



**Consolidated Financial Statements and
Shareholder Report
Second Quarter 2008**

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CONSOLIDATED FINANCIAL STATEMENTS

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I Consolidated Balance Sheets

(in thousands of €uro)

	Notes	As at 30 June 2008	As at 31 December 2007
NON-CURRENT ASSETS		<u>€14,258</u>	<u>€16,204</u>
Intangible assets	4	7,598	8,368
Property, plant and equipment	5	2	3
Other financial assets		3	4
Deferred tax	16	6,655	7,829
CURRENT ASSETS		<u>€3,489</u>	<u>€3,587</u>
Trade receivables and similar accounts	6	3,276	2,931
Other current assets	6	114	99
Cash and cash equivalents	7	99	557
TOTAL ASSETS		<u>€17,747</u>	<u>€19,791</u>
EQUITY – GROUP SHARE		<u>€7,641</u>	<u>€5,776</u>
Issued capital stock	8	606	606
Additional paid-in capital	8	45,559	45,634
Translation adjustment		659	810
Other reserves		(41,210)	(40,511)
Retained earnings		2,027	(763)
TOTAL EQUITY		<u>€7,641</u>	<u>€5,776</u>
NON-CURRENT LIABILITIES		<u>€5,176</u>	<u>€7,846</u>
Loans		-	447
Derivative financial instruments	10	5,176	7,399
CURRENT LIABILITIES		<u>€4,930</u>	<u>€6,169</u>
Loans	10	1,171	1,603
Derivative financial instruments	10	1,704	2,615
Gold Hedge Liability	11	1,487	1,270
Trade payables and similar accounts	11	488	514
Other liabilities	11	80	168
TOTAL EQUITY & LIABILITIES		<u>€17,747</u>	<u>€19,791</u>

II Consolidated Income Statements

(in thousands of €uro)

	Notes	For the Quarter ended		For Six Months ended	
		June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007
Revenue from ordinary activities	12	2,866	1,916	6,017	3,265
Operating expenses	13	(420)	(564)	(839)	(1,064)
Depreciation and amortization expenses	15	(104)	(151)	(210)	(257)
OPERATING PROFIT		<u>€2,342</u>	<u>€1,201</u>	<u>€4,968</u>	<u>€1,944</u>
Financial income	14	14	1,637	28	1,702
Financial expenses	14	(346)	(1,279)	(1,988)	(2,535)
NET FINANCIAL INCOME (EXPENSE)		<u>€(332)</u>	<u>€358</u>	<u>€(1,960)</u>	<u>€(833)</u>
PROFIT BEFORE TAX		<u>€2,010</u>	<u>€1,559</u>	<u>€3,008</u>	<u>€1,110</u>
Income tax recovery (expense)	16	(774)	111	(981)	236
NET PROFIT		<u>€1,236</u>	<u>€1,670</u>	<u>€2,027</u>	<u>€1,346</u>
Net profit		<u>€1,236</u>	<u>€1,670</u>	<u>€2,027</u>	<u>€1,346</u>
EARNINGS PER SHARE					
Basic		<u>€0.020</u>	<u>€0.033</u>	<u>€0.033</u>	<u>€0.027</u>
Diluted		<u>€0.020</u>	<u>€0.032</u>	<u>€0.033</u>	<u>€0.027</u>

III Consolidated Cash Flow Statements (in thousands of €uro)

	Notes	For the Quarter ended		For Six Months ended	
		June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007
CASH FLOW RELATING TO OPERATING ACTIVITIES					
NET PROFIT (LOSS) FROM CONSOLIDATED COMPANIES		1,236	1,670	2,027	1,346
<i>Elimination of income and expenses which do not have an impact on the cash flow or are not related to operating activities:</i>					
Depreciation, amortization and provisions	15	104	151	210	257
Change in deferred tax	16	774	(111)	981	(262)
Derivative financial instruments	14	311	(1,605)	926	(1,645)
Stock option expense		31	32	64	71
Impact of discounting other financial debt	14	7	90	15	189
Other					
GROSS CASH FLOW FROM OPERATIONS GENERATED BY CONSOLIDATED COMPANIES BEFORE NET CHANGE IN OPERATING WORKING CAPITAL		2,463	227	4,223	(44)
Change in trade receivables and other current assets		(67)	758	244	368
Change in trade payables and other current liabilities		(1,124)	127	(1,509)	145
NET CHANGE IN OPERATING WORKING CAPITAL		1,057	631	1,753	223
NET CASH FLOW FROM (USED IN) OPERATING ACTIVITIES		€1,406	€(404)	€2,470	€(267)
CASH FLOW RELATING TO INVESTING ACTIVITIES					
AMOUNTS PAID TO PURCHASE FIXED ASSETS		-	(2)	-	(2)
NET CASH FLOW FROM (USED IN) INVESTING ACTIVITIES		-	€(2)	-	€(2)
CASH FLOW RELATING TO FINANCING ACTIVITIES					
Capital increase in cash		-	9	(75)	9
Borrowings issued and capitalized interest		12	36	(20)	52
Borrowings repaid		(412)	30	(792)	(479)
Repurchase of derivative financial instrument		(1,185)	-	(1,931)	-
NET CASH FLOW RELATING TO FINANCING ACTIVITIES		€(1,585)	€75	€(2,818)	€(418)
Impact of changes in foreign exchange rates		58	(3)	(110)	(43)
CHANGE IN CASH AND CASH EQUIVALENTS		€(121)	€(334)	€(458)	€(730)
OPENING BALANCE		220	907	557	1,303
CLOSING BALANCE		99	573	99	573
(DECREASE)		(121)	(334)	(458)	(730)

IV Statement of Changes in Consolidated Equity (in thousands of €uro)

