

EUROPEAN GOLDFIELDS LIMITED**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

NOTICE IS HEREBY GIVEN that an Annual Meeting of shareholders of European Goldfields Limited (the “**Company**”) will be held at the offices of Hellas Gold S.A. (“**Hellas Gold**”), 25 Ermou str., GR 145 64 Kifissia, Greece on **Friday, 13 May 2011** at 10:00 a.m. (Athens time), for the following purposes:

- (a) to receive the audited consolidated financial statements of the Company for the financial year ended 31 December 2010, together with the auditors’ report thereon;
- (b) to elect directors of the Company;
- (c) to appoint auditors and to authorise the directors of the Company to fix their remuneration;
- (d) to consider and, if thought fit, to approve a resolution proposed by two shareholders of the Company that the Company adopts a majority voting policy for uncontested director elections whereby directors are appointed individually and must resign if the number of votes withheld exceeds the number of affirmative votes for any individual director; and
- (e) to transact such further or other business as may properly come before the meeting or any adjournment or postponements thereof.

Enclosed is a copy of the Management Proxy Circular and a form of proxy.

The specific details of the matters to be considered at the Annual Meeting are set out in the Management Proxy Circular dated April 11, 2011, which accompanies and forms part of this notice.

Shareholders who are unable to attend the meeting are requested to read the notes included in the form of proxy enclosed and to complete, date, sign and mail the enclosed form of proxy, or to complete the proxy by telephone or the internet, in accordance with the instructions set out in the proxy and in the Management Proxy Circular accompanying and forming part of this Notice.

DATED this 11th day of April 2011.

BY ORDER OF THE BOARD OF DIRECTORS



Martyn Konig
President and Executive Chairman

If you are a non-registered shareholder of the Company and receive these materials through your broker or through another intermediary, please complete and return the materials in accordance with the instructions provided to you by your broker or other intermediary. Failure to do so may result in your shares not being eligible to be voted by proxy at the meeting.



MANAGEMENT PROXY CIRCULAR

TABLE OF CONTENTS

GENERAL INFORMATION	1
Solicitation of Proxies	1
Appointment and Revocation of Proxies	1
Information for Beneficial Holders of Shares	1
Voting of Shares Represented by Proxy and Discretionary Powers	2
Record Date and Right to Vote	2
Interest of Certain Persons or Companies in Matters to be Acted Upon	3
Voting Securities and Principal Holders Thereof	3
Currency	3
REPORT OF THE CORPORATE GOVERNANCE AND NOMINATING COMMITTEE	3
Committees of the Board of Directors.....	4
Independence of the Board of Directors	4
Succession and Nomination of New Directors and Assessment of Effectiveness	5
Meetings of the Board of Directors and Committees of the Board of Directors.....	5
Other Public Company Directorships.....	6
Board of Directors Charter	6
Position Descriptions	6
Orientation and Continuing Education	6
Ethical Business Conduct	6
REPORT OF THE AUDIT COMMITTEE	7
Financial Reporting	7
With Respect to the Auditors	7
Charter and Key Practices.....	8
REPORT OF THE HUMAN CAPITAL MANAGEMENT COMMITTEE	8
Compensation Discussion and Analysis	9
Named Executive Officers.....	12
Summary Compensation Table.....	14
Outstanding Share-based Awards and Option-based Awards.....	16
Incentive Plan Awards – Value Vested or Earned During the Year	17
Pension Arrangements	25
Service Agreements	25
Non-Executive Director Compensation Table.....	26
Non-Executive Director Compensation Discussion.....	26
Outstanding Share-based Awards and Option-based Awards.....	27
Incentive plan awards – Value vested or earned during the year	28
Mandatory Shareholding Policy for Directors	28
Performance Graph	28
SECURITIES AUTHORISED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS	30
INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS.....	30
DIRECTORS’ AND OFFICERS’ LIABILITY INSURANCE	30
INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS.....	31
PARTICULARS OF MATTERS TO BE ACTED UPON	31

Election of Directors	31
Appointment and Remuneration of Auditors.....	33
Other Business.....	34
ADDITIONAL INFORMATION.....	34
CONTACTING THE BOARD OF DIRECTORS.....	34
DIRECTORS' APPROVAL	35
APPENDIX 1 – MANDATE OF THE BOARD OF DIRECTORS	36

EUROPEAN GOLDFIELDS LIMITED**MANAGEMENT PROXY CIRCULAR**

As at 11 April 2011

GENERAL INFORMATION**Solicitation of Proxies**

This Management Proxy Circular is provided in connection with the solicitation of proxies by management of European Goldfields Limited (the "Company") for use at the Annual Meeting of shareholders of the Company to be held on Friday, 13 May 2011 at 10:00 a.m. (Athens time) (the "Meeting") and any adjournment or postponement thereof at the time and place and for the purposes set forth in the accompanying notice of meeting. While it is expected that the solicitation will be primarily by mail, proxies may be solicited personally or by telephone by the directors and regular employees of the Company. All costs of solicitation will be borne by the Company.

Appointment and Revocation of Proxies

The individuals named in the accompanying form of proxy are the President & Executive Chairman and the Executive Vice President of the Company. **A shareholder wishing to appoint some other person (who need not be a shareholder) to represent him, her or it at the Meeting has the right to do so, either by inserting such person's name in the blank space provided in the form of proxy and striking out the two printed names or by completing another form of proxy.** To be valid, a proxy must be in writing and executed by the shareholder, or his, her or its attorney authorised in writing, unless the shareholder chooses to complete the proxy by telephone or the internet as described in the enclosed proxy form. Completed proxies must be received by Computershare Investor Services Inc., Attention: Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays in Toronto, Ontario) before the time for holding the Meeting or any adjournment or postponement thereof, or delivered to the Chairman of the Meeting prior to the commencement of the Meeting or any adjournment or postponement thereof.

A shareholder who has given a proxy may revoke it by an instrument in writing executed by the shareholder, or by his, her or its attorney authorised in writing or, where the shareholder is a corporation, by a duly authorised officer or attorney of the corporation, and delivered either to the registrar and transfer agent of the Company, Computershare Investor Services Inc., Attention: Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1, or to the registered office of the Company, Suite 200, Financial Plaza, 204 Lambert Street, Whitehorse, Yukon Y1A 3T2, at any time up to and including the last business day preceding the day of the Meeting, or if adjourned or postponed, the last business day preceding any reconvening thereof, or to the Chairman of the Meeting on the day of the Meeting or, if adjourned or postponed, on the day of any reconvening thereof or in any other manner provided by law. A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

Information for Beneficial Holders of Shares

The shares owned by many shareholders of the Company are not registered on the records of the Company in the shareholders' own names, but in the name of a securities dealer, bank or other intermediary, or in the name of a clearing agency (referred to in this Management Proxy Circular as "**intermediaries**"). Shareholders who do not hold their shares in their own names (referred to in this Management Proxy Circular as "**beneficial holders**") should

note that only registered shareholders may vote at the Meeting. A beneficial holder cannot be recognised at the Meeting for the purpose of voting his, her or its shares unless he, she or it is appointed by the intermediary as a proxyholder.

Applicable regulatory policy requires intermediaries to seek voting instructions from beneficial holders. Every intermediary has its own procedures to seek those instructions. Beneficial holders should follow those procedures carefully to ensure that their shares are voted at the Meeting.

The majority of brokers in Canada have delegated authority for obtaining instructions from their clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically applies a special sticker to the proxy forms or, alternatively, prepares a separate "voting instruction" form, mails those forms to beneficial holders, and asks beneficial holders to return the proxy or voting instruction forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions for voting at the Meeting. A beneficial holder who receives a proxy bearing a Broadridge sticker or a voting instruction form cannot deposit that proxy or form on the Meeting date to vote common shares at the Meeting. The proxy or form must be returned to Broadridge in advance of the Meeting in order to allow the shares to be voted by the named proxyholder at the Meeting. **If you are a beneficial holder and wish to vote in person at the Meeting, please contact your broker or agent in advance of the Meeting to determine how you can do so.**

Voting of Shares Represented by Proxy and Discretionary Powers

Shares represented by proxies may be voted by the proxyholder on a show of hands, except where the proxyholder has conflicting instructions from more than one shareholder, in which case such proxyholder will not be entitled to vote on a show of hands. In addition, shares represented by proxies will be voted on any poll. In either case, where a choice with respect to any matter to be acted upon has been specified in the proxy, the shares will be voted or withheld from voting in accordance with the specification so made. **Shares represented by proxy will be voted FOR each matter for which no choice has been specified by the shareholder.**

The enclosed form of proxy when properly completed and delivered and not revoked confers discretionary authority upon the person appointed as proxy thereunder to vote with respect to amendments or variations of matters identified in the notice of meeting, and with respect to other matters which may properly come before the Meeting. In the event that amendments or variations to matters identified in the notice of meeting are properly brought before the Meeting or any further or other business is properly brought before the Meeting, it is the intention of the persons designated in the enclosed form of proxy to vote in accordance with their best judgment on such matters or business. At the time of the printing of this Management Proxy Circular, management of the Company knows of no such amendment, variation or other matter to be presented to the Meeting.

Record Date and Right to Vote

The record date for the determination of shareholders entitled to receive notice of the Meeting has been fixed at 8 April 2011.

Every shareholder of record at the close of business on 8 April 2011 who personally attends the Meeting will be entitled to vote at the Meeting or any adjournment or postponement thereof, except to the extent that such shareholder has transferred the ownership of any of his, her or its shares after 8 April 2011. If the transferee of those shares produces properly endorsed share certificates, or otherwise establishes that he, she or it owns the shares, and demands, not later than ten days before the Meeting, that his, her or its name be included in the list of shareholders entitled to vote at the Meeting, the transferee will be entitled to vote those shares at the Meeting.

Shareholders who do not hold their shares of the Company in their own names should see the instructions above under the heading "Information for Beneficial Holders of Shares".

A person duly appointed under an instrument of proxy will be entitled to vote the shares represented thereby only if the proxy is properly completed and delivered in accordance with the requirements set out under the heading "Appointment and Revocation of Proxies" and has not been revoked.

