

EURO RESSOURCES S.A.



QUARTERLY REPORT TO SHAREHOLDERS FIRST QUARTER 2006

Notice to Reader:

The accompanying unaudited interim financial statements for the quarter ended March 31, 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 accounting principles generally accepted in Canada. 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 March 31, 2006	As of December 31, 2005
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,108	\$ 1,056
Restricted Cash (Note 6)	193	417
Accounts receivable (net of doubtful accounts)	100	47
Rosebel Royalty due from Cambior (Note 4)	1,837	1,454
Future Tax Asset – Short Term (Note 12)	588	588
Other current assets	45	38
Total Current Assets	3,871	3,600
LONG TERM ASSETS		
Rosebel Royalty net of depletion (Note 4)	13,765	13,988
Deferred financing costs net of amortization	126	143
Property, plant and equipment net of depreciation	9	7
Future Tax Asset – Long Term (Note 12)	8,666	6,944
Total Assets	\$ 26,437	\$ 24,682
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 804	\$ 811
Liquidated Derivative liabilities	757	362
Current Portion of Long Term Debt (Note 6)	2,714	2,842
Current Portion of Fair Value of Derivative	3,873	2,297
Due to Golden Star Resources Ltd. (Notes 3 and 6)	240	39
Total Current Liabilities	8,388	6,351
LONG-TERM LIABILITIES		
Long Term Debt (Note 6)	4,334	5,000
Fair value of Derivatives (Note 5)	10,987	7,263
Due to Golden Star Resources Ltd. (Notes 3 and 6)	6,629	6,523
Total Liabilities	30,338	25,137
SHAREHOLDERS' FUNDS		
Share Capital (Note 7)	46,207	46,207
Contributed Surplus	17,739	17,739
Contributed Surplus – stock based compensation and warrants	98	98
Deficit	(67,945)	(64,499)
Total Shareholders' Deficit	(3,901)	(455)
Total Liabilities and Shareholders' Funds	\$ 26,437	\$ 24,682

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)

	For the three months ended March 31,	
	2006	2005
REVENUES		
Royalties and other	\$ 1,899	\$ 1,109
Realized Derivative Loss	(757)	(36)
Net Revenue	1,142	1,073
EXPENSES		
General and administrative	373	169
Depreciation, Depletion and amortization -		
Property, Plant and Equipment	3	3
Rosebel Royalty	223	354
Deferred Financing Costs	18	9
Derivative loss – mark-to-market adjustments	5,300	1,242
Debt accretion	106	216
Interest (Note 3 and 6)	308	82
Foreign exchange loss (gain)	(21)	1
Total Expenses	6,310	2,076
Loss Before Taxes	(5,168)	(1,003)
Future Income Tax Recovery (Note 12)	1,722	410
NET LOSS	(3,446)	(593)
DEFICIT – BEGINNING OF QUARTER	(64,499)	(63,019)
DEFICIT – END OF QUARTER	\$ (67,945)	\$ (63,612)
NET LOSS PER SHARE - Basic (Note 11)	\$ (0.070)	\$ (0.013)
WEIGHTED AVERAGE SHARES OUTSTANDING (in millions of shares)	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)

	For the three months ended March 31,	
	2006	2005
OPERATING ACTIVITIES:		
Net loss	\$ (3,446)	\$ (593)
Reconciliation of net loss to net cash used in operations:		
Depreciation, property, plant and equipment	3	3
Depletion of Rosebel Royalty	223	354
Amortization of deferred financing costs	18	9
Debt Accretion due Golden Star (Note 3)	106	216
Stock Based Compensation (Note 9)	-	57
Future Tax Recovery (Note 12)	(1,722)	(410)
Mark-to-market derivative adjustment (Note 5)	5,300	1,242
	482	878
Changes in Assets and Liabilities		
Accounts Receivable	(60)	-
Rosebel Royalty due from Cambior, Inc.	(383)	-
Accounts Payable and accrued liabilities	(7)	(957)
Liquidated Derivative Payable	395	36
Increase in interest payable	(128)	(82)
	299	(125)
Net cash provided (used) in operating activities	299	(125)
INVESTING ACTIVITIES:		
Purchase of Computer Equipment	(6)	-
Net cash used in investing activities	(6)	-
FINANCING ACTIVITIES:		
Bank Loan	-	6,075
Bank Loan – Repayments	(666)	-
Deferred financing costs	-	(183)
Increase/(Decrease) in amounts due to Golden Star Resources Ltd	201	(5,709)
Net cash provided (used) by financing activities	(465)	183
Increase (Decrease) in cash	(172)	58
Cash – beginning of quarter	1,473	1
Cash at end of quarter consists of		
- cash	1,108	59
- restricted cash (Note 6)	193	-
Cash - end of quarter	\$ 1,301	\$ 59