	Capital Stock	Additional paid-in capital	Translation adjustment	Other reserves	Profit/loss for the year	Total Equity
Position as of 31 December 2006 before appropriation of profit or loss	504	38,387	319	(38,095)	(2,542)	(1,427)
Appropriation of 2006 loss				(2,542)	2,542	-
Position as of 31 December 2006 after appropriation of profit or loss	504	38,387	319	(40,637)	-	(1,427)
Capital Increase	1	9				9
Options Issued				72		72
Other			(12)			(12)
Profit for the period to 30 June 2007					1,346	1,346
Position as of 30 June 2007	505	38,396	307	(40,566)	1,346	(12)
	Capital Stock	Additional paid-in capital	Translation adjustment	Other reserves	Profit/loss for the year	Total Equity
Position as of 31 December 2007 before appropriation of profit or loss	606	45,634	810	(40,511)	(763)	5,776
Appropriation of 2007 loss				(763)	763	-
Position as of 31 December 2007 after appropriation of profit or loss	606	45,634	810	(41,274)	-	5,776
Options issued				64		64
Other		(75)	(151)			(226)
Profit for the period to 30 June 2008					2,027	2,027
Position as of 30 June 2008	606	45,559	659	(41,210)	2,027	7,641

V Notes to the Consolidated Financial Statements

1) General information

1.1) Euro Ressources Group

The Euro Ressources Group comprises the parent company, EURO Ressources SA (“EURO”, the “Company” or the “Group”), and its 100%-owned subsidiary, Société de Travaux Publics et de Mines Aurifères en Guyane S.A.R.L. (“SOTRAPMAG”). EURO is a *Société Anonyme*, domiciled in metropolitan France with its registered office located in Paris.

The Company’s common shares are traded on the Paris stock exchange’s Eurolist by Euronext C compartment, under the symbol “EUR”, and on the Toronto Stock Exchange, also under the symbol “EUR”.

These consolidated financial statements were approved for publication by the Board of Directors on 8 August 2008.

1.2) Description of operations

The Group’s operations are within the gold mining sector.

In 2004, EURO completed the acquisition of a royalty interest on the Rosebel mine in Suriname, operated by IAMGOLD Corporation. EURO intends to acquire additional royalty interests on gold mining operations of a similar nature.

The Group’s main source of revenue is royalties received relating to the Gross Rosebel mine. Operations at the mine are neither of a seasonal nor cyclical nature. Royalties are payable to EURO based on the volume of gold production from the mine and the market price of gold.

1.3) List of Group companies

As at 30 June 2008 the consolidated financial statements comprise the accounts of Euro and its subsidiary. There has been no change in the Group’s consolidation scope since 31 December 2007:

Company	EURO Ressources SA	SOTRAPMAG SARL
Identification Number	390 919 082 00029	339 146 284 00015
Registered Office	23 rue du Roule 75001 Paris France	859 Rocade du Baduel Cayenne, French Guiana 97300
Consolidation Method 2007	Parent Company	Full Consolidation
Consolidation Method 2006	Parent Company	Full Consolidation
% Control 2007	Parent Company	100%
% Control 2006	Parent Company	100%
% Interest 2007	100%	100%
% Interest 2006	100%	100%

2) Basis of accounting and presentation

2.1) Standards

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The interim consolidated financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting. The accounting policies are consistent with those applied in the consolidated financial statements for the fiscal year ended December 31, 2007.

As at 30 June 2008, these standards differ from the International Financial Reporting Standard as approved by the International Accounting Standard Board ("IASB") by the following standards and interpretations that have not yet been approved by the European Union:

- First annual project of IFRS Improvements
- IAS 1 R1 – Presentation of Financial Statements – a revised presentation
- Amendments to IAS 23 – Borrowing Costs
- IAS 27 R1 – Consolidated and Separate Financial Statements
- Amendments to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation and IAS 1
- Amendments to IFRS 1 and IAS 27: "Cost of an investment in a subsidiary, jointly controlled entity or associate".
- Amendments to IFRS 2 – share based payment – vesting conditions and cancellations
- IFRS 3 R1 – Business Combinations
- IFRIC 12 – Service concession arrangements
- IFRIC 13 – Customer Loyalty Programs
- IFRIC 14 – The Limit on a Defined Benefit Asset, minimum funding requirements and their interaction

As at 30 June 2008 these standards and interpretations are either not yet in force or not applicable to EURO Ressources. Therefore, these consolidated financial statements are also prepared in accordance with the International Financial Reporting Standards as approved by the International Accounting Standard Board.

The consolidated financial statements for the quarter and semester ended 30 June 2008 have been prepared using the historical cost basis of accounting adjusted by revaluation through profit or loss of financial liabilities in order to recognize derivative financial instruments at their fair value.

EURO is a French company and prepares its financial accounts in euros (€ or Euro) and presents its consolidated statements in Euros. However, the functional currency of EURO is the US dollar, since this is the currency in which its major transactions, such as income from royalties and its borrowings, are denominated. Certain additional information is presented in these consolidated financial statements in US dollars ("\$").

2.1.1 Interpretations and amendments to the published standards which took effect in 2008

For the fiscal year 2008, there have been no amendments to the standards nor have any new interpretations gone into effect.

2.1.2 Standards, and interpretations and amendments to existing standards, pending application

The Group has decided not to opt for early adoption of new standards, and interpretations and amendments to existing standards, not applicable until fiscal years commencing after 1 January

2009. Among such new standards, interpretations and amendments, the Group has identified the following requirements which may apply to it during the coming years:

- IFRS 8: Operating Segments
- IFRIC 11: "IFRS 2": Group and Treasury Share Transactions

The impact of this new requirement on the Group's financial statements is currently being assessed.