Interest of Certain Persons or Companies in Matters to be Acted Upon

Except as otherwise disclosed in this Management Proxy Circular, the Company is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or executive officer of the Company at any time since the beginning of the Company's last financial year, of any proposed nominee for election as a director of the Corporation, or of any associate or affiliate of any such person, in any matter to be acted upon at the Meeting other than the election of directors or the appointment of auditors.

As at the date hereof, the directors and executive officers of the Company, as a group, beneficially own, directly or indirectly, or exercise control or direction over, 11,937,349 common shares of the Company, representing approximately 6.5% of the outstanding common shares of the Company.

Voting Securities and Principal Holders Thereof

As at 31 March 2011, the Company has issued and outstanding 183,797,484 fully paid and non-assessable common shares, each share carrying the right to one vote. The Company is authorised to issue an unlimited number of preferred shares but at the date hereof no preferred shares have been issued. **The Company has no other classes of voting securities.**

To the knowledge of the directors and executive officers of the Company, the only person or company who beneficially owns, controls or directs, directly or indirectly, shares carrying 10% or more of the voting rights attached to all outstanding shares of the Company is:

Name	Number of Common Shares	Percentage of Common Shares Outstanding (as at 31 March 2011)
Aktor Construction International Limited, a wholly owned subsidiary of Ellaktor S.A. (ATHEX: ELTEX)	35,447,246	19.3

Currency

All dollar amounts referred to herein are in Canadian dollars, unless stated otherwise, and are calculated at the exchange rate provided by the European Central Bank as at 31 December 2010. The Company's audited consolidated financial statements are reported in U.S. dollars but the amounts herein are presented in Canadian dollars to maintain consistency and enable comparisons with prior years' Management Proxy Circulars.

REPORT OF THE CORPORATE GOVERNANCE AND NOMINATING COMMITTEE

The following is a description of the Company's corporate governance practices which have been approved by the board of directors of the Company (the "**Board of Directors**").

The Company and the Board of Directors recognise the importance of corporate governance to the effective management of the Company and to the protection of its employees and shareholders. The Company's approach to significant issues of corporate governance is designed with a view to ensuring that the business and affairs of the Company are effectively managed so as to enhance shareholder value. The Board of Directors fulfills its mandate directly and through its committees at regularly scheduled meetings or as required. Frequency of meetings may be increased and the nature of the agenda items may be changed depending on the state of the Company's affairs and in light of opportunities or risks faced by the Company, from time to time. The directors are kept informed of the Company's operations at these meetings as well as through reports and discussions with management on matters within their particular areas of expertise.

The Company's corporate governance practices are substantially in compliance with applicable Canadian guidelines. The Company continues to monitor developments in the United Kingdom and Canada with a view to further revising its governance policies and practices, as appropriate.

Committees of the Board of Directors

The Board of Directors currently has four committees: the Audit Committee, the Human Capital Management Committee (the “**HCM Committee**”), the Health, Safety and Environmental Committee (the “**HSE Committee**”) and the Corporate Governance and Nominating Committee (the “**CGN Committee**”). From time to time, when appropriate, *ad hoc* committees of the Board of Directors may be appointed by the Board of Directors.

The CGN Committee members are Mr. Burrows (Chairman), Dr. O’Leary and Mr. Vinton, all of whom are independent directors and knowledgeable about corporate governance matters. The CGN Committee members have substantial and diversified board experience. See “Other Public Company Directorships” and “Particulars of Matters to be Acted Upon – Election of Directors”.

The CGN Committee considers and recommends corporate governance programs to the Board of Directors, proposes nominees for Board of Directors and committee appointments and assists with Board of Directors and director evaluation to ensure that the Company’s governance practices are rigorous, relevant and appropriate for the Company. The CGN Committee’s primary focus is on effective oversight and independence from management of the Company.

The HSE Committee members are Dr. O’Leary (Chairman), Mr. Burrows, Mr. Vinton and Mr. Konig, all of whom are knowledgeable about health, safety and environmental issues. The HSE Committee was established in order to further the Company’s commitment to environmentally sound and responsible resource development and a healthy and safe work environment.

The HSE Committee’s primary function is to assist the Board of Directors in fulfilling its oversight responsibilities regarding (i) the health, safety and environmental issues relating to the Company; (ii) the Company’s compliance with corporate policies that provide processes, procedures and standards to follow in accomplishing the Company’s goals and objectives relating to health, safety and environmental issues; (iii) management of risk related to health, safety and environmental issues; and (iv) evaluating and assessing the Company’s policies and its performance with respect to health, safety and environmental issues with a view to identifying areas of weakness and suggesting improvements where appropriate.

Independence of the Board of Directors

Of the eight directors on the Board of Directors, the following are independent: Dr. Jeffrey O’Leary, Mr. Bruce Burrows and Mr. Alfred Vinton. Except as otherwise disclosed, the Audit Committee, the HCM Committee and the CGN Committee are all comprised entirely of independent directors and the HSE Committee has a majority of independent directors.

The Company recognises the importance of effective communication with, and encouraging extensive participation by, the Company’s largest shareholder, Aktor Construction International Limited (“**ACI**”), which owns 19.3% of the Company’s outstanding common shares and 5% of Hellas Gold’s outstanding shares as at the date hereof, particularly in matters relating to the governance of the Company. Consequently, Georgios Sossidis, who is also a director of Ellaktor S.A. (“**Ellaktor**”), ACI’s ultimate parent company, and is not considered an independent director of the Company, is invited to attend and participate in all of the committee meetings. Mr. Sossidis receives all committee materials but has no official duties or responsibilities. While he has no vote on committee matters, Mr. Sossidis’ views are considered.

Martyn Konig (as President & Executive Chairman), Mark Rachovides (as Executive Vice President) and Timothy Morgan-Wynne (as Executive Vice President & Chief Financial Officer) are not independent directors.

Dimitrios Koutras is the President and General Manager of Aktor S.A. (subsidiary of Ellaktor and parent company of ACI) and is also a director of Ellaktor. In addition, Aktor is the general contractor for one of the Company’s mineral projects. Accordingly, Mr. Koutras is not considered an independent director because it is believed he has a material relationship with the Company. Mr. Koutras’ shareholdings in the Company are reported under “Particulars of Matters to be Acted Upon – Election of Directors”.

Though neither the majority of the Board of Directors nor the Chairman are independent, each committee of the Board of Directors is, except as otherwise disclosed, comprised of independent directors.

Furthermore in accordance with the Canadian Securities Administrators' corporate governance guidance, the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance.

Succession and Nomination of New Directors and Assessment of Effectiveness

The CGN Committee's responsibilities with respect to the nomination of directors include: identifying the appropriate competencies and skills necessary for the proper functioning of the Board of Directors as a whole; developing and annually updating a long-term plan for the composition of the Board of Directors that takes into consideration the independence, age, skills and experience required for the effective conduct of the Company's business; identifying nominees for election or re-election to the Board of Directors or to fill any vacancy that is anticipated; identifying and recommending to the Board of Directors individual directors to serve as members or chairs of committees; and reviewing and making recommendations regarding the orientation and education of new directors and their ongoing education. The Board of Directors appoints a chairman of each committee, based on the recommendation of the CGN Committee. The chairman of the CGN Committee, in consultation with the committee members, determines the schedule and frequency of committee meetings.

The CGN Committee has a process to assess the effectiveness and contribution of the Board of Directors, its committees and individual directors. During the second quarter of 2011, the CGN Committee expects to complete a thorough evaluation of the performance of the Board of Directors, its committees and individual directors, the results of which will be considered and a final report with recommendations then submitted to the Board of Directors.

Meetings of the Board of Directors and Committees of the Board of Directors

The Board of Directors meets a minimum of four times per year, usually every quarter and prior to the annual meeting of the Company's shareholders, and the Audit Committee meets at least four times a year. The frequency of the meetings and the nature of the meeting agendas are dependent upon the nature of the business and affairs which the Company faces from time to time. Since the last annual meeting of shareholders, the Board of Directors has met six times, the Audit Committee six times, the CGN Committee twice, the HCM Committee four times and the HSE Committee four times. The following table provides details regarding director attendance at Board of Directors and committee meetings held since the last annual meeting of shareholders.

Meetings Attended out of Meetings Held During Tenure

<u>Director</u>	<u>Board of Directors</u>	<u>Audit Committee</u>	<u>CGN Committee</u>	<u>HCM Committee</u>	<u>HSE Committee</u>
Bruce Burrows	6/6	6/6	2/2	4/4	3/4
Martyn Konig	6/6	4/6	2/2	3/4	2/4
Dimitrios Koutras	5/6	-	-	-	-
Cameron Mingay ⁽¹⁾	0/6	-	-	-	-
Timothy Morgan-Wynne	6/6	6/6	2/2	-	1/4
Dr. Jeffrey O'Leary	5/6	4/6	1/2	3/4	3/4
Mark Rachovides	6/6	2/6	-	1/4	2/4
Georgios Sossidis	5/6	-	-	-	-
Fred Vinton ⁽²⁾	5/6	4/6	1/2	4/4	3/4

(1) Mr. Mingay resigned as a director on 29 January 2010

(2) Mr. Vinton was appointed as a director on 18 February 2010

Other Public Company Directorships

The following table provides details regarding directorships held by the Company's directors in other public companies.

Director	Other Public Company Directorships
Bruce Burrows	JKX Oil and Gas PLC
Martyn Konig	New Gold Inc.
Dimitrios Koutras	Ellaktor S.A.
Timothy Morgan-Wynne	N/A
Dr. Jeffrey O'Leary	N/A
Mark Rachovides	OJSC Uzshuralzoloto Group of Companies, Eurogas International Inc.
Georgios Sossidis	Ellaktor S.A.
Alfred Vinton	Dinamia S.C.R. SA, GP Investments Ltd., Hochschild Mining plc

Board of Directors Charter

The Board of Directors has a mandate which commissions the Board of Directors with the stewardship of the Company. A copy of the Board of Directors Mandate is set forth in **Appendix 1** to this Management Proxy Circular.