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

EURO RESSOURCES S.A.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2006 AND 2005
(Stated in thousands of United States dollars)
(Unaudited)

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada and should be read in conjunction with the consolidated financial statements and notes thereto included in our December 31, 2005 Annual Report. These interim financial statements are prepared on a consistent basis with those included in the 2005 Annual Report and follow the same accounting policies and methods of application.

1. Summary of Significant Accounting Policies

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. We have adopted the following accounting policies.

Basis of Consolidation

The consolidated financial statements include the accounts of EURO Ressources S.A. (“EURO”) 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 chequing 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 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.

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 a discount rate equal to the marginal borrowing rate for the Company, namely 12%p.a.. 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 an estimate of 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 will be amortized on a unit of production basis, having regard to the production at the Rosebel gold mine, payable in terms of the Participation right, and the resources and reserves used in computing the acquisition value.

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 to 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 year.

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 and has no influence over those operations, it is entirely reliant on the performance of the mine operator, controlled by Cambior Inc. Historically, the operational performance of the Rosebel gold mine has not varied substantially by calendar quarter since start-up in 2004.

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 CICA Handbook Section 3870, "Stock Based Compensation and other Stock-based Payments" we use 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 loss per common share uses the treasury stock method to compute the dilutive effects of stock options.

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 and from 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 estimated additional future payments for the Rosebel Royalty purchase, such payments being due on attributable ounces produced at the Rosebel mine in excess of the first 2.0 million ounces. We record the mark-to-market assets and liabilities on our derivative gold hedges against income in the period they arise.

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 is a subsidiary of Golden Star Resources Ltd. which currently owns approximately 52.2% of the Company's outstanding common shares. The Company's shares are publicly traded with our common shares listed on both the Toronto Stock Exchange and on Euronext in Paris, France, 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 is focused 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 through public equity offerings and loans 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 and from 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 and no subsequent advances of this nature have been made.

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 31st December 2005 on the balance of \$3 million and at 12% p.a., thereafter. A 3% facility fee was levied on the outstanding loan at 31st January, 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 Acquisition

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 interest in the Rosebel gold mine: the Rosebel Royalty is part of the purchase consideration payable by Cambior.

The Rosebel Royalty applies to the first 7 million ounces of attributable production from the Rosebel mine. Attributable gold production in 2004 was 277,000 oz., 332,000 oz. in 2005 and 74,000 in the first quarter 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 a base gold 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.

Acquisition of the Rosebel Royalty from Golden Star, required the payment of \$12 million (see Note 3). Additional payments will be made to Golden Star if cumulative attributable production exceeds 2 million ounces. For attributable production over 2 million ounces, up to 4 million ounces, the additional payment will 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 7 million ounces, the additional payment will be equal to the lesser of the amount received from Cambior and \$5.00 per ounce.

As at 31 December, 2005 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 future payments due to Golden Star based on the updated mineral inventory. The present value of these contingent payments is reflected as a Long term Liability to Golden Star of \$3.629 million (31 December 2005: \$3.523 million). (See also note 3.)