3) Management of financial risk

The Group's activities expose it to different types of financial risks: market risk (principally: the market price for gold, foreign currency risk and risk of changes in value of derivative instruments due to fluctuation in interest rates), credit risk, liquidity risk and interest rate risk. The Group has a risk management program which monitors the volatility of the financial markets and which seeks to minimize the potentially unfavorable effects of that volatility for the Group's financial performance.

3.1) Market risk

3.1.1) Gold price risk

Royalty variance

The Group is exposed to the risk of changes in the market price of gold. Its revenue from the Rosebel royalty is determined with reference to the simple average of the London PM gold price for each calendar quarter. The Rosebel royalty attributable production in 2007 was approx. 270,000 ounces and is anticipated to be approx 300,000 ounces in 2008. The table below illustrates the impact of changes in the calendar quarter average gold price on EURO's revenue, based on 300,000 ounces of attributable production:

Gold price/oz change –average per quarter	\$25	\$50	\$75	\$100
Change in royalty revenue	\$750,000	\$1,500,000	\$2,250,000	\$3,000,000

Derivative variance

As part of its risk management program, the Group holds certain gold derivative forward sales contracts which mirror the method of calculation of the applicable gold price calculation under the Rosebel royalty for the respective calendar quarter (see Note 10.2). At the end of each calendar quarter, the associated forward sales contract is liquidated and the difference between the settlement price for that quarter and the contractual price of \$458.50/ounce is settled. The table below illustrates the impact of changes in the calendar quarter average gold price on the liquidated settlement amount for each 1,000 ounces of gold forward contract (equivalent to 10,000 ounces of attributable production), which is netted against EURO's revenue.

Change in gold price/ounce – quarterly average	\$25	\$50	\$75	\$100
Change in settlement amount	\$25,000	\$50,000	\$75,000	\$100,000

3.1.2) Foreign currency translation risk

EURO is a French company that is exposed to foreign currency translation risk given that its transactions are mainly denominated in US dollars but presented in Euros, with 97% of its revenue in US dollars and 3% in Euros. Operational costs incurred in Euros exceed revenue receivable in Euros (as shown below, with details for the six months ended 30 June 2008) however, the foreign currency translation risk is considered negligible since the amount of our net Euro expense exposure (Euro expense in excess of Euro revenue) is small compared with our total expenses.

(in €000s)	Total	US \$	€	C\$	% exposed to currency translation risk
Revenue	€ 6,017	€ 5,851	€ 166	-	97%
Expenses	€ 3,645	€ 3,136	€ 300	€ 190	86%
<i>Operational</i>	839	349	300	190	42%
<i>Financial</i>	2,596	2,596	-	-	100%
<i>Amortization</i>	210	210	-	-	100%

3.1.3) Derivative instrument interest rate risk

The mark-to-market value of the gold derivative instruments used to hedge our gold price risk varies according to the gold price and, to a lesser extent, according to the contango on gold prices which is primarily related to interest rates. As at 30 June 2008, our unliquidated mark-to-market loss on these positions was €6.9 million and a 1% p.a. increase or decrease in interest rates is estimated to increase or decrease the loss by approximately €0.1 million, respectively. The impact of interest rate changes will reduce as the gold derivative forward sales contracts are liquidated according to their schedule (see Note 10.2).

3.2) Credit risk

The Group is subject to a concentrated credit risk with 97% of its revenue receivable from one source, namely the Rosebel royalty. This royalty is payable by one company, IAMGOLD, which operates the Rosebel mine. Management considers that in view of the financial standing and nature of IAMGOLD's continuing operating activities, the risk of loss is small.

3.3) Liquidity risk

Prudent management of liquidity risk requires the retention of adequate liquidity to meet expected expenditures and possible contingencies. The Group believes that its recurring financial income and established credit facilities are adequate for this purpose and EURO is in full compliance of the financial and liquidity covenants under its existing credit facility.

3.4) Interest rate risk

The Group does not hold significant interest-bearing assets and has limited borrowing under its credit facility from Macquarie Bank (see Note 10.1) and accordingly, variance in interest rates poses limited financial risk to the Group. Our financial indebtedness at 30 June 2008 was \$1.87 million and with a scheduled duration of approximately four months. An adverse variance in interest rates of 1% per annum over the remaining term of the indebtedness would have an adverse impact of approximately \$6,000.

4) Intangible assets (in thousands of €uro)

The carrying values of the intangible assets of the Group are set out in the tables below:

	31 December 2007	Increase	Decrease	Translation adjustment	30 June 2008
<u>Gross values</u>					
Paul Isnard	3,732			(253)	3,479
Rosebel	10,423			(706)	9,717
Total	€14,155	-	-	€(959)	€13,196
<u>Amortization</u>					
Paul Isnard	(3,732)			253	(3,479)
Rosebel	(2,055)	(209)		145	(2,119)
Total	€(5,787)	€(209)	-	€398	€(5,598)
<u>Net values</u>					
Paul Isnard	-	-		-	-
Rosebel	8,368	(209)		(561)	7,598
Total	€8,368	€(209)	-	€(561)	€7,598

On 23 March 2007, EURO signed a memorandum of understanding with Golden Star regarding, amongst other things, an amendment to the previous agreement with Golden Star for their acquisition of the Paul Isnard concessions and exploration permit held by EURO in French Guiana. This amendment provided for the sale of the Paul Isnard properties in exchange for a royalty consideration payable to EURO. Golden Star was required to complete a feasibility study on Paul Isnard within one year of the signing of the memorandum, however Golden Star has not completed the required feasibility study and discussions are on-going.