Position Descriptions

Given the small size of the Company's infrastructure, the Board of Directors does not feel that it is necessary at this time to formalise position descriptions for directors and officers to delineate their respective responsibilities. The roles of the executive officers of the Company are delineated on the basis of customary practice.

Orientation and Continuing Education

While the Company currently has no formal orientation and education program for new Board members, sufficient information (such as copies of the articles and by-laws of the Company, Board and committee mandates, recent annual reports, prospectuses, proxy solicitation materials, technical reports and various other operating, property and budget reports) is provided to any new member of the Board of Directors to ensure that new directors are familiarised with the Company's business and the procedures of the Board of Directors. In addition, new directors are encouraged to visit and meet with management on a regular basis. The Company also encourages continuing education of its directors and officers, where appropriate, in order to ensure that they have the necessary skills and knowledge to meet their respective obligations to the Company.

Ethical Business Conduct

The Board of Directors has adopted a written Code of Ethics for the directors, officers and staff employees (the "Code"). The Code is filed on SEDAR (www.sedar.com) and posted on the Company's website (www.egoldfields.com). A copy of the Code can also be obtained, upon request, from the Corporate Secretary of the Company at Suite 200, Financial Plaza, 204 Lambert Street, Whitehorse, Yukon Y1A 3T2.

Directors and executive officers are required to disclose material interests in any transaction or agreement that the Board of Directors is considering. To ensure the exercise of independent judgment, directors or executive officers who have disclosed such an interest are prohibited from participating in the Board of Directors discussion or in voting on the transaction or agreement.

Presented by the Corporate Governance and Nominating Committee:

Bruce Burrows (Chairman)
Dr. Jeffrey O'Leary
Alfred Vinton

REPORT OF THE AUDIT COMMITTEE

For more disclosure regarding the Company's Audit Committee please refer to the section entitled "Information on the Audit Committee" in the Company's Annual Information Form dated 31 March 2011 for the financial year ended 31 December 2010 (the "AIF"), which is filed on SEDAR (www.sedar.com).

The Audit Committee members are Mr. Burrows (Chairman), Dr. O'Leary and Mr. Vinton, all of whom are independent directors. All of the members of the Audit Committee are financially literate to enable them to discharge their responsibilities in accordance with applicable laws and/or requirements of the stock exchanges on which the Company's securities trade. The purpose of the Audit Committee of the Board of Directors is to assist the Board of Directors in fulfilling its oversight of responsibilities, including:

- maintaining the integrity of financial statements;
- complying with legal and regulatory requirements relating to financial reporting;
- appointing an external auditor, subject to shareholder approval, and approving the external auditor's compensation, reviewing its independence and qualifications, and overseeing all audit and allowable non-audit work; and
- carrying out any other duties as the Board of Directors may assign from time to time.

The Audit Committee also performs any other activities consistent with its charter, the Company's by-laws and governing laws as the Audit Committee or Board of Directors deems necessary or appropriate. In carrying out its responsibilities, the Audit Committee meets regularly with the President & Executive Chairman, the Chief Financial Officer and with the auditors without management present. A session without management present is generally held at the end of each meeting at the discretion of the Audit Committee.

The following is a brief summary of the Audit Committee's activities in 2010:

Financial Reporting

The Audit Committee:

- reviewed the audited annual and unaudited interim financial statements, management's discussion and analysis, news releases and other financial disclosures with management and, where appropriate, the auditors prior to approval by the Board of Directors and prior to publication. These reviews included a discussion of matters required or recommended to be disclosed under generally accepted accounting principles and securities regulations and laws;
- obtained assurances from management and the auditors that the Company is in full compliance with legal and regulatory requirements related to financial reporting; and
- based on this information, the Audit Committee recommended to the Board of Directors that the audited financial statements be approved.

With Respect to the Auditors

The Audit Committee oversaw the work of the external auditors, including:

- reviewing with the auditors the overall scope, the audit plans and results and all matters pertaining to professional auditing guidelines and standards in the United Kingdom and Canada;

- receiving the written disclosures from the auditors as recommended by the Canadian Institute of Chartered Accountants;
- reviewing, with the auditors, the independence of the auditors including the receipt of the auditor's written assurance of its independent relationship with the Company and a review of and pre-approving non-audit services provided to the Company and its subsidiaries;
- requiring prior approval of all services provided by the auditors;
- approving the fees payable to the auditors; and
- reviewing the overall performance of the auditors.

On the recommendation of the Audit Committee, the Board of Directors is recommending that shareholders appoint Ernst & Young LLP as the auditor of the Company for 2011.

Charter and Key Practices

The Audit Committee:

- reviewed and approved the fees of the auditors. A detailed breakdown of fees is set out under the heading "Information on the Audit Committee – External Auditors' Service Fees" of the Company's AIF for the financial year ended 31 December 2010;
- in pursuit of continuous improvement, continued the process for assessing its effectiveness; and
- ensured that the full text of the Audit Committee's Charter was included in the Company's AIF for the financial year ended 31 December 2010.

Further disclosure required by Form 52-110F1 relating to the Audit Committee is included in the Company's AIF for the financial year ended 31 December 2010, which is filed on SEDAR (www.sedar.com) and on the Company's website (www.egoldfields.com).

Presented by the Audit Committee:

Bruce Burrows (Chairman)
 Jeffrey O'Leary
 Alfred Vinton

REPORT OF THE HUMAN CAPITAL MANAGEMENT COMMITTEE

The HCM Committee members are Mr. Vinton (Chairman), Dr. O'Leary and Mr. Burrows, all of whom are independent directors. The HCM Committee has officially met four times since the last annual meeting of shareholders, including several in camera sessions. All meetings of the HCM Committee are documented in the form of meeting minutes. The HCM also met on several occasions informally in person and by telephone.

The HCM Committee of the Board of Directors has the following responsibilities as mandated in its charter:

- reviewing and approving the corporate goals and objectives relevant to the President & Executive Chairman's compensation, evaluating the President & Executive Chairman's performance, and making recommendations to the Board of Directors with respect to the President & Executive Chairman's compensation level based upon this evaluation;
- making recommendations to the Board of Directors with respect to compensation of executives and other senior managers, and for fixing the compensation of Named Executive Officers (as defined below in the section entitled "Base Salary"), including the award of bonuses, granting of stock options ("**Options**") and restricted share units ("**RSUs**") under the Company's long term incentive plans;

- reviewing executive compensation disclosure before the Company publicly discloses this information; and
- reviewing compensation policies and proposals with reference to industries and markets in which the Company competes for executive and senior management talent.

Compensation Discussion and Analysis

Executive Summary

The following contains a description of the Company's executive compensation programs and objectives. With a view to continually enhancing and developing good corporate governance practices, the Company regularly reviews its compensation policies. The Company anticipates that this will be an ongoing process, particularly as it enters the next phase of development.

Objectives of Executive Compensation

The HCM Committee endeavours to ensure that the Company's compensation policies:

- attract and retain key talent;
- align the interests of the executive officers with the interests of the Company's shareholders; and
- ensure that a significant proportion of compensation is at risk and directly linked to the success of the Company.

How Executive Compensation is Determined

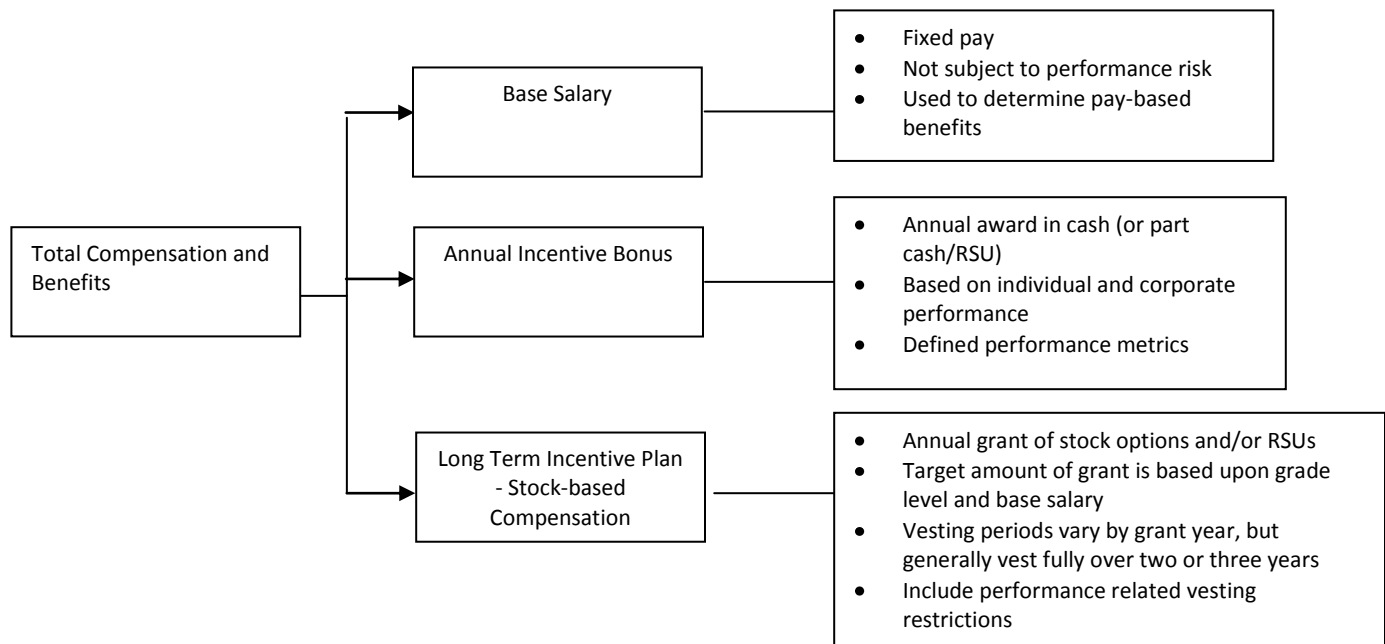
The HCM Committee is supported by the executive officers and employees of the Company, who provide the HCM Committee with data and analyses to support decision making. In establishing policies covering base salaries, benefits, annual bonuses and long term incentive plans, the HCM Committee takes into consideration the recommendations of management and also uses the services of external independent consultants to provide relevant information and analysis. The Company's management uses, and provides to the HCM Committee, mining industry and general industry benchmark data and in response to specific questions posed by the HCM Committee, management from time to time is asked to consider publicly available compensation data from other peer companies to provide additional information for decisions about compensation.