5. Hedges and Derivatives

In January 2005, we entered into a gold derivative position as part of a \$6 million loan agreement with Macquarie (see 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, we entered into an amended credit facility with Macquarie in terms of which Macquarie advanced for 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 1st July 2007 through 31st December 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 March 31, 2006, the gold forward derivative contract on the outstanding derivative contracts of 85,500 ounces had a negative mark-to-market of \$14.86 million, of which \$3.87 million is classified as current. 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 March 31, 2006:

	Maturity Date of Gold Forward Contracts				
	2006	2007	2008	2009	Total
Ounces Au	17,100	22,800	22,800	22,800	85,500
Average Price (US\$)	\$421	\$439.75	\$458.5	\$458.5	\$446

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 March 31 2006, the interest rate and maturity of each amount was as follows:

Amount	Maturity date	Interest rate
\$4,000,000	28 April 2006	7.16%
\$3,000,000	31 July 2006	7.53%

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 29th September 2005, EURO drew an additional \$3 million under a revised facility with Macquarie: the additional principal is repayable in 5 equal quarterly installments of \$600,000 each commencing October of 2007. The interest rate spread remained unchanged: a facility fee of \$45,000 was paid to the bank in respect to 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 \$193,000 as at 31 March, 2006.

7. Share Capital

At March 31, 2006, we had 49,402,884 (2005: 45,002,884) common shares outstanding with a par value of €0.01 per share.

There were no shares issued during the first quarter of 2006.

Common Shares	As at March 31, 2006		As at December 31, 2005	
	€	\$	€	\$
Par	494	660	494	660
Premium	<u>45,345</u>	<u>45,547</u>	<u>45,345</u>	<u>45,547</u>
Total Share Capital	<u>€45,839</u>	<u>\$ 46,207</u>	<u>€45,839</u>	<u>\$ 46,207</u>

8. Warrants

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

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 4,367,889 common shares. An option's term is ten years. The options may take the form of non-qualified stock options, the exercise price of each option shall not be less than:

- (i) the equivalent price in Euro (€) of the Canadian dollar (C\$) amount equal to the closing price of the shares on the Toronto Stock Exchange on the trading day immediately prior to the day the option is granted and
- (ii) 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 no options granted or exercised during the first quarter of 2006.

There were 100,000 options that expired on February 21, 2006

	Options (000)	Wtd. Average Exercise Price	US \$ Equivalent
Outstanding at December 31, 2005	687	€0.82	US\$1.01
Granted	-	€0.27	US\$0.30
Exercised	-	€0.19	US\$0.23
Expired	(100)	€1.23	US\$1.54
Options outstanding and exercisable at March 31, 2006	587	€0.50	US\$0.60

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. The principal elements of the agreement are:

During 2005 and in Q1 2006, Golden Star continued to review the existing data and undertook 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 farmout 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 \$20,000 in Q1 2006.

In 2002, EURO entered into an agreement with Compagnie Miniere Esperance SA (CME) for the sale of its interests in Societe 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 \$33,000 as income in Q1 2006.

11. Income/(Loss) per Common Share

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

	For the three months ended 31 March	
	2006	2005
Net income/(loss)	\$ (3,446)	\$ (593)
(millions of common shares)		
Weighted average number of common shares	49.4	45.0
Dilutive securities:		
Options	<u>0.8</u>	<u>0.5</u>
Weighted average number of dilutive common shares	<u>50.2</u>	<u>45.5</u>
Basic and diluted loss per share	\$(0.070)	\$(0.013)

12. Income Tax

We have recorded an additional deferred tax asset in the period ending March 31, 2006 calculated on the net loss for the period at the current French corporate tax rate of 33.3%.

13. Related Party Transactions

Consequent on Golden Star's ownership of 52.2% of the common shares of EURO, transactions between Golden Star and EURO are related party transactions.

Golden Star continued to provide management services to EURO in terms of the Management Services Agreement previously approved by shareholders until the termination of that agreement in June 2005. Following termination of this agreement, notwithstanding any formal agreement, Golden Star has continued to provide certain limited services to EURO and charged \$5,000 per month. Payment of these amounts is outstanding and remains subject to shareholder approval.

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 consolidated financial statements and related notes, for the periods indicated. The financial statements have been prepared in United States dollars and in accordance with Canadian generally accepted accounting principles.

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 Ressources pursues a business policy of owning certain gold exploration properties in French Guiana and of acquiring and holding mineral royalties. We currently own a royalty (the Rosebel Royalty”) in 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 who owns 52.2% of our common shares and who 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 \$13.5 million. In January 2005 we borrowed \$6.0 million from 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 March 31, 2006 compared to three months ended March 31, 2005

We recorded a loss of \$3.45 million during the first three months of 2006, compared to a \$0.6 million loss for the first three months of 2005. Revenue from royalties represented nearly all of our revenue of \$1.9 million with \$1.84 million earned from the Rosebel Royalty. Net of settlement of the gold hedging maturing during the period, revenue increased to \$1.14 million from \$1.07 million.