5) Property, plant and equipment (in thousands of €uro)

	31 December 2007	Increase	Decrease	Translation adjustment	30 June 2008
<u>Gross values</u>					
Other property, plant and equipment	6	-	-	(1)	5
Total	€6	-	-	€(1)	€5
<u>Depreciation</u>					
Other property, plant and equipment	(3)	(1)	-	1	(3)
Total	€(3)	€(1)	-	€1	€(3)
<u>Net values</u>					
Other property, plant and equipment	3	(1)	-	-	2
Total	€3	€(1)	-	-	€2

6) Trade receivables and other current assets
(in thousands of €uro)

Current assets	30 June 2008	31 December 2007
Trade receivables and similar accounts ¹	3,276	2,931
Subtotal of trade receivables and similar accounts	3,276	2,931
Tax and social security receivables	92	84
Prepaid expenses	22	15
Subtotal other current assets	114	99
Total	€3,390	€3,030

¹ Trade receivables include €3.201 million of amounts receivable from IAMGOLD. Included in this amount is a total of €0.5 million withheld by IAMGOLD; the Company objects to IAMGOLD's action and is pursuing arbitration (see Note 19).

7) Cash and cash equivalents
(in thousands of €uro)

	30 June 2008	31 December 2007
Marketable securities ²	-	54
Cash	87	472
Restricted cash ¹	12	31
Total	€99	€57

¹ The royalties paid by IAMGOLD are paid to a restricted account at Macquarie Bank. These funds may only be used for approved corporate expenditures.

² There is no difference between the fair value and the accounting value.

8) Share capital

As of 30 June 2008 the Company's share capital comprises 60,591,460 common shares with a nominal value of €0.01 per share.

There were no shares issued during the second quarter of 2008.

	Number of shares	Nominal value	Share Capital (in thousands of €uro)	Additional paid-in capital (in thousands of €uro)
As at 31 December 2007	60,591,460	€0.01	€606	€45,634
As at 30 June 2008	60,591,460	€0.01	€606	€45,559

9) Stock-based payments

During the second quarter of 2008, stock options issued, granted and outstanding, were as follows:

	Average Exercise Price	Number of Options (in thousands)
As of 31 December 2007	€0.75	1,525
Granted	€0.79	380
Exercised	-	-
As of 30 June 2008	€0.76	1,905
Not exercisable	€0.93	385
Exercisable	€0.72	1,520

The following are the maturities and prices for the stock options outstanding at 30 June 2008:

Year of maturity	Average Exercise Price	Number of Share Options
2014	€0.30	60,000
2015	€0.30	480,000
2016	€0.54	1,170,000
2017	€0.83	120,001
2018	€0.95	75,000

Options granted during the six month period to 30 June 2008:

On 14 February 2008, 305,000 options were granted to the existing holders of stock options outstanding at the time of the rights issue made by the Company during 2007. Each option holder was granted one additional option to acquire one common share for a consideration price of €0.75 per common share for every five existing stock options held, with such additional options only to be exercisable to the extent that the holder's existing stock options are exercised.

235,400 of the 305,000 options vested immediately; 9,600 vested at the end of June 2008; 15,000 will vest at the end of October 2008; 30,000 will vest at the end of January 2009; and 15,000 will vest at the end of October 2009, subject to the continuing validity of the underlying grant.

On 26 June 2008, 75,000 options were granted of which 50,000 vested with effect of the date of grant and 25,000 options remain unvested until the Optionee ceases to be an officer of EURO.

No options were exercised during the second quarter of 2008.

Options vested during the six month period to 30 June 2008 and remaining unvested:

On 1 January 2008, 102,000 options vested and on 30 June 2008 48,000 options vested as part of 600,000 options granted on 30 June 2006. The remaining 150,000 unvested options vest on 1 January 2009 subject to the condition that the Optionee remain eligible at that date.

EURO's Stock Option Plan permits the board of directors of EURO to grant stock options to eligible participants at a subscription price not less than 80% of the average of the closing price of the Company's shares on Euronext Paris for the 20 consecutive days of trading preceding the date of grant of the option.

10) Financial liabilities (in thousands of €uro)

	30 June 2008	31 December 2007
Macquarie Bank Limited loan	-	447
Derivative financial instruments	5,176	7,399
Total non-current financial liabilities	€5,176	€7,846
Macquarie Bank Limited loan	1,161	1,597
Accrued interest on loans	11	5
Derivative financial instruments	1,704	2,615
Total current financial liabilities	€2,876	€4,217

10.1) Macquarie Bank Limited loan

The Company's bank borrowings comprise a loan from Macquarie Bank Limited ("Macquarie"). This was drawn in two tranches:

The first tranche of \$6 million was drawn on 7 January 2005, and used to pay the first installment of the Rosebel purchase price. The loan principal was repayable in nine equal quarterly installments of \$666,667 commencing 29 July 2005 with final maturity scheduled for 29 July 2007. On 26 April 2007, Macquarie agreed to extend the principal payment due on 29 April 2007 until 29 January 2009. A fee of \$13,333 was charged by Macquarie for this extension.

A second tranche of \$3 million was drawn on 30 September 2005, and used to pay part of the second installment of the Rosebel purchase price. The principal amount is repayable in five equal quarterly installments of \$600,000 that commenced on 29 October 2007. Final maturity is on 29 October 2008. In the table below, the Macquarie bank loan is presented at its fair value.

The scheduled maturity of the loan is detailed below

(in thousands of \$)	Payments due by period				
	Total	< 1 Year	1- 3 Years	4- 5 Years	> 5 Years
Macquarie Bank Limited	\$1,867	\$1,867	-	-	-

The applicable interest rate is LIBOR (London Interbank Offered Rate) plus 2.5% p.a.

The Company is required to respect certain financial ratios during the period of the loan. As a condition of the loan, the Company was required to implement a program of forward sales of gold (see Note 10.2). At 30 June 2008, the Company was in full compliance with these financial ratios.

