

EURO RESSOURCES S.A.



ANNUAL INFORMATION FORM

March 31, 2006

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FORWARD LOOKING STATEMENTS

Certain statements in this Annual Information Form may constitute “forward looking” statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. When used in this Annual Information Form, such statements may use such words as “may”, “will”, “expect”, “believe”, “plan” and other similar terminology. These statements reflect management’s current expectations regarding future events and operating performance and speak only as of the date of this Annual Information Form. These forward looking statements involve a number of risks and uncertainties. See “Risk Factors”

CURRENCY AND EXCHANGE RATES

EURO reports in United States dollars. In this Annual Information Form, all references to “\$” or “dollars” are to United States Dollars, Cdn\$ are to Canadian dollars, and €is to the Euro. On December 30, 2005, the Noon Buying Rate as quoted by the Federal Reserve Bank of New York was \$1.00 equals Cdn\$1.1656 or €0.8445.

TECHNICAL REPORT REGARDING THE ROSEBEL GOLD MINE

National Instrument 43-101 of the Canadian Securities Administrators (“NI 43-101”) contains certain requirements relating to disclosure of technical information in respect of mineral projects. Pursuant to an exemption order granted to the Company by the Canadian securities regulatory authorities, the information contained herein with respect to the Rosebel Gold Mine (as defined herein) is primarily

extracted from a technical report dated on the Rosebel Gold Mine dated March 2, 2006 authored by G.S. Carter, P. Eng., who is an independent qualified person for the purposes of applicable Canadian securities law (the “Gross Rosebel Report”).

This technical report makes reference to the September, 2002 technical report prepared and filed by Cambior regarding the Rosebel Gold Mine (the “Cambior Report”) and an updated reserve and resource estimate for Cambior as of December 31, 2005 reported Cambior’s press release dated January 18, 2006 (the “Cambior December 2005 Reserve Estimate”) as well as general information available in the public domain, including the Company’s complete database of public domain data, Cambior’s annual reports, annual information forms, information available on Cambior’s website and information available on other websites. The Gross Rosebel Report, the Cambior Report and the Cambior December 2005 Reserve Estimate are available on www.sedar.com.

The qualified person who prepared the Gross Rosebel Report did not conduct a site visit, did not independently sample and assay portions of the deposit and did not review the following items prescribed by NI 43-101:

- (a) geological investigations, reconciliation studies, independent check assaying and independent audits;
- (b) estimates and classification of mineral resources and mineral reserves, including the methodologies applied by the mining company in determining such estimates and classifications, such as check calculations; or
- (c) life of mine plan and supporting documentation and the associated technical-economic parameters, including assumptions regarding future operating costs, capital expenditures and saleable metal for the mining asset.

NAME AND ORGANIZATION

EURO Ressources S.A. (“EURO”, the “Company”, or “we”) is a corporation incorporated under the laws of France on April 20, 1993 under the name “Guyanor Ressources S.A.”. On June 23, 2005, the Company’s name was changed to its present name. EURO’s registered office is located at 23, rue du Roule, 75001 Paris, France. EURO’S principal executive office is located at Suite 304, 10901 West Toller Road, Littleton, Colorado 80127-6312.

EURO has one wholly-owned subsidiary, Société de Travaux Publics et de Mines Aurifères en Guyane sarl (“SOTRAPMAG”), a corporation incorporated under the laws of France, which we acquired in 1994.

DEVELOPMENT OF EURO’S BUSINESS

Three Year History

From the time EURO was established in 1993 until late in 2004, our business activities focused on exploration and, if warranted, development of precious metal deposits in French Guiana. In accordance with this business model we acquired the mineral rights to several exploration stage properties in French Guiana and conducted exploration related activities on these properties. Our exploration activities were funded through a combination of equity capital funds, joint venture partnership funds and loans from Golden Star Resources Ltd. (“Golden Star”), our 52.6% majority shareholder.

Since 2000 there has been no material exploration work performed on our properties. As described below under “Significant Acquisitions and Dispositions” we undertook a major restructuring in 2004 and following this restructuring, in December 2004, we acquired a participation right (the “Rosebel Royalty”) on the Gross Rosebel gold mine in Suriname (the “Rosebel Gold Mine”), which is owned and operated by Cambior, Inc. (“Cambior”).

Significant Acquisitions and Dispositions

Debt Restructuring, Sale of Exploration Data and Option over Properties

On September 21, 2004 EURO completed the restructuring of its approximately \$17.24 million outstanding indebtedness to Golden Star. This restructuring was approved by shareholders of EURO, other than Golden Star, at a meeting of shareholders held September 8, 2004.

The restructuring was effected by a Loan Amendment Agreement, an Option Agreement and a Data Acquisition Agreement made between the Company and Golden Star. The following is a summary of the transactions contemplated by these agreements. Full details of the debt restructuring transactions were provided in the Company’s August 12, 2004 information circular provided to shareholders in connection with the September 8, 2004 shareholder meeting, which is available at www.sedar.com.

The restructuring was reflected in the Company’s accounts by the conversion of the \$17.44 million outstanding indebtedness to equity in the form of contributed surplus.

Of the \$17.44 million debt outstanding, the amount in excess of \$16 million was waived completely. As a result of the sale of the Company’s regional French Guiana exploration database to Golden Star for \$6 million in terms of the Data Acquisition Agreement, the debt owed by the Company to Golden Star was further reduced to \$10 million. Golden Star has suspended repayment of this remaining \$10 million, and will require repayment only to the extent that any of the \$10 million in aggregate payments that may be paid by Golden Star to the Company and its wholly owned subsidiary SOTRAPMAG under the Paul Isnard property Option Agreement are received by the Company.

No interest will accrue or be payable by EURO on the debt, whether before or after the Company returns to a “sound financial condition”, which is defined as receipt of payments under the Option Agreement. Under the Option Agreement, Golden Star has acquired an option to earn an undivided interest in an exclusive exploration permit currently held by the Company and eight mineral concessions owned by SOTRAPMAG in French Guiana (together, referred to as the “Paul Isnard Property”).

Golden Star may earn a 50% interest in the Paul Isnard Property by making three annual payments of \$500,000 each in 2004, 2005 and 2006 and making exploration expenditures of least \$2 million. Additionally, Golden Star may increase its interest in the Paul Isnard Property to 70% by meeting the requirements for earning a 50% interest, delivering a feasibility study for the Paul Isnard Property and making a payment of \$3.5 million, all within three years from the date of the Option Agreement.

If the option is exercised, Golden Star will enter into a Joint Venture Agreement with respect to the Paul Isnard Property. If Golden Star makes a production decision in respect of the Paul Isnard Property within five years from the date of the Option Agreement, EURO has agreed to sell to Golden Star and Golden Star will purchase all of the shares of SOTRAPMAG for an aggregate consideration of \$5 million plus a floating rate production royalty over all gold production from the Paul Isnard Property to a maximum of two million ounces (the “Paul Isnard Royalty”). The Paul Isnard Royalty will vary in accordance to the price of gold. For per ounce gold prices of \$325 to less than \$375 the Paul Isnard Royalty will be 1%,

1.5% for per ounce gold prices of \$375 up to less than \$425, and 2% for per ounce gold prices of \$425 and greater. There will be no amount payable at gold prices below \$325 per ounce.

