these items. The value of the long term amounts owed to Golden Star represents the present value of contingent additional future payments for the royalty purchase, such payments being due upon ounces produced at the Rosebel mine in excess of the first 2.0 million ounces.

2. Formation and Description of Our Business

EURO was incorporated as Guyanor Ressources SA under the laws of France on April 20, 1993. The Company was a subsidiary of Golden Star Resources Ltd. from inception until June 19, 2006: Golden Star currently owned approximately 43.3% of the Company’s outstanding common shares at September 30, 2006. The Company’s shares are publicly traded with our common shares listed on both the Euronext in Paris, France and the Toronto Stock Exchange, under the symbol “EUR”.

From the Company’s inception until late 2004, the Company was primarily focused on exploration for gold and diamonds in French Guiana. During 2004, the Company’s shareholders approved a financial restructuring that included the forgiveness of the then existing debt owed to Golden Star. The shareholders also approved the acquisition of the Rosebel Royalty from Golden Star and income from the Rosebel Royalty accrued to the Company with effect from the beginning of 2005. The Company intends to focus on the acquisition of similar royalty interests in operating gold mines.

Since April 2005, the cashflow from the Rosebel Royalty has provided adequate resources for the Company’s operations and debt servicing. Previously, the Company’s principal source of funding had been from Golden Star.

On June 23, 2005, the Company’s name was changed to EURO Ressources S.A. and its registered office relocated to Paris, France.

3. Due to Golden Star Resources Ltd.

These amounts largely represent outstanding amounts of principal and interest directly related to the acquisition of the Rosebel Royalty. Historically, the amounts due to Golden Star represented general and

operating costs incurred by Golden Star on EURO's behalf, not yet reimbursed at balance sheet date. During 2005, we reimbursed Golden Star for all of the general and operating costs advanced up to the second quarter of 2005 and no further advances of this nature have been made since that time.

At the end of the third quarter 2005, EURO paid Golden Star \$3 million of the \$6 million loan then outstanding and revised the loan terms. Interest was waived on the \$3 million repaid and amended to 6% p.a., payable quarterly, until December 31, 2005 on the balance of \$3 million. Interest at 12% p.a., currently applies and a 3% facility fee was levied on January 31, 2006 (see Note 13). During the term of the loan from Macquarie Bank Limited ("Macquarie") (see Note 6), repayment of principal amounts due to Golden Star may only be made from funds other than those arising from the Rosebel Royalty.

4. Rosebel Royalty

In December 2004, we purchased the Rosebel Royalty from Golden Star and recorded an acquisition cost of \$13.2 million: we incurred an additional \$0.4 million of other related costs. As a result of this purchase, as at December 31, 2004, we recorded a current liability for the Rosebel Royalty of \$12.0 million and a long term liability of \$1.2 million, both payable to Golden Star. The Rosebel Royalty arose from Golden Star's sale to Cambior Inc. of its share in the Rosebel gold mine: the Rosebel Royalty is part of the purchase consideration payable by Cambior.

The Rosebel Royalty applies to the first seven million ounces of attributable production from the Rosebel mine. Attributable gold production in 2004 was 277,000 oz, 332,000 oz. in 2005 and 224,770 oz. in the first nine months of 2006.

The Rosebel Royalty requires Cambior Inc. to make quarterly payments equal to the product of (1) 10% of the amount by which the quarterly gold price exceeds the Base Price and (2) the attributable gold production from the Rosebel mine. The Base Price is set at \$300 per ounce for gold produced from "soft and transitional" rock and at \$350 per ounce for gold from "hard" rock. Attributable gold production is calculated after deducting a 2% royalty payable to the Government of Suriname.