10.2) Derivative financial instruments

For the purpose of the Macquarie financing, EURO was required to hedge a portion of the Rosebel royalty revenue against fluctuations in the market price for gold. EURO therefore concluded two forward sale agreements for gold:

A forward sale agreement for 57,000 ounces of gold at \$421 per ounce for settlement in 10 equal calendar quarter amounts of 5,700 ounces, commencing January 2005, settling 29 days after each calendar quarter. EURO settled its last forward sale agreement of 5,700 ounces of gold at \$421 per ounce on 31 July 2007.

A second forward sale agreement for 57,000 ounces of gold at \$458.50 per ounce for settlement in 10 equal calendar quarter amounts of 5,700 ounces, commencing July 2007, settling 29 days after each calendar quarter.

The contracts provide that in respect of each quarter, when the quarterly average of the London PM gold price is less than the settlement price, Macquarie pays EURO the difference between the average price and the contractual price for 5,700 ounces of gold. Conversely, when the quarterly average of the London PM gold price is higher than the contractual price, EURO pays Macquarie the difference between the average price and the settlement price for 5,700 ounces of gold.

During the first six months of 2008, EURO liquidated the remaining 14,800 ounces of the hedge scheduled for maturity during 2008. As at 30 June 2008, a settlement obligation of \$2.35 million (€1.49 million) was outstanding which was paid on 31 July 2008. As at 30 June 2008 there were 22,800 ounces of gold derivative contracts outstanding, all at a contract price of \$458.50, with the following maturities:

	2009				
	Q1	Q2	Q3	Q4	Total
Gold ounces	5,700	5,700	5,700	5,700	22,800

At 30 June 2008 the negative fair value (mark-to-market) of the forward sale agreements for gold amounted to \$10.87 million (€6.88 million), compared to \$14.7 million, or €10 million at 31 December, 2007. The Group has accounted for changes in the fair value of this financial instrument through the income statement.

11) Trade payables and other current liabilities (in thousands of €uro)

	30 June 2008	31 December 2007
Trade payables	488	514
Tax and social security liabilities	61	148
Deferred settlement liability of gold hedge	1,487	1,270
Other liabilities ¹	19	20
Total	€2,055	€1,952

¹ Other liabilities mainly comprise directors' fees due in respect of the second quarter 2008

12) Revenue from ordinary activities and other operating income
(in thousands of €uro)

	For six months ended 30 June	
	2008	2007
Rosebel royalty	5,851	3,076
Other operating income	166	189
Total	€6,017	€3,265

Revenue from ordinary activities is derived from two categories of activity:

- royalties related to the operation of the Rosebel mine, and
- royalties related to mining operations by third parties in French Guiana.

The predominant source of revenue is royalty income related to operations at the Rosebel mine.

13) Operating expenses

Operating expenses mainly comprise:

- administrative expenses,
- directors' fees,
- fees related to the preparation and audit of the unconsolidated and consolidated financial statements,
- legal fees, and
- costs relating to the reporting obligations of the Company in France and Canada.

14) Financial income and expenses

(in thousands of €uro)

	For six months ended 30 June	
	2008	2007
Other investment income	9	8
Foreign exchange gain	19	49
Financial instrument gain ¹	-	1,645
Total financial income	€28	€1,702
Interest on Macquarie loan	47	138
Effect of discounting other financial debt	-	189
Interest on Golden Star loan	-	135
Foreign exchange loss	26	37
Financial instrument expense ¹	926	
Gold hedge expenses ²	974	2,036
Other	15	-
Total financial expenses	€1,988	€2,535
Net financial income (expense)	€(1,960)	€(833)

1 Financial instrument gain and expense is the variation between periods in mark-to-market valuation of the derivative gold hedges

2 Gold hedge expense is the total of realised losses on liquidation of derivative gold hedges

15) Depreciation and amortization expenses
(in thousands of €uro)

	For six months ended 30 June	
	2008	2007
Amortization charge in respect of intangible assets	209	256
Depreciation charge in respect of plant, property and equipment	1	1
Total	€210	€257

16) Tax**16.1) Tax Reconciliation**
(in thousands of €uro)

Reconciliation of the theoretical tax liability calculated at the tax rate applicable to corporations in France may be reconciled to the effective tax as follows:

	For six months ended 30 June	
	2008	2007
Profit (loss) before tax	€3,008	€1,110
Theoretical tax calculated at the legal rate applicable in the country of each subsidiary	(1,003)	(370)
Tax related to non-taxable revenue items	-	1
Tax related to non-deductible expenses	(15)	-
Tax related to permanent differences	4	(47)
Utilization of tax losses carried forward	-	604
Other		48
Translation adjustment	33	-
Effective tax	€(981)	€236

The corporate income tax rate applied for fiscal 2007 and 2008 is 33.33%.

16.2) Tax Recovery (expense)
(in thousands of €uro)

Corporate income tax recovery (expense) comprises the following:

	For six months ended 30 June	
	2008	2007
Current income tax recovery (expense)		(26)
Deferred tax recovery (expense) on temporary differences and tax losses carried forward	(981)	262
Total	€(981)	€236

16.3) Deferred tax assets

Deferred tax assets amount to €6.65 million. The principal categories of deferred tax assets are:

- **Tax losses carried forward** of EURO, amounting to €12.78 million generating a deferred tax asset of €4.26 million.
- **Temporary difference:** Deferred tax asset arising from gold forward sale contracts: €2.39 million.

Losses carried forward have been utilized on the basis of the business plan presented by management, which provide reasonable reassurance that these losses carried forward may be offset against future taxable income, within the immediate future (less than five years).

17) Earnings per share

Earnings per share are calculated based on the consolidated net income attributable to the group divided by the average number of shares of the parent company in issue during the fiscal year (excluding treasury stock).