Acquisition of Rosebel Royalty

Effective December 31, 2004, EURO acquired the Rosebel Royalty from Golden Star for initial consideration of \$12 million cash. The Rosebel Royalty provides for payment by Cambior to EURO of cash amounts determined with reference to the volume of gold produced at Cambior's Rosebel Gold Mine, located in Suriname, which began commercial gold production during the first quarter of 2004.

The terms of the Rosebel Royalty are for payment by Cambior of an amount determined as to 10% of the amount by which the gold price exceeds \$300 per ounce for production of the mine from the soft and transitional rock, and the amount by which the gold price exceeds \$350 per ounce for gold production from the hard rock portion of the ore body, calculated quarterly and in both cases after deduction of any royalties payable in kind to the Government of Suriname and governmental agencies. The Rosebel Royalty payable by Cambior applies to the first 7 million ounces of production from the mine.

In the event that production exceeds 2 million ounces at the Gross Rosebel mine, EURO will pay additional consideration to Golden Star, calculated and payable on a calendar quarterly basis. For production over 2 million ounces and up to 4 million ounces, the additional payment by EURO will be \$2.50 per ounce or such lesser amount actually received by EURO from Cambior. For production over 4 million ounces up to the balance of the 7 million ounces of gold production subject to the Rosebel Royalty, the additional payment by EURO will be \$5.00 per ounce or such lesser amount actually received by EURO from Cambior.

To finance the acquisition of the Rosebel Royalty, EURO borrowed \$6.0 million from a Macquarie Bank Limited and used those funds to pay the initial installment of the purchase price due to Golden Star. An additional installment of \$6.0 million of the purchase price was payable to Golden Star on June 30, 2005. However, Golden Star agreed to deferment of such payment with interest to accrue at 12% per annum.

In August of 2005 Golden Star agreed to revised terms for this \$6.0 million loan, subject to the payment of an additional \$3 million of principal. This payment was made on September 30, 2005 following an increase in funds available to the Company under its credit facility. Accordingly, interest on the amounts due to Golden Star was waived on the \$3 million repaid and amended to 6% per annum, payable quarterly, until December 31, 2005 on the balance of \$3 million. Interest on the outstanding balance is payable at 12% per annum effective January 1, 2006 and a fee of 3% of the outstanding principal amount was paid to Golden star on January 31, 2006.

During the term of the Company's credit facility, principal amounts due to Golden Star may only be paid from funds other than those arising from the Rosebel Royalty. There is no event of default arising from this deferment.

The additional amount of \$3 million advanced under the Company's revised credit facility is repayable in five equal quarterly payments of \$600,000 commencing October 31, 2007.

During the year ended December 31, 2005, there were no significant acquisitions completed by EURO.

DESCRIPTION OF EURO'S BUSINESS

As set forth above under "Development of EURO's Business - Significant Acquisitions and Dispositions - Acquisition of Rosebel Royalty" EURO's principal business activity is the holding of the Rosebel Royalty and its interest in the Paul Isnard mineral property described below.

The Rosebel Royalty

Economic Terms of the Rosebel Royalty

Details of the economic terms of the Rosebel Royalty are set forth above under "Development of EURO's Business - Significant Acquisitions and Dispositions - Acquisition of Rosebel Royalty".

Underlying Mineral Resources of the Rosebel Gold Mine

Under applicable Canadian securities legislation, EURO is required to file a technical report in respect of the Rosebel Gold Mine in support of disclosure to be made in its public disclosure documents, including this Annual Information Form.

The terms of the Rosebel Royalty do not contain provisions that would enable EURO to obtain access to the Rosebel Gold Mine or to all of the information held by Cambior relating to the Rosebel Gold Mine. However, EURO has prepared and filed a technical report on the Rosebel Gold Mine dated March 2, 2006 authored by G.S. Carter, P. Eng., who is an independent qualified person for the purposes of applicable Canadian securities law (the "Gross Rosebel Report"). This technical report makes reference to the September, 2002 technical report prepared and filed by Cambior regarding the Rosebel Gold Mine (the "Cambior Report") and an updated reserve and resource estimate for Cambior as of December 31, 2005 reported Cambior's press release dated January 18, 2006 (the "Cambior December 2005 Reserve Estimate"), both of which documents are available on www.sedar.com.

The Gross Rosebel Report was prepared pursuant to the terms of a discretionary exemption order dated March 7, 2005 granted by the securities regulatory authorities of each Province in Canada where the Company is a reporting issuer. See "Technical Report Regarding Rosebel Gold Mine".

Project Description and Location

The Cambior Report states that the property upon which the Rosebel Gold Mine is located covers an area of 170 square kilometres in north central Suriname at a latitude of 22° 25' North and a longitude of 55° 10' West. The property lies in the District of Brokopondo, between the Suriname River to the east and the Saramacca River to the west, approximately 80 kilometres south of the capital city of Paramaribo.

Accessibility, Climate, Local Resources and Infrastructure

The Cambior Report states that there are two access routes from Paramaribo to the Rosebel Gold Mine. One route utilizes a 30 kilometre paved road which connects Paramaribo to Paranam. From Paranam, an unpaved road courses south to reach the Mine. The other route is a paved road which connects Paramaribo to the international airport at Zanderij. A gravel road connects Zanderij to property access road. Travel distance for both routes from Paramaribo is approximately 100 kilometres. The Rosebel Gold Mine is located in an area of small hills covered with tropical rain forest and separated by flat-lying savannah with a light cover of low trees, shrubs and grass. The climate is typically tropical, with high humidity and mean temperatures varying from 26° C to 28° C. There are two wet seasons each year: late April to mid-August and early December to early February, and the October dry season can result in near-

drought conditions. Average rainfall at the project site is about 2,200 millimetres per year. Suriname is in a low seismic zone.

History

The Gross Rosebel property and the Rosebel Gold Mine dates from 1879. See section 8 of the Gross Rosebel Report and Section 6 of the Cambior Report.

Geological Setting

See section 9 of the Gross Rosebel Report and section 7 of the Cambior Report.

Exploration

See section 12 of the Gross Rosebel Report and section 10 of the Cambior Report.

Mineralization

The Cambior Report states that most rocks within the Gross Rosebel property host quartz veins, some of which are gold bearing. Early veins are usually deformed, and are often cut by later veins. Primary gold mineralization occurs in several different styles on the property, hosted by at least three generations of quartz and quartz-carbonate veins.

These were placed during and after major episodes of deformation, and are generally restricted to lithological contacts, fold closures and sub-vertical shear corridors. Veins vary from a few centimetres to up to 2 metres in thickness. The gold typically occurs as free grains of native gold, often precipitated close to the vein margins at an early stage of hydrothermal activity or as interlacings in pyrite crystals within veins and adjoining country rocks.

Volcanic-hosted veins in Pay Caro – East Pay Caro often contain up to 25 percent feldspar; veins in Royal Hill can contain up to 30 percent tourmaline, presumably due to the proximity of the Brinks Granite. Wall rock alterations is propylitic or potassic, and typically consists of 2 to 5 percent pyrite, with weak carbonate alteration around quartz-carbonate veins and K-feldspar around quartz-carbonate-feldspar veins. The haloes range from 0.25 metre around thin veins to over 20 metres around major vein sets.