Recent quarterly attributable gold production as reported by Cambior is shown in the table below:

Rosebel Attributable Gold Production*

	Q 1 2005	Q 2 2005	Q 3 2005	Q 4 2005	Total 2005	Q 1 2006	Q 2 2006	Q 3 2006	Total 2006
	OZS	OZS	OZS	OZS	OZS	OZS	OZS	OZS	OZS
Ore Type									
Soft Rock	56,863	49,137	50,268	47,091	203,359	44,223	46,208	50,337	140,767
Transactional Ore	25,946	35,622	25,524	28,621	115,713	22,671	23,458	21,065	67,195
Hard Rock	1,425	3,062	4,574	4,463	13,523	6,738	5,191	4,877	16,806
Total Attributable ozs	84,233	87,821	80,366	80,175	332,594	73,631	74,857	76,279	224,768
% Production by ore category									
Soft/Transitional Ore	98.3%	96.5%	94.3%	94.4%	95.9%	90.8%	93.1%	93.6%	92.5%
Hard Rock	1.7%	3.5%	5.7%	5.6%	4.1%	9.2%	6.9%	6.4%	7.5%

* Net of 2% royalty payment to the Government of Surinam

The Rosebel Royalty acquisition from Golden Star required initial cash payments totaling \$12 million with additional payments to be made to Golden Star when cumulative attributable production in terms of the

Rosebel Royalty exceeds two million ounces. For attributable production over two million ounces, up to four million ounces, the additional payment is to be equal to the lesser of the amount received from Cambior and \$2.50 per ounce. For additional attributable production up to the balance of the seven million ounces, the additional payment is to be equal to the lesser of the amount received from Cambior or \$5.00 per ounce.

As at December 31, 2006, we increased the carrying value of the Rosebel Royalty and long term portion of the contingent payable to Golden Star by \$1.8 million to reflect the updated mineral inventory. The present value of these contingent payments is reflected as a long term liability to Golden Star of \$3.85 million at September 30, 2006 (2005: \$1.67 million).

5. Hedges and Derivatives

In January 2005, we entered into a gold derivative position as part of a \$6 million loan agreement with Macquarie as detailed in Note 6. At that date, EURO entered into a forward gold sale derivative contract for 57,000 ounces at a fixed price of \$421 over a period of ten quarters.

During the third quarter 2005, we entered into an amended credit facility with Macquarie in terms of which Macquarie advanced a further tranche of \$3 million (see Note 6). In support of this increased indebtedness, we entered into additional gold forward derivative contracts for 57,000 ounces at a fixed price of \$458.50 with maturities over 10 consecutive calendar quarters commencing July 1, 2007 through December 31, 2009. Settlement occurs at the end of the month following the calendar quarter: the method of calculation of the hedge gain/loss replicates the pricing formula used in the Rosebel Royalty.

As at September 30, 2006 the gold forward derivative contract on the outstanding derivative contracts of 74,100 ounces had a negative mark-to-market of \$13.47 million (2005: \$6.42 million). EURO has not applied hedge accounting for this derivative loss and derivative mark-to-market assets and liabilities are recorded in income in the period they arise.

We have the following derivative contracts outstanding at September 30, 2006

	Maturity Date of Gold Forward Contracts				
	2006	2007	2008	2009	Total
Ounces Gold	5,700	22,800	22,800	22,800	74,100
Average Price (US\$)	\$421	\$439.75	\$458.5	\$458.5	\$449.85

6. Long Term Debt

In January 2005, EURO drew down \$6.0 million under a credit facility from Macquarie repayable in nine equal payments of \$666,667 beginning July 29, 2005 and quarterly thereafter. The interest rate is set at 2.5% over LIBOR, payable at the end of each 1, 2 or 3 month period as EURO may choose. As at September 30, 2006 the interest rate and maturity of each amount was as follows:

Amount	Maturity date	Interest rate
\$666,666	October 31, 2006	7.98%
\$5,000,000	January 31, 2007	8.04%

The loan is collateralized by all of the Company's assets, including the Rosebel Royalty. The lender has full security over proceeds of the Rosebel Royalty and distributions by the Company are restricted by the covenants of the loan.