Cambior reported that Rosebel gold production was reduced during the quarter due to heavy rains in January and February which resulted in mining of lower grade ore. Gold production achieved at Rosebel in March was consistent with Cambior's forecast annual production of approx. 335,000 ounces. Accordingly, the royalty did not benefit proportionally from the higher gold price for the period.

The continued rise in the price of gold (\$554.07 average for the calendar quarter, 2005 : \$427.35) provided an increase in revenue for the period however we recorded additional mark-to-market charges against income of \$5.3 million (2005: \$1.24 million) arising from the accounting treatment for our gold hedging contracts. This non-cash charge does not affect the liquidity of the Company and reflects additional revenue that will be brought to account in future periods from the increased royalties arising from the higher gold price.

Amortization of the royalty acquisition purchase price was reduced during the quarter due to the increased resource base used in its calculation.

KEY FINANCIAL DATA

All data in table in thousands of dollars except for per share information.

	2006 Quarter 1	2005 Quarter 4	2005 Quarter 3	2005 Quarter 2
Total Revenues	1,142	1,132	1,093	1,047
Cash provided (used) in operating activities	299	512	641	1,229
Net profit / (loss)	(3,446)	2,136	(3,098)	75
Net profit / (loss) per share, basic and fully diluted – cents/share	(0.070)	0.047	(0.069)	0.002

	2005 Quarter 1	2004 Quarter 4	2004 Quarter 3	2004 Quarter 2
Total Revenues	1,073	22	24	22
Cash provided (used) in operating activities	(125)	(129)	(643)	(683)
Net profit (loss)	(593)	(129)	(742)	(684)
Net profit / (loss) per share, basic and fully diluted – cents/share	(0.013)	(0.00)	(0.02)	(0.02)

LIQUIDITY AND CAPITAL RESOURCES

Consolidated cash as of March 31, 2006 totaled \$1.3 million versus 0.6 million at March 31, 2005.

HEDGING

As required by the loan agreement from Macquarie Bank Ltd., 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, 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. 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, to the extent of attributable production of 57,000 ounces per quarter. Attributable gold production in the fourth quarter was approximately 80,000 ounces. The London PM gold fix averaged \$545 per ounce during the first quarter of 2006 resulting in a derivative loss of \$757,060 in respect to gold hedging for that quarter.

We have the following derivative contracts outstanding at March 31, 2006:

	Maturity Date of Gold Forward Contracts				
	2006	2007	2008	2009	Total
Ounces Au	17,100	22,800	22,800	22,800	85,500
Average Price (US\$)	\$421	\$439.75	\$458.5	\$458.5	\$446

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.

	Payments (\$'000) Due by Period				
	Total	< 1 Year	1- 3 Years	4- 5 Years	> 5 Years
Golden Star Resources Ltd.	7,406	240	0	3,442	3,724
Macquarie Bank Ltd.	7,000	2,667	4,333	0	0
Total	\$ 14,406	\$ 2,907	\$ 4,333	\$ 3,442	\$ 3,724

SHARE CAPITAL

As at March 31, 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 quarter of 2006.

Common Shares - as of March 31, 2006 and the date of this report

Par	\$ 660
Premium	<u>45,547</u>
Total Share Capital	<u>\$ 46,207</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

Golden Star continued to provide management services to EURO in terms of the Management Services Agreement previously approved by shareholders on until the termination of that agreement in June 2005. Subsequently, notwithstanding any formal agreement, Golden Star continued to provide certain limited services to EURO and has charged \$5,000 per month. Payment of these amounts is outstanding and remains subject to shareholder approval. Management service charges by Golden Star of \$15,000 have been provided for in the first quarter of 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 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:

James H. Dunnett,
Directeur-Général
Tel: +1 604 710 2242
Fax: +1 604 608 3283
Email : jhdunnett@aol.com

Susanne A. Hermans,
Vice-Président, Finance
Tel: +1 303 904 7090
Fax: +1 303 904 7091
Email: shermans@gsr.net