Some of the primary gold has been remobilized by later tectonic events, principally further folding and shearing, which also deformed the early generations of veins. This is particularly common in the Koolhoven deposit, where both gold and pyrite are filling fractures in stressed blue-gray quartz veins.

A significant part of the lateritic cover is enriched in gold that has been remobilized from the underlying saprolite and rock by groundwater fluctuations. The gold can be transported in halide complexes formed under highly oxidizing saline and acidic conditions, or in thiosulphates formed from the oxidation of pyrite under neutral to alkaline weathering conditions. The gold is then precipitated and concentrated from the halide complexes by reducing conditions or, in the presence of ferrous iron and from thiosulphates, in an acidic environment. The gold usually occurs as coarse grains of free gold often attached to goethite or hematite, or lining cubic voids left by the weathering of pyrite crystals. Nuggets of up to 8 millimetres in diameter have been found lying on the surface after heavy rain. Extensive small scale mining over the years has created a significant amount of tailings and “dumps” still containing a fair amount of gold.

The Cambior December 2005 Reserve Estimate states that in 2006 Cambior expects the Rosebel Mine “will process 7.1 million tonnes of ore at an average grade of 1.56 g Au/t for a production of 335,000 ounces of gold at an estimated mine operating cost of \$240 per ounce. The mill feed is projected at a nominal 19,500 tonnes per day with a soft rock to hard rock (including transition ore) ratios of 48%/52%. The increasing hard rock component along with a higher stripping ration will entail an increased operating costs. Mine production will originate from the Pay Caro and Royal Hill pits in 2006.”

This quotation is the only recently available data regarding the split between soft rock and hard rock. Under the Rosebel Royalty, transition ore is included in the “soft rock” category.

See Section 9 of the Cambior Report.

Drilling

See Section 13 of the Gross Rosebel Report and Section 11 of the Cambior Report.

Sampling and Analysis

See Section 14 of the Gross Rosebel Report and Section 12 of the Cambior Report.

Security of Samples

See Section 15 of the Gross Rosebel Report and Section 13 of the Cambior Report.

Mineral Resource and Mineral Reserve Estimates

See Section 19 of the Gross Rosebel Report and Section 17 of the Cambior Report.

The Cambior 2005 Reserve Estimate stated that “Since the commencement of production, the reserves at Rosebel have increased by 63% or 1,500,000 ounces through additional drilling and the inclusion of additional resources rendered economic by the increase in the gold price since February 11, 2004.” The Cambior Reserve Estimate sets out the following information regarding the Rosebel mineral reserves:

	Tonnage (000t)	Grade (g Au/t)	Contained Gold (000 oz)
Pay Caro	17,223	1.52	844
East Pay Caro	10,892	1.13	397
Koolhoven	5,144	1.33	220
Royal Hill	22,014	1.42	1,006
Mayo	8,065	1.32	343
Rosebel	7,972	1.33	340
Stockpiles	1,736	1.11	62
Reserves – December 31, 2005(1)	73,046	1.37	3,212
Production – 2005	7,196	1.56	361
Production – 2004	5,067	1.84	300
Cumulative – Production and Reserves (Dec. 31, 2005)	85,309	1.41	3,873
Reserves – December 31st, 2004(2)	52,910	1.45	2,459
Reserves – December 31st, 2003(3)	47,165	1.57	2,382

(1) Based on gold price of \$425 per ounce
(2) Based on gold price of \$400 per ounce
(3) Based on gold price of \$350 per ounce

MINERAL RESERVES AND RESOURCES (1), (2)						
	December 31, 2005 @ \$425/oz			December 31, 2004 @ \$400/oz		
	Tonnes (000)	Grade (g Au/t)	Ounces Contained (oz)	Tonnes (000)	Grade (g Au/t)	Ounces Contained (oz)
Rosebel						
Proven Reserves	42,307	1.4	1,862,000	20,551	1.5	992,000
Probable Reserves	30,739	1.4	1,350,000	32,359	1.4	1,467,000
Subtotal	73,046	1.4	3,212,000	52,910	1.4	2,459,000
Indicated Resources	56,283	1.0	1,885,000	33,611	1.1	1,176,000
Inferred Resources	59,973	1.1	2,194,000	30,074	1.2	1,147,000
(1)	Reported mineral reserves and resources have been calculated in accordance with definitions and guidelines adopted by the Canadian Institute of Mining, Metallurgy and Petroleum. Mineral reserves and resources were estimated using a long-term gold price assumption of \$425/oz in 2005 and \$400/oz in 2004. Unlike proven and probable mineral reserves, mineral resources (of all categories) do not have a demonstrated economic viability.					
(2)	In mining operations, measured and indicated resources are considered uneconomic at the price used for reserves calculations.					

Mining Operations

See section 18 of the Gross Rosebel Report and Section 16 of the Cambior Report.

The Paul Isnard Property

On October 29, 1994, EURO acquired an interest in the Paul Isnard exploration projects by way of the acquisition of all of the outstanding shares of Société de Travaux Publics et de Mines Aurifères en Guyane (“SOTRAPMAG”). SOTRAPMAG holds eight mineral concessions at Paul Isnard which will expire on December 31, 2018 but which can be renewed for an additional 25 years. Total area of the eight concessions is 150 square kilometers.

EURO also has an Exclusive Exploration Permit at Paul Isnard, which was granted to us on November 30, 1999 for an initial period of three years, covering an area of approximately 283 square kilometers. Its first validity period expired on December 1, 2002. An application for renewal for a five-year period and reduced surface area (199 square kilometers) was sent to the French Administration on July 30, 2002. The application was revised in late 2005 to cover a further reduced surface area of 140 square kilometer which was approved by the Ministry of Industry in February 2006. This permit is valid until November 2007.

During 2004, EURO entered into an Option Agreement with Golden Star in respect to Paul Isnard allowing Golden Star to undertake a work program which may result in it earning an ownership position in this property. Golden Star agreed to assume responsibility for all Paul Isnard property costs as long as it maintains the Option Agreement. See Development of EURO’s Business - Significant Acquisitions and Dispositions - Debt Restructuring, Sale of Exploration Data and Option over Properties”.

Under the Option Agreement, Golden Star is required to spend \$2 million to earn its initial 50% interest. Golden Star has informed EURO that it intends to spend approximately \$250,000 on Paul Isnard during 2006, continuing their review of past work and development of new areas of interest for future exploration activities.

EURO entered into a farmout agreement in 2003 with Compagnie de Travaux Miniers de Guyane sarl (“Cotmig”) pursuant to 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 \$100,000 in 2005.

Other Information Regarding the Company's Business

Employees

As at the date of this Annual Information Form, EURO had two employees.

Environmental Matters

EURO is not a party to any environmental litigation, nor does it have any outstanding notices of violation.

Risk Factors

In addition to the general business and market risks commonly associated with public companies, there are risks specifically associated with the type and nature of the Company's operations. Due to the following factors and others disclosed elsewhere in this Annual Information Form, actual results, performance or achievements of the Company could differ materially from those projected by the Company.