On September 29, 2005, EURO drew an additional \$3 million under a revised facility with Macquarie: the additional principal is repayable in five equal quarterly installments of \$600,000 each commencing October of 2007. The interest rate remains unchanged: a facility fee of \$45,000 was paid to the bank for this additional facility.

Rosebel Royalty payments made by Cambior Inc. are paid to a proceeds account maintained with Macquarie. These funds are restricted to use for general corporate working capital purposes and totaled \$228,000 as at September 30, 2006.

7. Share Capital

At September 30, 2006 we had 49,402,884 (2005: 45,402,884) common shares outstanding with a par value of €0.01 per share.

There were no shares issued during the first nine months of 2006.

Common Shares	As at September 30, 2006		As at December 31, 2005	
	€	\$	€	\$
Par	494	662	494	662
Premium	<u>37,928</u>	<u>51,257</u>	<u>37,928</u>	<u>51,257</u>
Total Share Capital	<u>€38,422</u>	<u>\$ 51,919</u>	<u>€38,422</u>	<u>\$ 51,919</u>

8. Warrants

No warrants were issued or exercised during the first nine months of 2006.

# Warrants	Exercisable from	Warrants outstanding	Exercise Price	Term (years)	Expiration Date
500,000	20 December 2005	500,000	€0.45 (\$0.53)	2	20 December 2007
500,000	20 December 2006	500,000	€0.45 (\$0.53)	1	20 December 2007

The fair value of the Warrants was established with a Black Scholes model using €0.45 (\$0.53) strike price, a 30% expected volatility, a 3.2% risk-free interest rate, a two year expected warrant life and 0% dividend yield.

9. Stock Based Compensation

Under the EURO Ressources S.A. Stock Option Plan (the "Plan"), EURO may grant options to its employees for up to 4,500,288 common shares. An option's term is ten years. The options may take the form of non-qualified stock options and the exercise price of each option shall not be less than 80% of the average closing price on the Euronext of the Bourse de Paris during the 20 consecutive trading days immediately preceding the date of grant of the option.

Options under the Plan are granted from time to time at the discretion of the Board of Directors and vest over periods ranging from immediately to three years.

There were 600,000 options granted during the first six months of 2006 at a strike price of €0.9780 (\$1.25), 150,000 of which vested immediately, with 150,000 options to vest on each of January 1, 2007, 2008 and 2009. EURO recognized stock option expenses of \$63,020 for the first six months of 2006. The fair value of the new grants of vested options in 2006 was established with a Black-Scholes model using a 10.6% expected volatility, a 4.47% risk-free interest rate, a five year expected option life and 0% dividend yield. No options were granted or exercised during the third quarter of 2006.

	Options (000)	Wtd. Average Exercise Price	\$ Equivalent
Outstanding at December 31, 2005	687	€0.82	\$1.03
Granted	600	€0.98	\$1.25
Exercised	-	-	-
Forfeited	(100)	€1.68	\$2.11
Options exercisable at September 30, 2006	737	€0.51	\$0.64
Non vested options at September 30, 2006	450	€0.98	\$1.25

10. Mineral Properties and Deferred Exploration

The mineral properties in which we have an interest (either directly or through our subsidiaries) consist of the Paul Isnard properties located in French Guiana. Our interests in the properties are held in the form of exploration permits, concessions, joint venture agreements and property purchase agreements. During 2004, the exploration rights to our Paul Isnard property were optioned to Golden Star in an earn-in agreement over 100% of the 290 square kilometer property.

During 2005 and in 2006, Golden Star has continued to review the existing data and has undertaken no new exploration activities. The PER for Paul Isnard was renewed in February 2006 over a reduced area of 140 square kilometers.