	For six months ended 30 June	
	2008	2007
Net profit attributable to holders of common shares (in thousands)	€2,027	€1,346
Weighted average number of common shares	60,594,460	50,466,641
Earnings per Share		
Basic	€0.033	€0.027
Diluted	€0.033	€0.027

18) Related parties

Information on Related Parties:

	Xystus Holdings Corp. Ltd.
Presentation of related parties	Xystus, which owns 7.86% of EURO: James H. Dunnnett is the beneficial owner and chief executive of Xystus
Nature of relationship between related parties	Management fees payable by EURO to Xystus Holdings Corp. Ltd. in 2008 were €0.063 million.

19) Arbitration

In October 2007 IAMGOLD determined to withhold a portion of the Rosebel royalty then due to EURO. This deduction was made without discussion or consultation with EURO and purports to be a revision to the basis of the royalty payments made by Cambior from the inception of production at Rosebel and a revision to the payments made by IAMGOLD since its acquisition of Cambior in late 2006. Further deductions were made against the royalty payable in January, April and July 2008 in respect to production in the fourth quarter of 2007 and the first two quarters of 2008.

In unilaterally making these deductions, IAMGOLD has sought to attribute as a royalty determined in ounces of gold, cash payments made to the Suriname Government and Grassalco under the operating agreement for Rosebel. It has then used this arbitrary calculation of ounces to reduce the attributable ounces of production on which the Rosebel royalty is calculated and paid to EURO. Management believes there is no basis for such a computation under the Participation Agreement between Cambior (now IAMGOLD) and EURO. Consequently, EURO has objected to this unilateral deduction and sought arbitration as provided for in the Participation Agreement.

The arbitration process is proceeding.

As at 30 June 2008, the total withheld and recorded by EURO as a receivable in these financial statements is \$0.78 million (€0.5 million).

The table below summarises by period the deductions made by IAMGOLD. EURO has made no risk provision against these amounts in the financial statements.

	2005	2006	2007	2008
Amount withheld	\$15,035	\$174,665	\$271,676	\$316,699

Management is confident that the amounts withheld by IAMGOLD will be recovered at the conclusion of the arbitration process, anticipated to be completed during 2008.

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

The following discussion and analysis is prepared as at 8 August 2008 and should be read in conjunction with, and is qualified by, our consolidated financial statements and related notes for the periods indicated. The financial statements have been prepared in Euros and in accordance with International Financial Reporting Standards as adopted by the European Union.

INTRODUCTION

EURO Ressources S.A. ("EURO" or the "Company") is a French company and is listed on Euronext in Paris. In accordance with French regulations, the Company prepares its consolidated accounts in Euro which is the presentation currency for its consolidated financial statements. The functional currency of EURO is the United States dollar which is the denominational currency for its major transactions, such as income from Rosebel, its term loans and gold hedge liabilities. Therefore, management has presented certain data in this MD&A in US dollars. All dollar amounts are United States dollars (US dollars or \$), unless otherwise designated.

The currency exchange rate used to present the financial statements in Euro is € = \$1.579800 for balance sheet items at 30 June 2008 (€ = \$1.47285 as at 31 December 2007). The average currency exchange rate for the six months ended 30 June 2008, used to present the consolidated income and cash flow statements, is € = \$1.53055 (2007: € = \$1.32948). The average currency exchange rate for the quarter ended 30 June 2008, used to present the consolidated income and cash flow statements, is € = \$1.563325 (€ = 1.34832 for the second quarter in 2007).

STATEMENTS REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains forward-looking statements, with respect to our financial condition, results of operations, business prospects, plans, objectives, goals, strategies, future events, capital expenditure, and exploration and development efforts. Words such as "anticipates", "expects", "intends", "plans", "forecasts", "projects", "budgets", "believes", "seeks", "estimates", "could", "might", "should", and similar expressions identify forward-looking statements. Although we believe that our plans, intentions and expectations reflected in these forward-looking statements are reasonable, we cannot be certain that these plans, intentions or expectations will be achieved. Actual results, performance or achievements could differ materially from those contemplated, expressed or implied by the forward-looking statements contained in this Annual Report. These statements include comments regarding: the establishment and estimates of mineral resources, exploration spending, the closing of certain transactions including acquisitions and offerings and expectations of future participation rights payments.

RESULTS OF OPERATIONS

Overview

EURO's principal business is to own certain gold exploration properties in French Guiana and royalties on operating gold mines. We own the "Rosebel royalty" on the Rosebel gold mine in Suriname, which mine is owned and operated by IAMGOLD Corporation. We receive quarterly payments from IAMGOLD on this royalty. We are actively seeking to acquire additional royalties.

We also own certain gold property interests in French Guiana primarily consisting of eight concessions and an exploration permit at Paul Isnard.. Consequent on the review of environmental matters related to mining activity in French Guiana, currently being undertaken by the French Government, there is uncertainty as to the areas where mining activity may be permitted in French Guiana.

Three months ended 30 June 2008 compared to three months ended 30 June 2007

EURO had revenue of €2.87 million in the quarter ended 30 June 2008 compared to €1.92 million in the second quarter of 2007, an increase of 49%. Substantially all of this revenue is income from the Rosebel royalty. The Rosebel gold mine produced 78,522 ounces of gold in the second quarter of 2008, a 12.5 % increase from the 69,811 ounces of gold produced in the second quarter of 2007. The increase in revenue from Rosebel also reflects the increase in the average gold price to \$896.29/ounce for the second quarter 2008 compared to \$666.84/ounce for the same period last year, a 34.4% increase.

The proportion of gold production from hard rock increased to 35.7% from 10.1% in the second quarter of 2007 giving an effective participation threshold price of \$320.11 this quarter compared to \$305.05 a year ago: the resultant payable amount per ounce of attributable gold production increased from \$361.79 to \$576.18, an increase of 59.3%. Currency fluctuations reduced the stated Euro value of the dollar denominated revenue by 15.9% compared to the rate applicable to the second quarter of 2007.