Risks of Exploration and Development

Mineral exploration and development involves a high degree of risk and few properties which are explored ultimately are developed into commercially producing mines. The long-term success of the Company's operations is substantially and directly related to the cost and success of its exploration programs. The risks associated with the exploration for new deposits include the identification of potential gold mineralization based on surficial analysis, the attraction and retention of experienced geologists and drilling personnel, the quality and availability of third party assaying, sampling errors, geological, geophysical, geochemical and other technical analyses and other factors. Substantial early stage expenditures are required to outline mineral deposits and establish ore reserves through, among other things, drilling and the preparation of feasibility studies and mine plans, and to develop and construct the mining and processing facilities at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major deposit, no assurance can be given that (i) minerals will be discovered in sufficient quantities and/or grades to constitute reserves or justify commercial operations, (ii) the Company will be successful in partnering with other companies to develop and operate those properties that are commercially attractive on acceptable terms or (iii) the funds required for development can be obtained by the Company or any of its partners on a timely or commercially reasonable basis. Further, even if reserves are delineated, it may require a number of years and significant expenditures until production is possible, during which time the parameters that made development and exploration of a property feasible may change. Additionally, the Company will rely on its partners in each project for technical expertise in the development and operation phases of the project, and, in certain instances, for financing, until cash flow is generated from the property for the Company's account. Finally, to the extent the Company's mineral reserves are produced and sold, the Company must continually acquire new mineral prospects and explore for and develop new mineral reserves to replace such reserves.

Uncertainty of Reserve and Other Mineralization Estimates

There are numerous uncertainties inherent in estimating proven and probable reserves and other mineralization, including many factors beyond the control of the Company. The estimation of reserves and other mineralization is a subjective process and the accuracy of any such estimate is a function of the quality of available data and of engineering and geological interpretation and judgment. Results of drilling, metallurgical testing and production and the evaluation of mine plans subsequent to the date of any estimate may justify revision of such estimates. No assurance can be given that the volume and grade of reserves recovered and rates of production will not be less than anticipated. Assumptions about prices are subject to great uncertainty and gold prices have fluctuated widely in the past.

Risks Associated with the Fluctuation of Gold Prices

The Company's revenues are expected to be derived, in large part, from the payments associated with the mining and sale of gold at the Rosebel Gold Mine. The price of gold can fluctuate significantly, and is affected by numerous factors beyond the Company's control, including international economic and political trends, inflation expectations, interest rates, central bank loans, sales and purchases, global or regional consumptive patterns (such as the development of gold coin programs), speculative activities and increased production due to new mine developments and improved mining and production methods. The effect of these and other factors on the price of gold cannot be predicted accurately.

The current demand for, and supply of, gold affect gold prices but not necessarily in the same manner as they affect the prices of other commodities. The potential supply of gold consists of new mine production plus existing stocks of bullion and fabricated gold held by governments, financial institutions, industrial organizations and individuals. Since mine production in any single year constitutes a very small portion of the total potential supply of gold, normal variations in current production do not necessarily have a significant effect on the supply of gold or on its price.

In order to mitigate the effect of fluctuations in the price of gold on the revenues derived from the Rosebel Royalty, in January 2005 the Company entered into forward sales arrangements with respect to 57,000 ounces of gold, in ten equal quarterly installments of 5,700 ounces, at a price of \$421 per ounce. In August, 2005 the Company entered into a further similar cash settled forward sales contract which obligates the Company to sell a further 5,700 ounces of gold to the same financial institution at the end of each calendar quarter, beginning in the third quarter of 2007 until January of 2010. These arrangements have the effect of "hedging" approximately 70% of the Company's financial interest in gold production from the Rosebel Gold Mine, as forecast by Cambior.

Capitalization and Commercial Viability

The Company has limited financial resources. To date, and for the reasonably foreseeable future, its exploration and development activities have not generated and are not expected to generate substantial revenues, which has caused, and is expected to continue for the reasonably foreseeable future to cause, the Company to incur losses. In addition, the Company historically has incurred significant expenditures in connection with its exploration activities and contemplates doing so for the foreseeable future. The Company's ability to obtain financing may be negatively affected by the price of gold which recently has been at depressed levels compared to the past several years. There can be no assurance that additional funding will be available to the Company for further exploration or development of its properties or to fulfill its obligations under any applicable agreements with its partners. Although the Company has been successful in the past in obtaining financing through the sale of equity securities and through partnership arrangements involving several of the Company's properties, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be

favorable, or that such partnership arrangements will continue to be available for the Company's properties on acceptable terms

Requirements for Permits and Licenses

The operations of the Company (and those of Cambior, who own and operate the Rosebel Gold Mine from which payments under the Rosebel Royalty are derived) require licenses and permits from various governmental authorities. There can be no assurance that such governmental authorities complied with all technical and procedural formalities in the law in connection with the grant of such licenses or permits. Except as otherwise described herein, Management believes that the Company (and Cambior) presently holds or has applied for all necessary licenses and permits to carry on the activities which it currently is conducting under applicable laws and regulations in respect of its properties, and also believes the Company (and Cambior) is presently complying in all material respects with the terms of such laws, regulations, licenses and permits, although the Company may be in breach of certain provisions of such laws, regulations, licenses and permits from time to time. Such licenses and permits issued or applied for are subject to changes in regulations and in various operating circumstances. There can be no assurance that the Company (and Cambior) will be able to obtain or maintain in force all necessary licenses and permits that may be required for it to conduct further exploration or commence construction or operation of mining facilities at properties under exploration or maintain continued operations at economically justifiable costs.

Operation Hazards and Responsibilities

The business of gold mining is generally subject to a number of risks and hazards, including environmental hazards, the discharge of pollutants or hazardous chemicals, industrial accidents, labor disputes, encountering unusual or unexpected geological or operating conditions, slope failures, cave-ins, failure of pit walls or dams and fire, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes, as well as other hazards. Although the Company does not presently operate any mining projects, payments under the Rosebel Royalty are derived from gold produced at Cambior's Rosebel Gold Mine, and the operations at that mine (and hence the ability of that mine to produce gold) are subject to these operational hazards.

Dependence on Key Personnel

The Company has two employees. The Company has not made long term employment contracts with its employees and there can be no assurance that the services of these employees will be available to the Company at all times.

Control of the Company and Conflict of Interest

Golden Star beneficially owns approximately 52.6% of the outstanding voting shares of the Company. Golden Star, accordingly, controls the election of the Company's directors and has substantial voting power with respect to other matters submitted to a vote of the shareholders. The interests of Golden Star with respect to various transactions presented to the shareholders for approval may differ from those of the Company's other shareholders.

Golden Star itself, and an officer of Golden Star, are directors of the Company and, to the extent that Golden Star may participate in ventures in which the Company may participate, such directors may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. French law provides that where companies in the same group have common managers, or where one company is a director of another, transactions involving such common parties must be approved by the

Board of Directors, with the interested directors abstaining from voting, and must, thereafter, be ratified by the shareholders of the Company at a shareholders' meeting with a special report on the transaction prepared by the statutory auditors of the Company to have been furnished to the shareholders prior to the meeting. French law also prohibits the Company from granting, directly or indirectly, any loan or guarantee to any of its directors, including Golden Star.