EURO entered into a farm-out agreement in 2003 with COMPAGNIE DE TRAVAUX MINIERES DE GUYANE SARL (Cotmig) in terms of which Cotmig may exploit alluvial and par alluvial deposits within the Paul Isnard concessions. The operating permit limits these activities to 100 tonnes of ore per day. Cotmig pays a royalty of 4% of the net proceeds of gold production which royalty amounted to approx \$0.1 million in 2005 and approx \$72,000 in Q3 2006.

In 2002, EURO entered into an agreement with Compagnie Miniere Esperance SA (CME) for the sale of its interests in Société Des Mines St-Elie SARL. ("SMSE"). In terms of that agreement CME pays an additional purchase consideration related to gold sold from production on properties then owned by SMSE. Production commenced in late 2005 and we recorded an amount of approx \$50,000 as income in Q3 2006.

11. Income Tax

The deferred tax asset is reduced this quarter, reflecting the quarterly income recorded of \$2.14 million, largely attributable to a gain on our mark-to market adjustment of \$2.7 million. For the nine months ended September 30, 2006, we still have a net loss of \$2.2 million using the current French corporate tax rate of 33.33%.

12. Income/(Loss) per Common Share

The following table reconciles basic and diluted losses per common share:

	Three months ended		Nine months ended	
	September <u>30, 2006</u>	September <u>30, 2005</u>	September <u>30, 2006</u>	September <u>30, 2005</u>
Net income/(loss)	\$ <u>2,146</u>	<u>\$(3,213)</u>	<u>\$(2,201)</u>	<u>\$(3,967)</u>
Per share data - millions of common shares				
Weighted average number of common shares	49.4	45.0	49.4	45.0
Dilutive Securities:				
Options	0.4	0.9	0.4	0.9
Warrants	<u>0.6</u>	<u>---</u>	<u>0.6</u>	<u>---</u>
Weighted average number of dilutive common shares	<u>50.4</u>	<u>45.9</u>	<u>50.4</u>	<u>45.9</u>
Basic Income (Loss) Per Share	\$ 0.043	\$ (0.071)	\$ (0.045)	\$ (0.088)
Diluted Income Per Share	\$ 0.043			

13. Related Party Transactions

Consequent on Golden Star's reducing its interest in EURO to below 50% of the common shares of EURO, transactions between Golden Star and EURO are related party transactions. At September 30, 2006, Golden Star's interest in EURO was 43.3%.

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

The following discussion and analysis should be read in conjunction with, and is qualified by, our unaudited consolidated financial statements and related notes, for the periods indicated. The financial statements have been prepared in United States dollars and in accordance with International Financial Reporting Standards.

STATEMENTS REGARDING FORWARD-LOOKING INFORMATION

This Quarterly Report 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 Quarterly Report. These statements include comments regarding exploration plans and the closing of certain transactions including acquisitions.

RESULTS OF OPERATIONS

Overview

EURO's principal business is to own certain gold exploration properties in French Guiana and owning 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 Cambior Inc. We receive quarterly payments from Cambior Inc. on this royalty. We are actively seeking to acquire additional royalty rights.

Prior to 2005, we were engaged in the business of gold and diamond exploration in French Guiana. During 2004, we completed a financial restructuring which among other things, waived our then existing debt to Golden Star Resources Ltd. (“Golden Star”) which then owned in excess of 50% of our common shares (now 43.3%) and which had funded most of our activities with loans since the late 1990s.

Debt

Upon completion of the restructuring in late 2004 we purchased the Rosebel Royalty from Golden Star for \$13.2 million. In January 2005 we borrowed \$6.0 million from Macquarie Bank Limited (“Macquarie”) and used the funds as the initial installment due to Golden Star for the purchase price. An additional \$3.0 million was paid to Golden Star in September, 2005 from proceeds of an amended loan from Macquarie. The remaining \$3 million owing to Golden Star bears interest at 12% per annum. The principal may not be repaid by EURO from proceeds of the Rosebel Royalty while amounts are owing to Macquarie. It is the expectation of the Company to seek additional capital from debt and equity sources to repay this debt at an earlier date.