When making compensation recommendations for Named Executive Officers, the HCM Committee considers factors beyond market data. Based on input from management, the HCM Committee also considers the individual's performance, tenure and experience, the performance of the Company overall, any retention concerns, the individual's historical compensation and the compensation of the individual's peers in the industry. There is no mandatory framework that determines which of these additional factors may be more or less important, and the emphasis placed on any of these additional factors may vary among the executive officers. While the HCM Committee does have certain guidelines, goals, and tools that it uses to make its decisions, as explained below, the compensation process is not driven by a formula and does incorporate the judgment of the HCM Committee. In making recommendations for executives other than the President & Executive Chairman, the input and perspective of the President & Executive Chairman is taken into consideration by the HCM Committee.

The HCM Committee meets both with and without the presence of the President & Executive Chairman, Executive Vice President and Chief Financial Officer ("**CFO**"). A session without management present is generally held at the end of each meeting at the discretion of the HCM Committee. The chairman sets the agenda for each meeting in consultation with management representatives and other committee members. Management is responsible for keeping the minutes of HCM Committee meetings and the chairman provides regular reports to the Board of Directors regarding actions and discussion at HCM Committee meetings. The Board of Directors makes all decisions regarding the President & Executive Chairman's compensation in executive session.

Compensation Components

The executive compensation program for 2010 contained four basic elements, and a package of benefit plans, as depicted below:



The HCM Committee continues to work with management to ensure that its compensation strategy achieves the following key goals:

- attraction and retention of key talent;
- aligning the interests of executive officers with the interests of the Company's shareholders; and
- leveraging individual performance by linking executive compensation to individual performance and overall business performance.

Attraction and Retention of Key Talent

The compensation package depicted in the chart above meets the goal of attracting and retaining key talent in a highly competitive mining environment through the following elements:

- a competitive cash compensation program, consisting of base salary and bonus opportunity, which is comparable to similar opportunities offered in the marketplace for executive talent;
- a package of competitive benefits; and
- two and three-year vesting on Option grants and vesting of RSU awards in the second and third years from the beginning of the performance period as part of the Long Term Incentive Plan.

Aligning the Interests of Executive Officers with the Interests of the Company's Shareholders

The above compensation components meet the goal of aligning the interests of the Company's shareholders through the following elements:

- enhanced emphasis on Company performance and share price;
- Options and RSU grants will motivate performance to drive favourable share price; and

- the development of management's goals and objectives with the involvement of the Board of Directors and the use of these objectives to determine annual incentive bonus awards requires management and the Board of Directors to align these goals and objectives with the interests of our shareholders.

Leveraging Individual Performance by Linking Executive Compensation to Individual Performance and Overall Business Performance

By linking management's goals and objectives to the payment of annual incentive awards, the above compensation components should motivate the executives to meet both their individual goals and objectives but also those of the Company in general.

Methodology for Determining Compensation Levels

Determination of Target Total Compensation

Target Pay Levels Relative to Market. The Company is currently embarking on the next stage of its development to become a major European gold producer. Accordingly, the Company needs to attract and retain qualified and experienced executives capable of responding to a broad range of issues that would be handled by specific functional groups in larger organizations. The HCM Committee has therefore developed a total compensation program that will be competitive with larger mining companies.

Competitive Benchmarking Analysis. In order to assess competitive pay levels for the President & Executive Chairman and CFO as well as for other senior executives of the Company, the Company regularly reviews benchmark data of similar-sized Canadian companies and international FTSE 250/ FTSE Small Cap companies taken from the chemicals, general industrials, industrial engineering, industrial metals and mining, mining and oil and gas producers sectors and international companies with comparable market capitalization that have at least some revenue derived from overseas, in order to ensure that the "international complexity" that applies to the role of the Company's executives is factored in. During 2010, the Company commissioned a "peer review" report from external independent consultants that considered data from, amongst others, Osisko Mining, Eldorado, New Gold, Alamos Gold, Red Back Mining, Randgold Resources and Centerra Gold.

The individual components of total compensation are discussed below.

Base Salary

Base salary is the initial measure of competitiveness relative to peers. Base salaries are fixed and not subject to uncertainty and are used as the base to determine other elements of compensation and benefits. Base salary is determined through analysis of salaries paid by companies in the comparator groups, as well as individual performance as determined by the degree of achievement of business and operating goals. Base salaries are normally reviewed at the beginning of each year. The President & Executive Chairman recommends base salary adjustments to the HCM Committee for the Named Executive Officers other than himself. The HCM Committee determines the base salary adjustment for the President & Executive Chairman by taking into consideration advice it has received from its compensation advisor, which is then recommended for approval by the Board of Directors. Messrs Konig, Rachovides, Morgan-Wynne, Stratoudakis and Stanca (the "Named Executive Officers") received base salaries of \$503,597, \$413,047, \$413,047, \$206,072 and \$207,745 respectively in 2010. The base salaries of the Named Executive Officers have been increased in 2011. Please see next page for further details regarding the Named Executive Officers.

Annual Incentive Bonus

Annual incentive bonuses are a variable component of the compensation mix designed to reward individual and corporate performance. In 2010, considering the bonus practices of comparable United Kingdom and Canadian mining companies such as those mentioned above, the Company used a mix of financial, strategic and personal measures in determining performance measurement. The HCM Committee considered it appropriate for strategic targets to have priority for the Company given the current stage in the Company's growth profile. Achievement of strategic measures, however, did directly drive the Company's share price during 2010. As the HCM Committee assessed Named Executive Officer performance at year-end and determined the appropriate compensation for the senior executive group, it took into consideration the objectives of executive compensation related to the annual

incentive bonus. In regards to recognizing the accomplishment of specific performance objectives, the HCM Committee and the Board of Directors had extensive discussions as to the appropriate level of the annual incentive bonus. Based on management's recommendation, the HCM Committee approved cash bonuses to each of Messrs. Konig, Morgan-Wynne and Rachovides of 100% of base salary, and deferred bonuses in the form of RSUs were approved equal to 100% of base salary.

Stock-based Compensation

Long Term Incentive Plan. The long term incentive plan of the Company ("**LTI Plan**") is comprised of a share incentive plan providing for the grant of Options adopted on 26 April 2004 and amended on 9 June 2005, 9 August 2006, 21 May 2007, 14 September 2010 and 2 December 2010 (the "**Share Incentive Plan**") and an equity participation plan providing for the grant of RSUs adopted on 9 June 2005 and amended from time to time (the "**Equity Participation Plan**"). The LTI Plan was designed so that a significant proportion of compensation is reliant on and linked to the Company's success to ensure that compensation and interests of executives and senior management are closely aligned with shareholder's interests. Accordingly, performance criteria are attached to all elements of the LTI Plan and are split between (i) share price appreciation which is directly applicable in the Option element of the LTI Plan package, and (ii) corporate performance value drivers which are applied to the RSUs. Annual award proposals under the LTI Plan and suggested performance criteria are submitted by management to the HCM Committee in the last quarter of each year for recommendation to the Board of Directors. Previous grants of Options and RSUs to an individual are taken into account when considering new grants. Each annual award will, subject to management's recommendations, be split between Options and RSUs. The material terms of the Share Incentive Plan and the Equity Participation Plan are described under "Share Incentive Plan" and "Equity Participation Plan" below.

Other Compensation

Pension Plan. Other than as disclosed under "Pension Arrangements" below, the Company does not provide direct pension benefits to any of its employees. Instead, the Company prefers to be more performance driven on long-term incentive compensation. The Company believes that Options and RSUs provide a proper balance and a better alignment with the interests of the Company's shareholders than pension benefits.

Benefits. The Company does not have a group benefits plan. However, at the direction of its employees, the Company makes contributions of up to 4% of the base salary of each employee into a private medical insurance plan, permanent health insurance scheme and life insurance scheme. For more information on the benefits provided to Named Executive Officers, see "Service Agreements – Benefits".

Named Executive Officers

Set out below are particulars of compensation paid to the Named Executive Officers, being:

- (a) the Company's President & Executive Chairman;
- (b) the Company's CFO;
- (c) each of the Company's three most highly compensated executive officers, other than the President & Executive Chairman and CFO, who were serving as executive officers at the end of the most recently completed fiscal year and whose total compensation exceeds \$150,000 for the most recently completed financial year, and
- (d) any additional individuals for whom disclosure would have been provided under (c) but for the fact that the individual was not serving as an executive officer of the Company at the end of the most recently completed financial year.

During the financial year ended 31 December 2010, the Company had five Named Executive Officers, being Martyn Konig, President & Executive Chairman, Mark Rachovides, Executive Vice President, Timothy Morgan-Wynne, Executive Vice President and CFO, Petros Stratoudakis, General Manager of Hellas Gold and Nicolae Stanca, Managing Director of Deva Gold S.A. Hellas Gold and Deva Gold S.A. are subsidiaries of the Company. For more

information on the Company's structure, please refer to the section entitled "Corporate Structure" in the Company's AIF for the financial year ended 31 December 2010.

Summary Compensation Table

The following table is a summary of compensation paid to the Named Executive Officers for the financial years ended 31 December 2010, 2009 and 2008.