From time to time several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the potential benefits to the Company, the degree of risk to which the Company may be exposed and its financial position at that time.

Competition

The Company competes with major mining companies and other natural resource companies in the acquisition, exploration, financing and development of new properties and projects. Many of these companies are more experienced, larger, and better capitalized than the Company. The Company's competitive position will depend upon its ability to successfully and economically explore, acquire and develop new and existing mineral resource properties or projects. Factors which allow producers to remain competitive in the market over the long term are the quality and size of the ore body, cost of production and operation generally, and proximity to market. The Company also competes with other mining companies for skilled geologists, geophysicists and other technical personnel, which may result in higher turnover and greater labor costs for the Company.

Currency

Presently, the Company's receivables are denominated in United States dollars. The Company does not actively hedge any currency risk to which it may be exposed.

Government Regulations

Management believes that compliance with existing regulations in French Guiana in connection with the discharge of materials into the environment, or otherwise relating to environmental protection, should not have a material adverse effect on the Company's exploration activities, earnings, expenditures or competitive position. However, there can be no assurance that this will always be the case. New or expanded regulations, if adopted, could affect the exploration or development of the Company's mining projects or otherwise have a material adverse effect on the operations of the Company.

DIRECTORS AND OFFICERS

The name and municipality of residence of each of the Directors and senior management of EURO (along with their respective positions and offices held EURO and their respective principal occupation) is as follows:

<u>Name and Municipality of Residence</u>	<u>Office and/or Principal Occupation</u>
Golden Star Resources Ltd. (a Canadian corporation) ⁽¹⁾	Director since 1994.
Ian L. Boxall George Town, Cayman Islands	Director since 2005; Lawyer, senior partner Boxalls (law firm based in George Town, Cayman Islands) until retirement in 2002.
James H. Dunnett George Town, Cayman Islands	Director since 2004; Directeur-Général of the Company since 2004; President of the Xystus Group since 1998 (mining financial and advisory services).
Donald R. Getty Edmonton, Alberta, Canada	Director since 1994; President and Chief Executive Officer, Sunnybank Investments Ltd. (investment and consulting company) since 1992.
Allan Marter Littleton, Colorado, USA	Director since 2005; President of the Company since 2005; Senior Vice President and Chief Financial Officer, Golden Star Resources Ltd.
Jean-Pierre Prévot Cayenne, French Guiana	Director since 1994; former President of the Board of the Company; Ex-President of the <i>Chambre de Commerce et d'Industrie de la Guyane</i> (Chamber of Commerce and Industry of French Guiana); Co-Director, Rhum Prévot (Rum Distillery).

- (1) Under French corporate law, it is permissible for a company to be a director of another company, including of its subsidiary. Peter Bradford, President and Chief Executive Officer of Golden Star Resources Ltd., has been designated by Golden Star Resources Ltd. as its permanent representative in connection with proceedings of the directors of the Company.

The term of each director's office expires at the annual meeting of the Company.

The directors have established an Audit and Corporate Governance Committee, which is comprised of Ian Boxall, Donald Getty and Jean-Pierre Prévot. The Directors have established a Compensation Committee, which is comprised of Ian Boxall, Donald Getty and Jean-Pierre Prévot.

As of March 18, 2006, the number and percentage of common shares owned, directly and indirectly, or over which control and direction is exercised, by all of directors and executive officers of EURO is 31,484,278, being 64.3% of the issued and outstanding common shares.

Except as disclosed below to the knowledge of the directors, no director or executive officer of EURO is or has been within the ten years preceding the date of this Annual Information Form, a director or executive officer of any issuer that, while that person was acting in that capacity:

- (a) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
- (b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
- (c) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (d) has, within the 10 years before the date of the information circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Mr. Dunnett has advised the Company that he was a director of Atlas Corporation when it filed for Chapter 11 protection. Atlas Corporation subsequently emerged from bankruptcy in January 2000 as Atlas Minerals Inc. In addition, Mr. Dunnett was a director of Atlas Corporation at the time a lawsuit was filed by a director and shareholder of Atlas Corporation alleging fraud by the company and its directors. A settlement agreement was reached in 1999 as part of the proceedings leading to the emergence of Atlas Corporation from Chapter 11 protection.

Mr. Getty has advised the Company that he currently is and was a director of Mera Petroleum Inc. ("Mera") on December 23, 2002 when the National Bank appointed a private receiver for the bank and took over the premises of Mera. The receiver (KPMG) sold certain of Mera's assets. 1020653 Alberta Ltd., a company controlled by shareholders and directors of Mera by an assignment from Mera, guaranteed the National Bank letter of credit for \$165,500, paid the remainder of the abandonment deposit to the EUB and settled the outstanding accounts payables to the operator of the Darwin property and others. Closing of the assignment of bank indebtedness to 1020653 Alberta Ltd. was finalized on May 28, 2003 having met all conditions including being required to and giving a total release to the bank, the receiver and its counsel. Subsequently, the National Bank released Mera from receivership.

In addition, on June 3, 2003, the British Columbia Securities Commission ("BCSC") issued a cease trade order against Mera for failure to file its audited financial statements for the year ended December 31, 2002 and its interim financial statements for the three month period ended March 31, 2003. The Alberta Securities Commission ("ASC") subsequently on June 20, 2003 also issued a final cease trade order. The ASC and BCSC cease trade orders were both revoked on May 17, 2004.

AUDIT AND CORPORATE GOVERNANCE COMMITTEE

Audit and Corporate Governance Committee Charter

The Audit and Corporate Governance Committee's charter is attached as an Appendix to this Annual Information Form.

Composition of the Audit and Corporate Governance Committee

The Audit and Corporate Governance Committee is comprised of three directors, Ian Boxall, Donald Getty and Jean-Pierre Prévot. Each member of the Audit Committee is "independent" and "financially literate" for the purposes of Multilateral Instrument 52-110 of the Canadian Securities Administrators ("MI 52-110").

Education and Experience of the Members of the Audit Committee

The following is a summary of the relevant education and experience of each of the members of the Audit Committee:

Mr. Boxall is a retired corporate lawyer and former senior partner of the Cayman Islands-based firm formerly known as Boxalls. Mr. Boxall practiced corporate law for over 30 years and has served as a director of many public and private companies.

Mr. Getty is an experienced businessman and serves as a director of a number of reporting issuers. From 1985 to 1992 Mr. Getty was the Premier of the Province of Alberta.

Mr. Prévot is an experienced businessman and has served in senior management and directorship positions with a number of business enterprises. Mr. Prévot was formerly the President of the Chamber of Commerce and Industry of French Guiana.

The Directors believe that the education and experience of each of the members of the Audit Committee provide such members with:

- an understanding of the accounting principals used by the Company to prepare its financial statements,
- the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves,
- experience in analyzing and evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, and
- an understanding of internal controls and procedures for financial reporting.

Reliance on Certain Exemptions

During the financial period ended December 31, 2005, the Company did not rely on the exemptions set out in sections 2.4, 3.2, 3.4, 3.5, Part 8, subsection 3.3(2) or section 3.6 of MI 52-110, nor did the Company rely on section 3.8 of MI 52-110.