Three months ended September 30, 2006 compared to three months ended September 30, 2005

We recorded record revenues during the three months ended September 30, 2006. Revenue from royalties represented nearly all of our revenue of \$2.6 million with \$2.4 million (92% of our revenue) earned from the Rosebel Royalty. Net of settlement of the gold hedging maturing during the period, revenue increased to \$1.40 million from \$0.98 million. We recorded a gain of \$2.1 million during the three months ended September 30, 2006, compared to a \$3.2 million loss for same period in 2005.

The price of gold decreased slightly during the third quarter (\$621.67 average for the calendar quarter, Q3 2005: \$439.72). The slight increase in production provided an increase in revenue for the period. Because of the reduced gold price, we were able to record a gain on the mark-to-market adjustment in the third quarter 2006. We reduced our mark-to-market by \$2.8 million for the quarter, compared to an increase of \$5.0 million for the same period in 2005.

General and administrative costs were \$498,000 during the three months ended September 30, 2006 compared to \$295,000 during the same period last year. This increase in general and administrative costs reflects the high legal, accounting and auditing costs that the company bears, because of its dual listing and dual reporting on the Euronext, Bourse de Paris in France and the Toronto Stock Exchange. Interest costs for the three months ended September 30, 2006 were \$187,000 compared to \$139,000 for the same period last year. This rise in interest expense reflects the interest payable to Golden Star, which is 12% p.a. on the \$3 million outstanding principal.

The decrease in depreciation and amortization expenses of \$245,000 (2005: \$359,000) during the three months ended September 30, 2006 reflects the increase in reserves of the Rosebel royalty and the corresponding decrease in amortization expense per ounce. The charge of \$112,000 (2005:\$48,000) for debt accretion relates to the accounting treatment for the deferred component of the Rosebel Royalty purchase consideration.

Nine months ended September 30, 2006 compared to nine months ended September 30, 2005

We recorded a net loss of \$2.2 million during the first nine months of 2006, compared to a \$3.4 million loss for the first nine months of 2005. Revenue from royalties represented nearly all of our revenue of \$6.9 million with \$6.7 million earned from the Rosebel Royalty. Net of settlement of the gold hedging maturing during the period, net revenue increased to \$3.8 million from \$3.2 million.

Gold production achieved at Rosebel for the nine months ended September 30, 2006 remained lower than Cambior's forecast 2006 annual production rate.

The continued rise in the price of gold (\$600.73 average for the nine months, 2005: \$431.62) provided an increase in revenue for the period; however we were able to reduce our mark-to-market, because the gold price on the last day of September was only \$599.25. The mark-to-market is recorded on the last day of the quarter. This allowed us to record a gain on the mark-to-market adjustment and ultimately reduce our net loss for the nine months ended September 30, 2006.

KEY FINANCIAL DATA

All the data in the tables is in thousands of dollars except for per share information.

All of the key financial data for 2006 is presented under IFRS, subsequent to our adoption of IFRS reporting on January 1, 2006. All other quarters are presented under Canadian GAAP

	<u>2006</u> <u>Quarter 3</u>	<u>2006</u> <u>Quarter 2</u>	<u>2006</u> <u>Quarter 1</u>	<u>2005</u> <u>Quarter 4</u>
Total Revenues	\$1,410	\$1,296	\$1,142	\$1,132
Cash provided by/(used) in operating activities	642	660	299	512
Net profit/(loss)	2,146	(1,059)	(3,288)	2,136
Net profit/(loss) per share, basic	0.04	(0.021)	(0.023)	0.047
fully diluted – cents/share	0.04			

	<u>2005</u> <u>Quarter 3</u>	<u>2005</u> <u>Quarter 2</u>	<u>2005</u> <u>Quarter 1</u>	<u>2004</u> <u>Quarter 4</u>
Total Revenues	\$1,093	\$1,047	\$1,073	\$22
Cash provided by/(used) in operating activities	641	1,229	(125)	(129)
Net profit/(loss)	(3,098)	75	(593)	(129)
Net profit/(loss) per share, basic and fully diluted – cents/share	(0.069)	0.002	(0.013)	(0.00)

LIQUIDITY AND CAPITAL RESOURCES

Consolidated cash as of September 30, 2006 totaled \$1.1 million versus 0.7 million at September 30, 2005.