Name and principal position	Year	Salary ⁽¹⁾ (\$)	Bonus (\$) ⁽²⁾	Option-based awards (\$) ⁽⁴⁾	Share Based Awards (\$) ⁽³⁾		Pension value (\$) ⁽⁷⁾	All other compensation (\$) ⁽⁸⁾	Total compensation (\$) ⁽⁹⁾	Cash compensation paid in 2010 (\$)	Total compensation awarded in 2010 and deferred subject to performance criteria (\$)
					Annual incentive plans (\$) ⁽⁵⁾	Long-term incentive plans (\$) ⁽⁶⁾					
Martyn Konig, President & Executive Chairman	2010	503,597	616,021	5,607,250	742,792	7,357,500	-	-	14,827,160	1,119,618	13,621,383
	2009	134,636	-	3,291,700	129,588	4,490,360	-	-	8,046,285		
	2008	-	-	-	-	-	-	-	-		
Timothy Morgan-Wynne, CFO and Director	2010	413,047	416,616	4,977,500	444,075	5,833,500	42,229	13,564	12,142,379	829,664	11,255,075
	2009	364,127	201,117	-	568,229	-	36,442	14,741	1,165,603		
	2008	366,170	16,750	-	-	285,750	36,617	14,566	735,506		
Mark Rachovides, Executive Vice President and Director	2010	413,047	416,616	4,977,500	444,075	5,833,500	40,234	6,111	12,131,083	829,664	11,255,075
	2009	402,234	182,064	-	502,339	-	40,223	7,393	1,153,305		
	2008	208,505	34,990	587,520	-	381,000	20,850	4,885	1,219,510		
Petros Stratoudakis, General Manager Hellas Gold SA	2010	206,072	-	1,051,467	312,740	1,760,350	-	13,955	3,344,583	206,072	3,124,557
	2009	232,366	-	-	-	-	-	-	573,953		
	2008	270,861	-	-	-	-	-	-	270,861		
Nicolae Stanca, Managing Director of Deva Gold S.A.	2010	300,909	86,540	881,550	88,9670	1,760,350	-	-	3,031,776	300,900	2,730,867
	2009	225,186	84,147	-	-	-	-	-	550,195		
	2008	324,036	21,532	-	-	-	-	-	384,568		

Note:

- (1) Amounts shown are base salary only. Salaries are paid to Messrs. Konig, Rachovides and Morgan-Wynne in pounds sterling, in Euro to Mr. Stratoudakis and Romanian Lei to Mr. Stanca.
- (2) Amounts shown are in respect of bonus paid in cash.
- (3) Amounts shown represent the fair value of the RSUs and the DPUs on the grant date determined based on the market price of the common shares of the Company on the Toronto Stock Exchange (the "**Stock Exchange**") at market close on the trading day on the date of grant, as required by the terms of the Equity Participation Plan. There is no difference between the fair value in accordance with the CICA Handbook Section 3870 calculated as described under this note and the amount accounted for of the date the RSUs were granted. The RSU awards for 2010 are subject to the performance criteria.
- (4) The Option awards for 2010 vest in tranches and are subject to performance criteria. The fair value of the Option awards was determined using the Black-Scholes Option Pricing and Parisian Option Pricing Models, based on the assumptions set forth in Note 15 of the annual consolidated financial statements for the financial years ended 31 December 2010, Note 16 in 2009 and 2008. The Black-Scholes Option Pricing and Parisian Option Pricing Models were used to compute the fair value of the Options because it is the most commonly used share-based award pricing model and is considered to produce a reasonable estimate of fair value. There is no difference between the fair value in accordance with the CICA Handbook Section 3870 calculated by use of the Black-Scholes and Parisian Option Pricing Models and the amount accounted for on the date the Options were granted.
- (5) Amounts shown include the RSU element of bonus (which is subject to performance criteria), and for Mr Konig DPUs granted in lieu of one third of salary for the period from 1 July to 31 December 2010 which he elected to take as DPUs under the DPU Plan.
- (6) These amounts are awards of RSUs and DPUs under the LTI Plan. The awards vest in three equal annual tranches and are all subject to performance criteria. The amounts shown represent the fair value of the RSUs and DPUs on the grant date determined based on the market price of the common shares of the Company on the Stock Exchange at market close on the trading day on the date of grant, as required by the terms of the DPU Plan.
- (7) Amounts shown represent 10% of base salary contributed by the Company to a pension scheme of the NEO's choice. In the case of Mr. Konig the Company's pension contribution is included with his salary.
- (8) All other compensation consists of Company benefits such as medical benefits and other insurances. In the case of Mr. Konig the Company's contribution in respect of benefits is included with his salary.
- (9) These amounts for 2010 include the value assigned to the options, RSU elements of bonuses and awards under the LTI Plan, none of which have vested and all of which are subject to performance criteria and therefore are not guaranteed to be paid. No compensation was paid in respect of any of the NEOs roles as directors of the Company or its subsidiaries.

See "Executive Compensation – Compensation Discussion and Analysis" for a description of each of the components of compensation for the NEOs.

Outstanding Share-based Awards and Option-based Awards

The following table is a summary of all awards to the Named Executive Officers outstanding as at 31 December 2010.

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾	Number of shares or units of shares or DPUs that have not vested (#)	Market or payout value of share-based awards that have not vested (\$) ⁽²⁾
Martyn Konig, President & Executive Chairman	1,300,000	6.00	06 October 2014	10,309,000	919,852	-
	825,000	13.95 ⁽⁴⁾	02 December 2015	-		12,813,538
Timothy Morgan- Wynne, Executive Vice President, CFO and Director	600,000	3.85	31 May 2011	6,048,000	630,333	8,780,539
	500,000	6.03 ⁽³⁾	14 December 2014	3,950,000		
	550,000	13.95 ⁽⁴⁾	02 December 2015	-		
Mark Rachovides, Executive Vice President and Director	360,000	3.54	17 August 2013	3,740,000	630,333	8,780,539
	550,000	13.95 ⁽⁴⁾	02 December 2015	-		
Petros Stratoudakis, General Manager of Hellas Gold S.A.	150,000	6.03 ⁽³⁾	14 December 2014	1,185,000	226,362	3,153,223
	100,000	13.95 ⁽⁴⁾	02 December 2015	-		
Nicolae Stanca, Managing Director of Deva Gold S.A.	75,000	13.95 ⁽⁴⁾	02 December 2015	-	211,077	2,940,303

Note:

- (1) Amounts shown are based on the market price of the common shares of the Company on the Stock Exchange at market close on 31 December 2010, less the exercise price of in-the-money Options. The Options have not been and may never be exercised and actual gain, if any, on exercise will depend on the value of the common share on the date of exercise.
- (2) Amounts shown are based on one RSU or DPU having the value of one common share of the Company at the market price of the common shares of the Company on the Stock Exchange at market close on December 31, 2010. These amounts may not be representative of the amounts that may be realised on payout due to market fluctuations.
- (3) These awards were subject to vesting conditions based upon the achievement of sustained share price appreciation to C\$8, 10 and 12 per share. These conditions have satisfied and these options have now vested.
- (4) These awards are subject to vesting conditions based on C\$17, 18:50 and 20 per share. These conditions have not been satisfied and these options have not vested.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table is a summary of vested or earned LTI Plan awards for the Named Executive Officers during the financial year ended 31 December 2010.

Name	Option-based Awards – Value vested during the year (\$) ⁽¹⁾	Share-based Awards – Value vested during the year (\$) ⁽²⁾	Non-equity Incentive Plan Compensation – Value earned during the year (\$)
Martyn Konig, President & Executive Chairman	6,252,500	2,577,541	-
Timothy Morgan-Wynne, Executive Vice President, CFO and Director	2,736,667	667,267	-
Mark Rachovides, Executive Vice President and Director	2,736,667	430,807	-
Petros Stratoudakis, General Manager of Hellas Gold S.A.	821,000	562,277	-
Nicolae Stanca, Managing Director of Deva Gold S.A.	821,000	283,736	-

Note:

- (1) Amounts shown are based on the difference between the market price of the common shares of the Company on the Stock Exchange at market close on the date of vesting of the Options and the exercise price of in-the-money Options. The Options have not been and may never be exercised and actual gain, if any, on exercise will depend on the value of the common share on the date of exercise.
- (2) Amounts shown represent RSUs valued based on the market price of the common shares of the Company on the Stock Exchange at market close on the trading day on the date of vesting. These amounts may not be representative of the amounts that may be realised on payout due to market fluctuations.

Share Incentive Plan

Eligibility

The Share Incentive Plan authorises directors to grant, from time to time, (i) Options to acquire common shares of the Company to Eligible Persons and (ii) awards of common shares of the Company to be jointly owned by an Eligible Person and the trustee of the employees' share trust established by the Company (an "**Option JOE Award**"). "**Eligible Person**" means, at the effective date of grant any employee, executive officer, director or consultant of the Company or of any of its related entities (as defined in *National Instrument 45-106 – Prospectus and Registration Exemptions ("NI 45-106")*) or a permitted assign (as defined in NI 45-106) of any of the foregoing.

Shares Subject to Share Incentive Plan

The maximum number of common shares of the Company which may be reserved for issuance for all purposes under the Share Incentive Plan (and under each of the Company's other security based compensation arrangements) shall not exceed, in aggregate, 15% of the common shares issued and outstanding from time to time, unless the Share Incentive Plan is amended pursuant to and in accordance with the rules and policies (the "**Stock Exchange Policies**") of the Toronto Stock Exchange (the "**Stock Exchange**"). The number of common shares of the Company in respect of which Options and Option JOE Awards may be granted pursuant to the Share Incentive Plan may be increased, decreased or fixed by the Board of Directors, as permitted by applicable Stock Exchange Policies and, if required thereby, upon approval of the same by the shareholders.

In addition, unless permitted by the Stock Exchange and, if required thereby or by applicable Stock Exchange Policies, approval by the shareholders is obtained, the maximum number of common shares which may be reserved for issuance under the Share Incentive Plan (and under each of the Company's other security based compensation arrangements), within a one-year period, may not exceed 15% of the common shares of the Company outstanding from time to time.

Limitation of Options to any one person

Unless permitted by the Stock Exchange, and, if required thereby or by applicable Stock Exchange Policies, approval by the shareholders is obtained, the maximum number of common shares of the Company which may be reserved for issuance to any Eligible Person pursuant to Options issued or Option JOE Awards granted under the Share Incentive Plan may not exceed 5% of the common shares of the Company outstanding at the effective date of grant.