Audit and Corporate Governance Committee Oversight

During the financial period ended December 31, 2005, there was no recommendation of the Audit and Corporate Governance Committee to nominate or compensate the external auditor of the Company that was not adopted by the directors,

Pre-Approval Policies and Procedures

The Audit and Corporate Governance Committee has not adopted specific policies or procedures for the engagement of non-audit services to be provided by the Company's external auditor. However, any such proposed engagement would be considered by the Audit and Corporate Governance Committee.

External Audit Service Fees

Audit Fees

Aggregate audit fees billed by the Company's external auditor in relation to the year ended December, 2005 were \$120,000 (2004 - \$52,588). The billing related to partial payment of audit fees for the Company's December 31, 2005 financial statements and out of pocket costs incurred.

Audit Related Fees

Aggregate fees billed in relation to the year ended December 31, 2004 for assurance and related services by the Company's external auditor that are reasonably related to the performance of the audit or review of the issuer's financial statements and not reported under "Audit Fees" above were \$39,000 (2004 - \$36,140). The services performed related to the review of the Company's annual reference document filed with French regulatory authorities.

Tax Fees

There were no fees billed in relation to the year ended December 31, 2005 or 2004 for professional services rendered by the Company's external auditor for tax compliance, tax advice, and tax planning.

All Other Fees

The were no fees billed in relation to the year ended December 31, 2005 for other products and services provided by the Company's external auditors, principally for services performed in connection with shareholder meetings held during 2004.

DIVIDENDS

The Company paid no dividends on its common shares during the three most recently completed financial years. At present, the Company is restricted from paying dividends under the terms of its credit facilities and the Company has not adopted any formal distribution policy.

CAPITAL STRUCTURE

General

The Company presently has capital of €194,028.84 divided into 49,402,884 common shares. All of the common shares are fully paid and non-assessable. In the event of a liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of all of the assets of the

Company among its shareholders, the holders of the common shares shall be entitled to receive an amount per share equal to the par value of each share. The par value of the common shares is €0.01 per common share.

Voting Rights and Shareholder Meetings

In accordance with French law, there are two types of general meetings of shareholders: ordinary and extraordinary general meetings. Ordinary general meetings of shareholders are required for matters such as the election of directors, the appointment of the statutory auditors, the approval of the annual financial statements and the determination of dividends. Extraordinary general meetings of shareholders are required for the approval of any amendment of the Company's charter and the approval of certain other extraordinary corporate actions of the Company, such as an increase or decrease in the Company's share capital (including a waiver of preferential subscription rights), the creation of a new class of shares, mergers, the sale or transfer of all of the Company's assets and the liquidation of the Company prior to the end of its statutory term.

Each common share entitles the holder thereof to one vote at a ordinary general meeting and an extraordinary general meeting. Attendance and the exercise of voting rights at ordinary general meetings and extraordinary general meetings are subject to certain conditions. In order to vote, a shareholder must have his common shares registered in his name in a shareholder account maintained by or on behalf of the Company at least five days prior to the meeting. Each Common Share confers on the shareholder the right to one vote. A shareholder has the right to vote at the meeting in person, to vote by mail or to vote by proxy. Under French law, the Company is obliged to send a vote by mail form to its shareholders, together with the text of the resolutions to be voted upon at the meeting to those of its shareholders that request it. However, if the Company elects, or is required under other applicable law, to send out to and solicit proxies from its shareholders, then it must always accompany the proxy form with a vote by mail form. Any abstention or lack of response in respect of a specific resolution on a vote by mail form will be construed as a vote against such resolution. A shareholder also has the option of completing a form of proxy to appoint a proxyholder (who must be the shareholder's spouse or another shareholder) to represent the shareholder at the meeting. If a proxy form does not indicate who is entitled to vote on behalf of the shareholder, the shareholder will be deemed to have approved all resolutions that have been approved by the Board of Directors of the Company and to have voted against any resolution not approved by the Board of Directors. When common shares will be held through nominees, those nominees shall be the sole "registered holders" and all rights described herein shall be derived solely from the beneficial holders' relationship with their nominees.

The quorum requirement for shareholders' meetings at which ordinary resolutions are to be passed is shareholders holding one-quarter of the common shares entitled to be voted at the meeting, whether present in person, represented by proxy or voting by mail. If such quorum is not present, the meeting must be adjourned. There is no quorum requirement for the adjourned meeting. For shareholders meetings at which a special resolution is to be passed, the quorum rules require that at least one-third of the common shares entitled to vote be present or represented by proxy or voted by mail (unless an increase in share capital is proposed through incorporation of reserves, profits or share premiums, in which case the quorum and majority required are the same as for an ordinary general meeting). Absent such quorum, such meeting must be adjourned. The quorum requirement is reduced to one-quarter of the common shares entitled to vote on recommencement of the adjourned meeting.

A simple majority of the common shares entitled to vote and present (including through vote by mail) or represented by proxy is required to pass an ordinary resolution; a two-thirds majority is required to pass a special resolution. Abstention by those present or represented by proxy but not voting is viewed as a vote against the resolution submitted to a vote.

Circumstances under French law that limit a shareholder's right to vote include: (a) common shares held by the Company may not be voted, (b) common shares held by shareholders who paid in-kind for any common shares may not be voted with respect to resolutions relating to the contribution in-kind and (c) common shares held by parties having an interest in the subject matter of resolutions to be approved by the Company's shareholders and who are members of the Board of Directors may not be voted by such parties in respect of such resolutions.

In addition to rights to certain information regarding the Company, any shareholder may, at any time after a shareholders' meeting has been called, submit to the Board of Directors written questions relating to the agenda for the meeting. The Board of Directors is generally required to respond to such questions during the meeting.

Dividends

Dividends are distributed to shareholders pro rata according to their respective holdings of common shares. Dividends must be paid within nine months of the end of the Company's fiscal year and are payable to holders of common shares entitled to dividends on the date of payment. Dividends not claimed within five years of the date of payment revert to the French State.

Changes to Share Capital

The share capital of the Company may be increased only with the approval of the shareholders at a shareholders' meeting. French law permits different classes of shares. A new class of shares, if so created, could have liquidation, voting and dividend rights different from the common shares. The share capital of the Company can be decreased only with the approval of the shareholders at a shareholders' meeting. The share capital can be reduced either by decreasing the nominal value of the common shares or by reducing the number of outstanding shares. A reduction in the number of outstanding common shares can be effected either by an exchange of common shares or by the repurchase and cancellation by the Company of its shares. The procedures for reduction of capital are different depending on whether the reduction is motivated by losses or for other reasons.

Redemption and Repurchase of Shares

Pursuant to French company law, the Company may not acquire its own shares except in certain circumstances such as (a) to reduce its share capital under certain circumstances and after the approval of the shareholders entitled to vote at an extraordinary general meeting, (b) to provide common shares for distribution to employees under a profit-sharing or stock option plan, or (c) to regulate, in certain circumstances, the price at which the shares are traded on a stock exchange. The amounts to be repurchased under (b) may not result in the company holding more than 10% of the outstanding common shares. French law provides that when a corporation holds its own shares, such shares become non-voting shares and do not give right to dividends. They also do not grant the corporation a preemptive right if new shares are issued for cash.