EURO had no scheduled gold hedging maturities during the second quarter this year. During the second quarter of 2007 we had €1.04 million in net revenue after deduction of hedging costs of €0.88 million, which costs arose from scheduled maturity of derivative gold hedges during that period. In the second quarter of 2008 we liquidated a number of gold hedges scheduled to mature in future periods, which resulted in realized losses on liquidation in this quarter of €0.29 million: these costs are recorded as financial expenses for the period.

General and administrative expenses in the second quarter were €0.42 million, a 25% reduction from the €0.56 million in the second quarter of 2007. Interest expense decreased in the second quarter of 2008 to €0.02 million (2007: €0.13 million), an 85% decrease reflecting the reduced principal outstanding to Macquarie Bank Limited and the full repayment of the loan from Golden Star in late 2007.

The decrease in amortization expenses to €0.10 million (2007: €0.15 million) reflects the change in accounting estimate of the resources at Rosebel to include the full amount of the remaining participation ounces under the Rosebel royalty. This resulted in a higher resource base for computing the amortization per ounce of production. Consequent on settlement in full of the contingent element of the purchase price of the Rosebel royalty in 2007, there was no debt accretion charge during the quarter (2007: €0.09 million).

Notwithstanding the economic effectiveness of the derivatives used to hedge certain of the future cash flow from the Rosebel royalty, which were implemented as a requirement of our loan from Macquarie, we have recognized against income the total unrealized mark-to-market position of our outstanding gold hedge position. These negative fair value losses do not affect our current cash-flow. If hedge accounting had been available, these prospective losses would have been brought to account against the matching income: also the contango costs inherent in the mark-to-market loss now reflected against income would not arise.

The mark-to-market of our hedge position in the quarter includes the impact of an increase in the gold price and the reduction of the ounces remaining in our hedged position. There was an increase in the gold price over the quarter this year, from \$915.80 to \$926.00 at 30 June 2008, compared to a decrease over the comparative quarter of 2007 from \$658.25 to \$650.50 at 30 June 2007. The total of outstanding hedged ounces was reduced during the quarter by liquidation in advance of scheduled maturity to 22,800 ounces at 30 June 2008 compared to 31,200 ounces at 31 March 2008. All our derivative gold hedges with scheduled maturity in 2008 have now been liquidated.

EURO has recognized a reduction in future tax credit in the second quarter 2008 of €0.77 million, which is compared to a future tax credit increase of €0.11 million in the same quarter last year. The net profit for the second quarter of 2008 of €1.23 million compares to a net profit of €1.64 million in the second quarter of 2007.

Six months ended 30 June 2008 compared to six months ended 30 June 2007

EURO recorded a net profit of €2.02 million during the first six months of 2008, compared to a net profit of €1.34 million for the first six months of 2007. Revenue from royalties was higher for the first six months of 2008 at €6.01 million compared to €3.26 million for the first six months of 2007, with €5.85 million earned from the Rosebel royalty (€3.08 million during the same period last year). The 84% increase in revenue from 2007 to 2008 arises from a higher average gold price (a 38.3% increase to \$910.44 for the first six months of 2008, compared to \$658.12 for the same period last year) and a 32% increase in gold production (154,524 ounces for the first six months of 2008, compared to 117,421 for the same period last year). Production in the first half of last year was impacted by a strike at Rosebel during the first quarter.

OUTLOOK

Over the next twelve months, the Rosebel royalty is expected to provide revenue to the Company of about \$18 million as compared to nearly \$10 million during the same time period in 2007, assuming IAMGOLD's forecast production at Rosebel is achieved and current gold prices are maintained. Additional fair value derivative losses, primarily reflecting increased gold prices, may adversely affect our stated earnings; however this accounting treatment will not directly impact cash-flow. EURO expects the cash-flow will be surplus to its needs for all corporate and related expenses, and scheduled debt service. As previously stated, EURO anticipates liquidating all remaining gold hedging (scheduled maturity: 2009) by year-end 2008.

KEY FINANCIAL DATA

The financial information in the following tables is presented in thousands of €uro, except per share data.

	2008 Q2	2007 Q2
Total revenue	€ 2,866	€ 1,916
Loss on derivatives	-	(1,041)
Total revenue less loss on derivatives	2,866	875
Net profit before tax	2,010	1,559
Income tax recovery (expense)	(774)	111
Net profit	€ 1,236	€ 1,670
Net profit per share, basic	€ 0.020	€ 0.033
Net profit per share, fully diluted	€ 0.020	€ 0.032
Total assets	€17,747	€ 19,794
Total long-term financial liabilities	€ 5,176	€ 13,379
Cash dividends declared	nil	nil

	2008 Q2	2008 Q1	2007 Q4	2007 Q3
Total revenues less loss on derivatives	€2,866	€2,155	€1,462	€1,114
Cash provided by operating activities	1,406	1,065	813	463
Net profit (loss)	1,236	791	(582)	(1,521)
Net profit (loss) per share, basic	€0.02	€0.01	€(0.01)	€(0.03)
fully diluted – per share	€0.02	€0.01		

	2007 Q2	2007 Q1	2006 Q4	2006 Q3
Total revenues less loss on derivatives	€875	€345	€1,277	€1,122
Cash provided by (used) in operating activities	(404)	145	107	511
Net profit (loss)	1,670	(330)	(790)	1,709
Net profit (loss) per share, basic	€0.03	€(0.01)	€(0.01)	€0.03
fully diluted – per share	€0.03			€0.03

LIQUIDITY AND CAPITAL RESOURCES

Consolidated cash and cash equivalents at 30 June 2008 totaled €0.1 million. EURO expects to have sufficient cash flow to fund its on-going operational needs and to provide sufficient resources to investigate acquisition opportunities.