HEDGING

As required by the loan agreement with 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 March 31, 2005 and every three months thereafter until June 30, 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 December 31, 2009.

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 is \$421.00 and it is \$458.50 for the second cash settled forward sales contract.

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, to the extent of attributable production of 57,000 ounces per quarter. Attributable gold production in the current quarter was approximately 76,000 ounces. The London PM gold fix averaged \$600.73 per ounce during the first nine months of 2006, resulting in a derivative loss of \$3.9 million in respect to gold hedging for the first nine months of 2006.

We have the following derivative contracts outstanding at September 30, 2006

	Maturity Date of Gold Forward Contracts				
	2006	2007	2008	2009	Total
Ounces Gold	5,700	22,800	22,800	22,800	74,100
Average Price (US\$)	\$421	\$439.75	\$458.5	\$458.5	\$449.85

DEBT AND CONTRACTUAL OBLIGATIONS

The amounts shown below are undiscounted to show full expected cash requirements, in thousands of dollars for debt and contractual obligations.

	Payments (\$'000) Due by Period				
	Total	< 1 Year	1- 3 Years	4- 5 Years	> 5 Years
Golden Star Resources Ltd.	7,571	405	1,200	2,634	3,332
Macquarie Bank Limited	5,667	2,667	3,000	0	0
Total	\$ 13,238	\$ 3,072	\$ 4,200	\$ 2,634	\$ 3,332

SHARE CAPITAL

As at September 30, 2006 and the date of this report, we had 49,402,884 common shares outstanding with a par value of €0.01 per share. There were no new shares issued during the first nine months of 2006.

Common Shares - as of September 30, 2006 and the date of this report

Par	\$ 662
Premium	<u>51,257</u>
Total Share Capital	<u>\$ 51,919</u>

Following the change of name of the Company to EURO Ressources SA, the symbol for the Company's shares was changed to EUR on both the Toronto Stock Exchange and the Euronext of the Paris Bourse, where the Company's shares continue to trade. Previously, during 2004, our former Class A and Class B common shares were merged into a single class of common stock.

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.

The Rosebel Royalty acquired from Golden Star has been capitalized as the net present value of the future consideration to be paid to Golden Star, calculated at an annual discount rate of 12%, being the marginal borrowing rate for the Company. In determining the payments to be made, the reserve and resource components of the Rosebel gold mine have been reviewed by a Qualified Person who has prepared the Company's report in terms of Canadian National Instrument 43-101. Based on this report, the calculation has utilized 100% of the Proven and Probable reserves, 67% of the Indicated resources and 33% of the Inferred resources.

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

Until the termination of the agreement in June 2005, Golden Star continued to provide management services to EURO in terms of the Management Services Agreement previously approved by shareholders. Subsequently, notwithstanding any formal agreement, Golden Star continued to provide certain limited services to EURO and charged \$5,000 per month. Payment of these amounts to December 31, 2005 was approved by the shareholders on June 30, 2006.

DISCLOSURE CONTROLS AND PROCEDURE

The Company has limited employees and subsidiary activities. Accordingly the Directeur-Général and Vice President Finance have reasonable assurance that material information relating to the Company and its consolidated subsidiaries are known to them.

ADDITIONAL INFORMATION

Additional information relating to EURO Ressources S.A. is available at www.euroressources.eu and on SEDAR at www.sedar.com. Information related to the Rosebel Royalty can be found at Cambior's website at www.cambior.com. Further requests for information should be addressed to:

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