Options to insiders

Unless permitted by the Stock Exchange and, if required thereby or by applicable Stock Exchange Policies, approval by the shareholders is obtained:

- (a) the aggregate number of common shares of the Company which may be reserved for issuance at any time under Options and Option JOE Awards granted to insiders under the Share Incentive Plan and under the Company's other security based compensation arrangements may not exceed, in aggregate, 10% of the issued common shares of the Company; and
- (b) the number of common shares of the Company which may be issued and the number of Options and Option JOE Awards that may be granted to insiders under the Share Incentive Plan and under the Company's other security based compensation arrangements, within a 12-month period, may not exceed 10%, in aggregate, of the issued shares.

Forfeiting of Option JOE Awards

If the beneficial interest in common shares of an Eligible Person to whom an Option JOE Award has been granted is forfeited or lapses pursuant to the terms of a joint-owned equity ("JOE") ownership agreement, such person is required to and is deemed to transfer the beneficial interest he or she holds for no or nominal consideration to such person as the Board of Directors may determine. Examples of when such Option JOE Award may lapse include if the relevant person leaves the Company prior to vesting of such award, if the granting and vesting of the award is not done in compliance with applicable law.

Subscription Price, Exercise Price and Lending to the Trustee

The trustee of the trust established to facilitate the structure of Option JOE Awards (the "Trustee") may subscribe for common shares (which are the subject of an Option JOE Award) at a subscription price which shall be no less than the volume weighted average trading price of the common shares of the Company on the Stock Exchange for the five trading days prior to the effective date of grant of the Option JOE Award. The price which a JOE Participant will be required to pay to exercise his or her JOE employee's option will be the same as the Option exercise price which would otherwise be applicable had an Option, rather than an Option JOE Award, been granted.

The Company shall be entitled to lend funds to the Trustee, on terms agreeable to the Company and the Trustee (including on an interest-free basis) and which the Board of Directors in its discretion deems appropriate and consistent with the Share Incentive Plan, in order to assist the Trustee to fund the subscription price.

Exercise Price

The Board of Directors shall establish the amount payable per common share of the Company on the exercise of an Option or in the case of an Option JOE Award, on the exercise of the employee's Option as determined in accordance with the terms of the JOE ownership agreement (as defined in the Share Incentive Plan) (the "Exercise Price") at the time such Option or Option JOE Award is granted, which shall in all cases not be less than the lowest price permitted under applicable Stock Exchange Policies. The lowest price currently permitted under applicable Stock Exchange Policies is the market price of the common shares at the time the Option or Option JOE Award is granted.

Term of Option

Each Option or in the case of an Option JOE Award, each employee's option, will expire on the date determined by the Board of Directors and specified in the Option agreement or JOE ownership agreement, as the case may be, pursuant to which such Option or Option JOE Award is granted, provided that such date may not be later than the earlier of (i) the date which is the tenth anniversary of the date on which such Option or Option JOE Award is granted and (ii) the latest date permitted under applicable rules and regulations of all regulatory authorities to which the Company is subject, including the Stock Exchange.

Notwithstanding the foregoing, if an Option or in the case of an Option JOE Award, an employee's option expires:

- (a) within a period during which the Company has imposed restrictions on trades in its securities by its executive officers, directors and employees (the "**Blackout Period**"), the Option or in the case of a Option JOE Award, an employee's option, shall be extended to a date which is 10 business days after expiry of the Blackout Period; or
- (b) if an Option or in the case of an Option JOE Award, an employee's option expires immediately following a Blackout Period, the Option or employee's option, as the case may be, shall be extended to a date which is 10 business days less the number of business days between the date of expiry of the Option or employee's option, as the case may be, and the date on which the Blackout Period ends.

Vesting

Subject to applicable Stock Exchange Policies, the Board of Directors may determine when any Option or in the case of an Option JOE Award, an employee's option will become exercisable and may determine that the Option or employee's option, as the case may be, shall be exercisable in instalments. Without restricting the authority of the Board of Directors in respect of the terms of the Options and Option JOE Awards, subject to applicable Stock Exchange Policies, the Board of Directors may, at its discretion, in respect of any such Option or in the case of an Option JOE Award, an employee's option, provide that the right to exercise such Option or employee's option, as the case may be, will vest in instalments over the life of the Option or employee's option, with the Option or employee's option being fully-exercisable only when such required time period or periods have elapsed. Subject to the foregoing, each Eligible Person to whom or which Options, or in the case of Option JOE Awards, employees' options have been granted (a "**Participant**"), upon becoming entitled to exercise the Option in respect of any common shares of the Company in accordance with the Option agreement or JOE ownership agreement, shall be entitled to exercise the Option or employee's option, as the case may be, to purchase such common shares at any time prior to the expiration or other termination of the Option or employee's option.

Termination for reason other than death or cause

Except as otherwise determined by the Board of Directors, if a Participant ceases to be an Eligible Person for any reason whatsoever other than death or the termination of a Participant for cause, each Option or in the case of an Option JOE Award, an employee's option held by the Participant, will cease to be exercisable on the earlier of 12 months after the date on which a Participant ceases to be a Eligible Person (the "**Termination Date**") or the original expiry date of the Option agreement or Option JOE Award. If any portion of an Option or Option JOE Award is not vested by the Termination Date, that portion of the Option or Option JOE Award may not under any circumstances be exercised by the Participant.

Termination for cause

If a Participant ceases to be an Eligible Person for cause, such Participant's Options or in the case of an Option JOE Award, such Participant's employee's option, whether vested or not vested at the Termination Date will immediately terminate with respect to exercise of the same. If the Participant has an employment or consulting agreement with the Company, the term "cause" shall have the meaning given to it in the employment or consulting agreement.

Termination upon death

Except as otherwise determined by the Board of Directors, if a Participant dies prior to ceasing to be a Eligible Person, the personal representative, heirs or administrators of the Participant may exercise the Participant's

Options, or in the case of an Option JOE Award, the Participant's employee's option, until the earlier of 12 months after the date of the Participant's death or the original expiry date of the Option or employee's option, as the case may be, but only to the extent the Options or employee's option were by their terms exercisable on the date of death.

Extension of Exercise Period

Notwithstanding the above provisions, the Board of Directors may, subject to approval of the Stock Exchange at any time prior to the expiry of an Option or in the case of an Option JOE Award, an employee's option, extend the period of time within which an Option may be exercised by a Participant who has ceased to be a Eligible Person, but such extension will not be granted beyond the original expiry date of the Option or employee's option, as the case may be.

Status of terminated options

Any common shares of the Company subject to an Option or Option JOE Award which for any reason is cancelled or terminated without having been exercised, shall be returned to the Share Incentive Plan and will be eligible for re-issue.

Options non-transferable

Options and Option JOE Awards shall not be transferable or assignable by the Participant otherwise than by will or the laws of descent and distribution, and shall be exercisable during the lifetime of a Participant only by the Participant and after death only by the Participant's personal representative, heirs or administrators and only in accordance with the terms of the Share Incentive Plan.

Further Adjustments

Subject to the provisions of the Share Incentive Plan and applicable Stock Exchange Policies, if, because of a proposed merger, amalgamation or other corporate arrangement or reorganisation, the exchange or replacement of common shares of the Company for those in another corporation is imminent, the Board of Directors may, in a fair and equitable manner, determine the manner in which all unexercised Option and Option JOE Award rights granted under the Share Incentive Plan will be treated including, without limitation, requiring the acceleration of the time for the exercise of such rights by the Participants, the time for the fulfillment of any conditions or restrictions on such exercise, and the time for the expiry of such rights.

Third party offer

If an offer to purchase all of the outstanding common shares of the Company is made by a third party, the Board of Directors may, to the extent permitted by applicable Stock Exchange Policies and upon giving each Participant written notice to that effect, require the acceleration of the time for the exercise of Option rights or in the case of a Option JOE Award, an employee's option rights, granted under the Share Incentive Plan, the time for the fulfillment of any conditions or restrictions on such exercise, and the time for the expiry of such rights.

Change in Control

In the event of a Change in Control, the Board of Directors may accelerate the time for the fulfillment of any conditions or restrictions for the exercise of Option rights or in the case of an Option JOE Award, an employee's option rights, granted under the Share Incentive Plan. "**Change in Control**" means and will be deemed to have occurred if any individual, corporation, partnership, trust or association is or becomes the beneficial owner, directly or indirectly, of voting securities of the Company representing 50% or more of the combined voting power of the Company's then outstanding voting securities.

Amendment and termination of Share Incentive Plan

The Board of Directors reserves the right, in its absolute discretion, to at any time amend, modify or terminate the Share Incentive Plan with respect to all Options and Option JOE Awards which have not yet been granted under the Share Incentive Plan. Any amendment to any provision of the Share Incentive Plan will be subject to any necessary approval of the Stock Exchange and, if required by applicable Stock Exchange Policies, approval by the

shareholders. Under Stock Exchange Policies, shareholder approval is required for any of the following amendments: (i) an increase to plan maximum or number of securities reserved for issuance under the Share Incentive Plan; (ii) amendment provisions granting additional powers to the Board of Directors to amend the Share Incentive Plan or entitlements without shareholder approval; (iii) a reduction in the Exercise Price of Options or other entitlements held by insiders; (iv) an extension to the term of options or in the case of an Option JOE Awards, employees' options held by insiders; or (v) changes to the insider participation limits which result in the shareholder approval to be required on a disinterested basis. If the Share Incentive Plan is terminated, the provisions of the Share Incentive Plan and any administrative guidelines, and other rules and regulations adopted by the Board of Directors and in force at the time of the Share Incentive Plan shall continue in effect during such time as an option or any rights pursuant thereto remain outstanding.