We show a working capital deficiency, reflecting the mark-to-market fair value of our gold hedge position recorded as a current liability, whilst we do not record the contingent Rosebel royalty revenue for corresponding future periods as a receivable. We anticipate that the Rosebel royalty will be paid timeously based on IAMGOLD's forecast gold production at Rosebel, which will provide adequate liquidity to meet our obligations as they become due.

EURO continues to investigate additional acquisitions of gold mineral interests and may require additional capital to complete any such transaction. In addition to using established cash-flow, EURO may need to arrange a combination of equity and debt transactions as sources of capital to fund such transactions. There is no assurance that EURO will identify suitable acquisitions or, that EURO could obtain additional funding at acceptable prices.

HEDGING

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

In terms of these cash settled forward sales contracts, when the average price for the London PM gold fix for the calendar quarter is less than the contract price, the financial institution will pay an amount to EURO equal to the difference between the average price for that quarter and the contract times 5,700 ounces. If the prior calendar quarter average price exceeds the contract price per ounce we will pay the financial institution an amount equal to the difference between the average price and the contract price per ounce times 5,700 ounces. The contract price for the initial cash settled forward sales contract was \$421.00. It is \$458.50 for the second series of sales.

The hedge is structured to reflect and offset the variable nature of the gold price used in calculating the amount due to the Company in terms of the Rosebel royalty. Since the Rosebel royalty is calculated quarterly on the average gold price and 10% of attributable production, the 5,700 ounces of each quarterly contract represent a hedge of 57,000 of attributable production per quarter.

Following the liquidation of hedges at their scheduled maturity and the liquidation of 11,600 ounces of the hedge in advance of their scheduled maturity, we had 22,800 ounces in gold derivative contracts outstanding at 30 June 2008, all at a contract price of \$458.50, with the following maturities:

		2009				
		Q1	Q2	Q3	Q4	Total
Gold ounces hedged		5,700	5,700	5,700	5,700	22,800

DEBT AND CONTRACTUAL OBLIGATIONS

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

(in thousands of dollars)	Payments due by period				
	Total	< 1 Year	1- 3 Years	4- 5 Years	> 5 Years
Macquarie Bank Limited	\$1,867	\$1,867	-	-	-

SHARE CAPITAL

As at 30 June 2008 and the date of this report, we had 60,591,460 common shares outstanding with a par value of €0.01 per share. As at 30 June 2008 and the date of this report, our share capital was:

Par	€ 606
Premium	<u>45,559</u>
Total Share Capital	<u>€46,165</u>

CRITICAL ACCOUNTING ESTIMATES

Preparation of our consolidated financial statements requires the use of estimates and assumptions that can affect reported amounts of assets, liabilities, revenues and expenses. Accounting policies relating to current and future values, depreciation, depletion and amortization of bank loans, future royalty payments, equipment, and expense accruals are subject to estimates and assumptions regarding reserves, gold recoveries, future gold prices and future mining activities.

We have written off substantially all of our investments in exploration properties based upon our previous assessments of the amounts recoverable from these properties. We continue to retain title to certain properties after impairment write-offs as future events and discoveries may ultimately prove that they have significant value.

RELATED PARTY TRANSACTIONS

Mr. James H. Dunnett, Directeur-Général, provides advisory services to the Company through Xystus Holdings Corp. Ltd., of which Mr. Dunnett is chief executive and which is a 7.74% shareholder of EURO.

PAUL ISNARD

On 23 March 2007, EURO signed a memorandum of understanding with Golden Star regarding, amongst other things, an amendment to the previous agreement with Golden Star for their acquisition of the Paul Isnard concessions and exploration permit held by EURO in French Guiana. This amendment provided for the sale of the Paul Isnard properties in exchange for a royalty consideration payable to EURO. Golden Star was required to complete a feasibility study on Paul Isnard within one year of signing the memorandum, however Golden Star has not completed the required feasibility study: discussions are on-going.

Consequent on the review of environmental matters related to mining activity in French Guiana, currently being undertaken by the French Government, there is uncertainty as to the areas where mining activity may be permitted in French Guiana. Until such time as this review is concluded, anticipated before year-end 2008, it is not expected that significant further activity will be undertaken on Paul Isnard.

ARBITRATION

In October 2007, IAMGOLD determined to withhold a portion of the Rosebel royalty then due to EURO. This deduction was made without discussion or consultation with EURO and purports to be a revision to the basis of the royalty payments made by Cambior from the inception of production at Rosebel and a revision to the payments made by IAMGOLD since its acquisition of Cambior in late 2006. Further deductions were made against the royalty payable in January, April and July 2008 in respect to production in the fourth quarter of 2007 and the first two quarters of 2008.

In unilaterally making these deductions, IAMGOLD has sought to attribute as a royalty determined in ounces of gold, cash payments made to the Suriname Government and Grassalco under the operating agreement for Rosebel. It has then used this arbitrary calculation of ounces to reduce the attributable ounces of production on which the Rosebel royalty is calculated and paid to EURO. Management believes there is no basis for such a computation under the Participation Agreement between Cambior (now IAMGOLD) and EURO. Consequently, EURO has objected to this unilateral deduction and sought arbitration as provided for in the Participation Agreement.

As at 30 June 2008, the total withheld and recorded by EURO as a receivable in these financial statements is \$0.78 million (€0.5 million). The table below summarizes by period the deductions made by IAMGOLD. EURO has made no risk provision against these amounts in the financial statements.

	2005	2006	2007	2008
Amount withheld	\$15,035	\$174,665	\$271,676	\$316,699

Management is confident that the amounts withheld by IAMGOLD will be recovered at the conclusion of the arbitration process, anticipated to be completed during 2008.

DISCLOSURE CONTROLS AND PROCEDURE

The Company has limited employees and 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 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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