MARKET FOR SECURITIES

The Company's common shares are listed for trading on the Toronto Stock Exchange and the Euronext Paris exchange under the symbol "EUR".

The following table sets out the high and low trading price, and total number of common shares traded, during each month in 2005 on the Toronto Stock Exchange (in Cdn\$, other than volume figures):

	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>
High:	0.44	0.43	0.42	0.35	0.33	0.40
Low:	0.25	0.39	0.31	0.29	0.31	0.31
Volume:	85,000	18,400	81,900	113,800	7,100	81,600
	<u>July</u>	<u>August</u>	<u>Sept.</u>	<u>October</u>	<u>November</u>	<u>December</u>
High:	0.40	0.50	0.75	0.57	0.58	0.55
Low:	0.28	0.35	0.44	0.50	0.51	0.50
Volume:	17,100	58,200	155,200	71,700	45,900	44,200

The following table sets out the high and low trading price, and total number of common shares traded, during each month in 2005 on the Euronext Paris exchange (in €, other than volume figures):

	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>
High:	0.27	0.27	0.36	0.35	0.33	0.33
Low:	0.15	0.19	0.24	0.28	0.22	0.26
Volume:	1,247,093	777,010	1,331,145	711,316	688,598	925,382
	<u>July</u>	<u>August</u>	<u>Sept.</u>	<u>October</u>	<u>November</u>	<u>December</u>
High:	0.33	0.36	0.66	0.51	0.48	0.46
Low:	0.29	0.28	0.33	0.43	0.41	0.42
Volume:	339,403	877,868	2,813,750	1,411,895	1,185,881	699,898

TRANSFER AGENT AND REGISTRAR

CIBC Mellon Trust Company at its principal offices in Toronto, Ontario and Vancouver, British Columbia, and BNP Paribas Securities Services, Paris, France.

MATERIAL CONTRACTS

The following is a description of the contracts, other than contracts entered into in the ordinary course of business of the Company, that are material to the Company and that were entered into in the year ended December 31, 2005 or which were entered into after January 1, 2002 and which are still in effect:

- Restructuring Agreement dated August 11, 2004 between the Company and Golden Star Resources Ltd. ("Golden Star") providing for the restructuring of certain outstanding indebtedness of the Company owed to Golden Star. See "Development of EURO's Business - Significant Acquisitions and Dispositions - Debt Restructuring, Sale of Exploration Data and Option over Properties";
- Loan Amendment Agreement dated September 21, 2004 between the Company and Golden Star. See "Development of EURO's Business - Significant Acquisitions and Dispositions - Debt Restructuring, Sale of Exploration Data and Option over Properties";

- Data Acquisition Agreement dated September 21, 2004 between the Company and Golden Star. See “Development of EURO’s Business - Significant Acquisitions and Dispositions - Debt Restructuring, Sale of Exploration Data and Option over Properties”;
- Option Agreement dated September 21, 2004 among the Company, SOTRAPMAG and Golden Star. See “Development of EURO’s Business - Significant Acquisitions and Dispositions - Debt Restructuring, Sale of Exploration Data and Option over Properties”;
- Offer to Acquire the Rosebel Royalty made by the Company to, and accepted by, Golden Star dated September 30, 2004 (as amended). See “Development of EURO’s Business - Significant Acquisitions and Dispositions - Acquisition of Gross Rosebel Participation Right”;
- Amended and Restated Credit Agreement between the Company and Macquarie Bank Limited dated for reference August 23, 2005. See “Development of EURO’s Business - Significant Acquisitions and Dispositions - Acquisition of Gross Rosebel Participation Right; and
- Amendment to Credit Agreement among the Company and Macquarie Bank Limited dated effective December 31, 2005. See “Development of EURO’s Business - Significant Acquisitions and Dispositions - Acquisition of Gross Rosebel Participation Right

INTERESTS OF EXPERTS

Pricewaterhouse Coopers LLP, Calgary, Alberta and PricewaterhouseCoopers Audit, Toulouse, France are the Company’s auditors. S&W Associates, Paris, France are the Company’s co-auditors. Mr. G.S. Carter, P.Eng. of Broad Oak Associates, Toronto, Ontario prepared the Gross Rosebel Report referred to herein and filed with the Canadian securities regulators under applicable law. To the knowledge of the Company, none of these persons or firms hold any registered or beneficial interest, directly or indirectly, in any securities or other property of the Company.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Golden Star Resources Ltd., a director of the Company and the Company’s majority shareholder, transferred the Rosebel Royalty to the Company effective December 31, 2004, and is party to a number of material contracts with the Company. See “Development of EURO’S Business”, “Description of EURO’s Business” and “Material Contracts”.

ADDITIONAL INFORMATION

Additional information relating to EURO may be found on SEDAR at www.sedar.com.

Reference is made to the section of the Company's Annual Report for the period ended December 31, 2005 entitled "Management's Discussion and Analysis", which is incorporated by reference herein.

Additional information, including principal holders of our securities, executive compensation and loans to directors, executive officers and senior officers is contained in the Company's Information Circular dated November 1, 2005 prepared for the purposes of the Company's December 8, 2005 Extraordinary Meeting of Shareholders. Additional financial information is provided in the Company's comparative financial statements and management's discussion and analysis for its most recently completed fiscal period, which are contained in the Company's Annual Report for the period ended December 31, 2005.

Appendix

THE AUDIT AND CORPORATE GOVERNANCE COMMITTEE

I. PURPOSE OF THE AUDIT AND CORPORATE GOVERNANCE COMMITTEE

The purpose of the Audit and Corporate Governance Committee (“the Committee”) is to assist the directors in fulfilling its oversight responsibilities by reviewing the financial information which will be provided to shareholders and others, identifying and monitoring the management of the principal risks that could impact the financial reports of the Company, reviewing the systems of corporate controls which management and directors have established and monitoring auditor independence and the audit process. The Committee also provides an avenue of communication among the external auditor, management and the directors. The Committee is also responsible for developing and monitoring the Company’s overall approach to corporate governance, and matters relating to the selection and appointment of directors and the monitoring of director performance.

More specifically the purpose of the Committee is to satisfy itself that:

- A. The Company’s annual financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company and to recommend to the Board whether the annual financial statements should be approved.
- B. The financial information contained in the Company’s quarterly financial statements and report, Annual Report to shareholders and other financial publications such as Management’s Discussion and Analysis, the Annual Information Form and information contained in any other material disclosure document is complete and accurate in all material respects and to recommend to the Board whether these materials should be approved.
- C. The Company has appropriate systems of internal control, safeguarding of assets and financial reporting to ensure compliance with legal and regulatory requirements. This would include appropriate disclosure controls and procedures that enable financial information to be recorded, processed, summarized, and reported within the time periods required by law.
- D. The external auditor is independent and qualified and the external audit function has been effectively carried out and any matter which the external auditors wish to bring to the attention of the Board has been addressed. The Committee will also recommend to the Board the re-appointment or appointment of auditors and their remuneration.
- E. The Company’s approach to corporate governance is consistent with “best practices” in the context of the scope of the Company’s stage of development and its business activities.
- F. The Company identifies suitable persons for election and re-election as directors, given the mix of skills and experience of the directors and the Company’s requirements in the context of the scope of the Company’s stage of development and its business activities, and that the performance of individual directors is monitored and reviewed from time to time and that appropriate continuing education opportunities are provided to individual directors as may be required.