Amendment of outstanding Options

Subject to (i) the requirements and the approval of the Stock Exchange; and (ii) if required, approval by the shareholders, the Board of Directors may amend or modify in any manner an outstanding Option or Option JOE Award to the extent that the Board of Directors would have had the authority to initially grant such award as so modified or amended, including without limitation, to change the date or dates as of which an Option or in the case of an Option JOE Award an employee's option, becomes exercisable, except that no amendment will, without the written consent of all affected optionees, alter or impair any Option or in the case of an Option JOE Award, an employee's option previously granted under the Share Incentive Plan unless as a result of a change of applicable Stock Exchange Policies or the Company's status or classification thereon. The Exercise Price of any Option or in the case of an Option JOE Award, any employee's option granted to an insider of the Company may not be reduced unless the Company obtains first the approval by the disinterested shareholders.

Outstanding Options

As at the date hereof, Options to purchase 6,315,332 common shares are outstanding (of which 3,603,665 are fully vested), representing 3.44% of the Company's issued and outstanding common shares. Outstanding Options have a weighted average exercise price of C\$8.87 per share. No Option JOE Awards have been granted.

Equity Participation Plan

Eligibility

The Company provides an Equity Participation Plan (the "**Equity Participation Plan**") authorizing directors to issue, from time to time, Restricted Share Units ("**RSUs**") and RSU JOE Awards (as defined below) to acquire common shares of the Company to Eligible Persons. RSUs are "phantom" shares that rise and fall in value based on the value of the Company's common shares and are redeemed for actual common shares on the vesting dates determined by the Board of Directors when the RSUs are granted. RSU JOE Awards are awards of shares to be jointly owned by an Eligible Person and the trustee of the employees' share trust established by the Company (a "**RSU JOE Award**"). "**Eligible Person**" means for the purposes of RSUs, at the grant date, directors, officers, employees or consultants of the Company, or any related entity or permitted assign of any such person (as such terms are defined in the Equity Participation Plan) and for the purpose of RSU JOE Awards means directors, officers, employees of the Company, or any related entity or permitted assign of any such person (as such terms are defined in the Equity Participation Plan), provided that they are not in Canada.

Shares Subject to the Equity Participation Plan

As approved at the annual meeting of the shareholders of the Company held on 9 June 2005 and as amended at the annual meeting of shareholders on 19 May 2008, the maximum number of common shares of the Company which may be reserved for issuance for all purposes under the Equity Participation Plan shall not exceed 2.5% of the common shares issued and outstanding from time to time, subject to certain adjustments permissible under the Equity Participation Plan if there are changes in the capital of the Company as a result of a merger, amalgamation or other corporate arrangement or reorganisation.

Limitation of RSUs and RSU JOE Awards to any one person

Unless permitted by regulatory approval and, if required thereby or by applicable Stock Exchange Policies, approval by the shareholders is obtained, the maximum number of common shares of the Company which may be reserved for issuance to any Eligible Person pursuant to the Equity Participation Plan or any other security-based compensation arrangement may not exceed 5% of the common shares of the Company outstanding at the grant date.

Vesting

Subject to applicable Stock Exchange Policies, the Board of Directors may determine when any RSU or RSU JOE Award will vest or any other vesting requirements as set forth in a RSU agreement or JOE ownership agreement between the Eligible Person who has been granted RSUs or the RSU JOE Award, as the case may be, (a “**RSU Participant**”) and the Company.

Termination of employment

Unless otherwise determined by the Board of Directors, upon the voluntary resignation or the termination for cause of a RSU Participant, all of such RSU Participant’s unvested RSUs and/or RSU JOE Awards are forfeited. If the RSU Participant has an employment or consulting agreement with the Company, the term “cause” has the meaning given to it in that agreement.

Upon the termination of a RSU Participant without cause, the disability, the retirement or death of a RSU Participant, a certain portion of the RSUs and/or RSU JOE Awards granted to such RSU Participant vest in a prescribed formula as set out in the Equity Participation Plan.

RSUs and RSU JOE Awards non-transferable

Unless the Board of Directors determines otherwise, a RSU Participant may transfer RSUs and/or RSU JOE Awards to (i) his or her spouse, minor child or minor grandchild; (ii) his or her registered retirement savings plan; (iii) a family trust; (iv) a wholly-owned corporation; or (v) a corporation controlled by the RSU Participant and its family members, subject to applicable policies of the Stock Exchange.

Further Adjustments

Subject to the provisions of the Equity Participation Plan and applicable Stock Exchange Policies, if, because of a proposed merger, amalgamation or other corporate arrangement or reorganisation, the exchange or replacement of common shares of the Company for those in another corporation is imminent, the Board of Directors may, in a fair and equitable manner, determine the manner in which all unvested RSUs and RSU JOE Awards granted under the Equity Participation Plan will be treated including, without limitation, requiring the acceleration of the time for the vesting of such RSUs and RSU JOE Awards and the time for the fulfillment of any conditions or restrictions on vesting.

Third party offer

If an offer to purchase all of the outstanding common shares of the Company is made by a third party, the Board of Directors may, to the extent permitted by applicable Stock Exchange Policies and upon giving each RSU Participant written notice to that effect, require the acceleration of the time for the vesting of RSUs and RSU JOE Awards granted under the Equity Participation Plan.

Change in Control

In the event of a Change in Control, all of the RSUs and RSU JOE Awards at that time shall automatically and irrevocably vest in full under the Equity Participation Plan.

Amendment and termination of Equity Participation Plan

The Board of Directors reserves the right, in its absolute discretion, to at any time amend, modify or terminate the Equity Participation Plan with respect to all RSUs and RSU JOE Awards which have not yet been granted under the

Equity Participation Plan. Any amendment to any provision of the Equity Participation Plan will be subject to any necessary regulatory approvals and, if required by applicable law, approval by the shareholders. Under Stock Exchange Policies, shareholder approval is required for any of the following amendments: (i) an increase to plan maximum or number of securities reserved for issuance under the Equity Participation Plan; (ii) amendment provisions granting additional powers to the Board of Directors to amend the Equity Participation Plan or entitlements without shareholder approval; (iii) an extension to the term of RSUs and/or RSU JOE Awards held by insiders; or (v) changes to the insider participation limits which result in the shareholder approval to be required on a disinterested basis. If the Equity Participation Plan is terminated, the provisions of the Equity Participation Plan and any administrative guidelines, and other rules and regulations adopted by the Board of Directors and in force at the time of the Equity Participation Plan shall continue in effect during such time as an RSU or RSU JOE Award or any rights pursuant thereto remain outstanding.

Amendment of outstanding RSUs and RSU JOE Awards

Subject to regulatory approval and, if required, approval by the shareholders, the Board of Directors may amend or modify in any manner an outstanding RSU or RSU JOE Award to the extent that the Board of Directors would have had the authority to initially grant such award as so modified or amended, including without limitation, to change the date or dates as of which an RSU or RSU JOE Award vest, except that no amendment will, without the written consent of all affected RSU Participants, alter or impair any RSU or RSU JOE Award previously granted under the Equity Participation Plan unless as a result of a change of applicable Stock Exchange Policies or the Company's status or classification thereon.

Outstanding RSUs and RSU JOE Awards

As at the date hereof 1,761,164 RSUs are outstanding, representing 0.96% of the Company's issued and outstanding common shares.

Deferred Phantom Unit Plan

Eligibility

The Company provides a Deferred Phantom Unit Plan (the "**DPU Plan**" or "**Plan**") authorizing the Board of Directors to grant, from time to time, Deferred Phantom Units ("**DPUs**") to any Eligible Person. DPUs are "phantom" units that rise and fall in value based on the value of the Company's common shares (the "**Common Share(s)**"), to be redeemed by the Company on the date (the "**Separation Date**") that the holder of a DPU (a "**Participant**") ceases to be either of (i) a director of the Company or (ii) an officer or employee of the Company or an affiliate of the Company (as designated by the Board for the purposes of the Plan) ("**Designated Affiliate**"). However, DPUs are not redeemed for actual common shares in the Company, but instead for a payment of cash by the Company to the relevant Participant (a "**DPU Payment**") within 60 days of the Separation Date (see section entitled "Redemption" below). "**Eligible Person**" means, at the effective date of grant any member of the Board of Directors or a member of the board of directors of a Designated Affiliate.

Grants to Non-Executive Directors ("**NEDs**") and Executive Directors ("**Executives**")

Subject to the terms of the Plan and subject to compliance with (i) the AIM Rules for Companies published by the London Stock Exchange and (ii) any Stock Exchange Policies, each NED and Executive may elect (the "**DPU Election**") to receive up to 100% of the remuneration (the "**Remuneration**") due to him/her, in respect of services that he/she has performed during a six month period, in DPUs. The deadline (the "**DPU Election Deadline**") for the DPU Election to be made for (i) services rendered between January 1 and June 30 of a given year shall be December 31 of the previous year and (ii) for services rendered between July 1 and December 31 shall be June 30 of that year. The number of DPUs that a director is entitled to receive (on the date that an instalment of Remuneration is payable to him/her by the Company) (the "**DPU Issue Date**") will be equal to the number that results from dividing (a) the dollar value of the portion of the Remuneration that the director has elected to receive in DPUs by (b) the closing trading price of the Common Shares on the TSX on the last trading day immediately preceding the DPU Election Deadline for the six month period during which the relevant DPU Issue Date falls. Each DPU granted pursuant to sections 3.02 and 3.03 of the Plan shall be 100% vested at all times.

Special Grants

Notwithstanding any of the above, the Board of Directors has the authority to make any special grants of DPUs to any Eligible Person, at any time and attaching any terms or conditions (including in relation to the vesting of such DPUs), as the Board of Directors shall in its sole discretion deem appropriate.

Ceasing to be an Eligible Person

Notwithstanding any DPU Election that may have been made, no further DPUs (i) may be granted and issued to a Participant and (ii) shall vest in respect of a Participant, after that Participant has ceased to be an Eligible Person. Any DPUs that have not vested on the date that a Participant ceases to be an Eligible Person shall immediately terminate.