II. COMPOSITION AND TERMS OF OFFICE

- A. Following each annual meeting of shareholders of the Company, the Board shall appoint not less than three directors to serve on the Committee, each of whom shall be an outside director who is unrelated and free from any relationship that would interfere with the exercise of his or her independent judgment and who shall otherwise meet all applicable independence and other requirements of law.
- B. All members shall be financially literate, defined as being able to read and understand basic financial statements (or as otherwise defined by applicable legislation), and at least one member shall have accounting or related financial management expertise or, if required by applicable legislation, shall be a financial expert.
- C. The Committee Chair shall be appointed by the Board.
- D. The Committee Chair shall:
 - (1) provide leadership to the Committee by reinforcing and monitoring the achievement of the Committee’s objectives;
 - (2) coordinate the agenda, information packages and related events for Committee meetings with the Directeur-General;

- (3) chair Committee meetings; and
 - (4) liaise with external auditors to ensure changing standards of financial reporting and disclosures are addressed in a timely manner.
- E. Any member may be removed or replaced at any time by the Board and shall cease to be a member upon ceasing to be a director. Each member shall hold office until the close of the next annual meeting of shareholders of the Company or until the member resigns or is replaced, whichever occurs first.
 - F. The Committee will meet at least four times per year. The meetings will be scheduled to permit timely review of the interim and annual financial statements. Additional meetings may be held as deemed necessary by the Chair of the Committee or as requested by any member or by the external auditors.
 - G. The Committee will meet periodically with management and the external auditors in separate sessions.
 - H. The minutes of all meetings of the Committee will be provided to the Board.
 - I. Supporting schedules and information reviewed by the Committee will be available for examination by any director upon requests to the Chair of the Committee.
 - J. The external auditors shall be given notice of, and have the right to appear before and to be heard at, every meeting of the Committee, and shall appear before the Committee when requested to do so by the Committee.

III. AUTHORITY AND RESPONSIBILITIES

- A. **Audit Committee Terms of Reference**
The Committee shall review and assess the adequacy of its terms of reference at least annually and submit its terms of reference to the Board for approval.
- B. **Financial Reporting Control Systems**
The Committee shall:
 - (1) review reports from senior officers outlining any significant changes in financial risks facing the Company;
 - (2) review the management letter of the external auditors and the Company's responses to suggestions made;
 - (3) review any new appointments to senior positions with financial reporting responsibilities, encompassing the positions the Directeur-General and any other such officer(s), and pre-approve the hiring to a financial reporting oversight role of any person who had been employed by the Company's external auditors within one year prior to the commencement of procedures for the current audit engagement; and
 - (4) annually, as at the end of the Company's fiscal year, in consultation with management and external auditors, evaluate the Company's internal controls and procedures for financial reporting, discuss significant financial risk exposures and the steps management has taken to monitor, control, and report such exposures, and review significant findings prepared by the external auditors together with management's responses.
- C. **Interim Financial Statements**
The Committee shall:
 - (1) review interim financial statements with Company officers prior to their release and recommend their approval to the Board; this will include a detailed review of quarterly and year-to-date results and Management's Discussion and Analysis;
 - (2) review narrative comment and associated press releases, and accompanying interim financial statements; and
 - (3) review prior to its release the Report to Shareholders that forms part of the quarterly and annual reporting of the Company.
- D. **Annual Financial Statements and Other Financial Information**

The Committee shall:

- (1) review any changes in accounting policies or financial reporting requirements that may affect the current year's financial statements;
- (2) obtain summaries of significant issues regarding accounting principles, practices and significant management estimates and judgments, and other potentially difficult matters whose treatment in the annual financial statements merits advance consideration;
- (3) obtain draft annual financial statements in advance of the Committee meeting and assess, on a preliminary basis, the reasonableness of the financial statements in light of analysis provided by Company officers;
- (4) review and discuss reports from external auditors on:
 - a. all critical accounting policies and practices to be used;
 - b. all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosure and treatments, and the treatment preferred by the independent external auditor;
 - c. other material written communications between the independent external auditor and management, such as any management letter or schedule of unadjusted differences;
 - e. the external auditor's attestation of management's internal control report required by applicable law; and
 - f. legal letters received from the Company's Counsel in connection with the annual audit of the Company.
- (5) review disclosures made to the Committee by the Directeur-General during their certification process for any statutory documents about any significant deficiencies in the design or operation of internal controls or material weakness therein and any fraud involving management or other employees who have a significant role in the Company's internal controls;
- (6) review with the management the internal control report required to be included in any statutory document;
- (7) review and investigate complaints and confidential submissions to the Company or the Committee regarding internal controls or questionable account or auditing matters;
- (8) review a summary provided by the Company's legal counsel of the status of any material pending or threatened litigation, claims and assessments;
- (9) discuss the annual financial statements and the auditors' report thereon in detail with the Company's officers and auditors;
- (10) review the Annual Report and other annual public information documents including the Annual Information Form and Management's Discussion and Analysis;
- (11) provide to the Board a recommendation as to whether the annual financial statements should be approved;
- (12) review the Company's various sources of risk and management's plans to mitigate such risk including insurance, hedging, etc.; and
- (13) review the actuarial finding status of the pension plans managed by the Company.

E. External Audit Terms of Reference, Reports, Planning and Appointment

The external auditor shall report directly to the Committee. The Committee shall:

- (1) review the audit plan with the external auditors;
- (2) annually review and discuss with the external auditors all significant relationships they have with the Company that could impair the external auditors independence;
- (3) discuss with the external auditors, without management present, matters affecting the conduct of their audit and other corporate matters;

- (4) recommend to the Board of Directors each year the retention or replacement of the external auditors; if there is a plan to change auditors, review all issues related to the change and the steps planned for an orderly transition;
- (5) annually review and recommend for approval to the Board the terms of engagement and the remuneration of the external auditor;
- (6) pre-approve all non-audit services to be performed by the external auditors that are not prohibited by law (unless not required by applicable law); and
- (7) ensure the rotation of the lead or coordinating audit partner having primary responsibility for the audit as required by law.

F. Legal Compliance

The Committee shall:

- (1) review legal matters with the Company's legal counsel; and
- (2) establish procedures for (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls and auditing matters; and (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

G. Material Disclosure Documents

The Committee shall review the contents of any financial information within any prospectus, information circular or other material disclosure documents prior to their release and recommend their approval to the Board.

- H. The Committee shall review a summary, at least annually, of professional fees paid or payable in respect of accounting, tax, or legal matters.

IV. ACCOUNTABILITY

- A. The Committee shall report to the directors at their next regular meeting all such action it has taken since the previous report.
- B. The Committee is empowered to investigate any activity of the Company and all employees are to cooperate as requested by the Committee. The Committee may retain and compensate persons having special expertise to assist it in fulfilling its responsibilities and the Company/Company shall provide sufficient funding for this purpose.
- C. The Committee is authorized to request the presence of, at any meeting, a representative from external auditors, senior management, legal counsel, or anyone else who could contribute substantively to the subject of the meeting.