Redemption

Each vested DPU held by a Participant who ceases to be an Eligible Person shall be redeemed by the Company on the relevant Separation Date for that Participant, by way of a DPU Payment within 60 days of the Separation Date. In respect of each vested DPU to be redeemed, the DPU Payment shall be a cash payment equal to, as at the Separation Date, the greater of either (i) the volume weighted average trading price or (ii) the average of the daily high and low board lot trading prices on the TSX for the five consecutive trading days immediately prior to the date as of which this Market Value is determined of a Common Share ("**Market Value**").

Dividends

In the event that a dividend (other than a stock dividend) is declared and paid by the Company on the Common Shares, a Participant shall be credited with additional DPUs (the number of which to be calculated by dividing (a) the total amount of the dividends that would have been paid to the Participant if the vested DPUs in the Participants account on the dividend record date had been outstanding Common Shares by (b) the closing price of a Common Share on the TSX on the last day preceding the date on which the dividends were paid on the Common Shares).

Term of the Plan

The Plan shall remain in effect until it is terminated by the Board of Directors. Notwithstanding termination of the Plan, the Company shall redeem all DPUs that are outstanding as at the date of termination, on the applicable Separation Date for each of the remaining Participants.

Amendment and Administration of the Plan

Except to the extent that the Plan requires any action or decision to be taken or made by the Board of Directors as a whole, the Plan shall be administered by either the Board of Directors or if the Board of Directors so determines by resolution, a committee of the Board of Directors (the "**Committee**") comprised of not less than 3 members. The Committee shall have full discretionary authority to administer the Plan, which shall include the authority to interpret and construe any provision of the Plan and to adopt, amend and rescind such rules and regulations for administering the Plan as the Committee may deem necessary to comply with the requirements of the Plan. This is subject to the fact that certain amendments (including materially increasing the benefits under the Plan) shall only be effective upon such amendment being approved by the Board of Directors and, if required, the TSX and any other applicable regulatory authority.

DPUs Non-Transferable

Except as otherwise expressly provided for under the Plan, or pursuant to a will, or by the laws of descent and distribution, no DPU or other right or interest of a Participant is assignable or transferable. However, a Participant may designate in writing a person who is a dependant or relation to receive any amount payable under the Plan on the death of such Participant and may change such designation from time to time.

Further Adjustments

In the event that there is any change in the Common Shares (whether by reason of a stock split, stock dividend, reverse stock split, consolidation, subdivision, reclassification or otherwise), an appropriate adjustment shall be made by the Board with respect to the number of DPUs then outstanding under the Plan, as the Board of Directors, in its sole discretion, may determine to prevent dilution or enlargement of rights.

Pension Arrangements

The Company's subsidiary, European Goldfields (Services) Limited ("**EGSL**"), provides access to a defined contribution pension plan for its employees. The defined contribution pension plan provides pension benefits based on accumulated employee and Company contributions. Company contributions to this plan are a set percentage of employees' annual income and may be subject to certain vesting requirements. The cost of defined contribution benefits is expensed as earned by employees. Of the Named Executive Officers, EGSL pays its pension contribution for (i) Mr. Konig as part of his salary; (ii) for Mr. Morgan-Wynne, into the pension plan arranged by EGSL; (iii) for Mr. Rachovides to a personal pension arranged by Mr. Rachovides. The Company does not make any contribution to pensions for Mr. Stratoudakis and Mr. Stanca.

Service Agreements

EGSL has entered into service agreements with Messrs. Konig, Rachovides and Morgan-Wynne whereby they agreed to provide their full-time services to the Company and its subsidiaries. The principal terms of the service agreements with Messrs. Konig, Rachovides and Morgan-Wynne as at 31 December 2010 are set out below.

Mr. Stratoudakis is engaged to provide his services full time to Hellas Gold SA under the terms of an agreement with Hellas Gold SA and Mr. Stanca is engaged to provide his services full time to Deva Gold SA under the terms of a consultancy agreement with Deva Gold SA.

Termination and Change of Control

Each of the service agreements with Messrs. Konig, Rachovides and Morgan-Wynne is terminable by either party on not less than one year's prior written notice. In the event of a Change of Control or a sale of the majority of the Company's assets and in the event that notice to terminate the service agreement is given within one year, each of Messrs. Konig, Rachovides and Morgan-Wynne is entitled to a termination payment equal to 36 months' salary and benefits, together with unpaid salary and holiday pay. For the purposes of this paragraph, a Change of Control is deemed to have occurred in the circumstances set out in the service agreements which include if any individual, corporation, partnership, trust or association is or becomes the beneficial owner, directly or indirectly, of voting securities of the Company representing 50% or more of the combined voting power of the Company's then outstanding voting securities.

Non-Compete

The service agreements of each of Messrs. Konig, Rachovides and Morgan-Wynne provide that for a period of six months after the date of termination of their employment, less any time spent on garden leave, they are prohibited from:

- (i) being engaged, concerned or interested in any business which at any time within the 12 months prior to termination has carried out the activities of mining of precious metals and/or exploration thereof or has investigated new business opportunities in the same countries where the Company and its subsidiaries (the "**Group**") have carried out such activities within such 12-month period;
- (ii) soliciting or endeavouring to solicit or induce any key officer or manager or executive of the Group from leaving the employment of the Group; and
- (iii) employing or engaging any key officer or manager or executive of the Group in connection with any business in or proposing to be in competition with the Group.

Benefits

Each of the Named Executive Officers is entitled to private medical expenses insurance providing coverage for the relevant executive officer, his spouse and dependent children and is entitled to participate in any permanent health or life insurance scheme operated by the Company.

As at 31 December 2010, each of Martyn Konig, Mark Rachovides, Timothy Morgan-Wynne, Petros Stratoudakis and Nicolae Stanca was entitled to receive an annual salary of £400,000, £271,000, £271,000, £127,011 and £144,531 respectively, together with:

- (i) a discretionary annual bonus, subject to the approval of the Board of Directors; and
- (ii) 30 days holiday per annum, in addition to statutory holidays.

Assuming that a termination event had occurred on 31 December 2010, Mr. Konig would have been entitled to receive approximately £1,368,000, Mr. Morgan-Wynne would have been entitled to receive £926,820 and Mr. Rachovides would have been entitled to receive £926,820.

Non-Executive Director Compensation Table

The following table is a summary of compensation paid to the non-executive directors (the “NEDs”) for the financial year ended 31 December 2010.

Name and principal position	Year	Fees earned (\$)	Share-based awards (\$) ⁽¹⁾	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	All other compensation (\$)	Total compensation (\$)
Dimitrios Koutras Director Resident of Athens, Greece	2010	83,226	-	-	-	-	83,226
Georgios Sossidis Director Resident of Athens, Greece	2010	68,775	-	-	-	-	68,775
Dr. Jeffrey O’Leary Director Resident of Isleworth, England	2010	41,386	400,674 ⁽³⁾	-	-	-	442,060
Bruce Burrows Director Resident of Richmond, England	2010	33,206	472,948 ⁽³⁾	-	-	-	506,154
Alfred Vinton Director Resident of London, England	2010	15,358	702,862 ⁽³⁾	-	-	-	718,220
Cameron Mingay ⁽²⁾ Director Resident of Toronto, Canada	2010	3,351	-	-	-	-	3,351

Note:

- (1) Amounts shown represent the Deferred Phantom Unit Plan value of DPUs based on the market price of the common shares of the Company on the Stock Exchange at market close on the trading day on the date of grant, as described under “Non-Executive Director Compensation Discussion”, below.
- (2) Mr. Mingay resigned as a director on 29 January 2010.
- (3) These amounts include an amount of \$359,700 that represents the value of an award of 33,000 DPUs that was made to each independent non-executive director as part of the Company’s forward planning strategy. These DPUs only vest in the event that the Company is subject to a change of control.

Non-Executive Director Compensation Discussion

Independent NEDs receive a flat fee of £50,000. In addition, the chairs of each of the Committees of the Board of Directors respectively receive an additional £5,000. Every six months each independent NED elects the proportion of his compensation that he wishes to receive in cash and the proportion that he wishes to receive in DPUs. As

from March 2010, Mr. Sossidis and Mr. Koutras each receive a £50,000 flat annual fee, payable quarterly in cash, for their contributions as non-executive directors. They are not, however, eligible to participate in the DPU Plan.

As the Company is listed on the AIM market of the London Stock Exchange, it complies with the UK Combined Code on Corporate Governance where it is appropriate and practical for the Company to do so. In adopting the current NED compensation program, note was taken of the relevant rule in the Combined Code on Corporate Governance which states that remuneration for independent NEDs should not include options. Consequently, NEDs no longer receive Options or RSUs. Additional factors which are taken into account in determining the compensation of NEDs are as follows: (i) the quantum of cash annual fees and the fact that additional fees are not paid for attending board meetings or serving on committees; (ii) the time commitment required to develop compensation practices commensurate with a company of the size of the Company; and (iii) the volume of committee work with only three independent NEDs.

During the financial year ended 31 December 2010, the Company had no pension plan or other arrangement for cash or non-cash compensation for the NEDs, except pursuant to the Company's Share Incentive Plan, Equity Participation Plan and Deferred Phantom Unit Plan (all as described above).

Outstanding Share-based Awards and Option-based Awards

The following table is a summary of all awards to the NEDs outstanding as at 31 December 2010.

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽²⁾	Number of shares or units of shares that have not vested (#) ⁽³⁾	Market or payout value of share-based awards that have not vested (\$) ⁽⁴⁾
Dimitrios Koutras Director Resident of Athens, Greece	-	-	-	-	-	-
Georgios Sossidis Director Resident of Athens, Greece	250,000	5.87	15 August 2012	2,015,000	-	-
Dr. Jeffrey O'Leary Director Resident of Isleworth, England	-	-	-	-	186,799	2,602,115
Bruce Burrows Director Resident of Richmond-Upon-Thames, England	-	-	-	-	103,377	1,440,044
Alfred Vinton ⁽¹⁾ Director Resident of London, England	-	-	-	-	83,804	1,167,387

Note:

- (1) Mr. Vinton was appointed as a director on 18 February 2010.
- (2) Amounts shown are based on the market price of the common shares of the Company on the Stock Exchange at market close on 31 December 2010, less the exercise price of in-the-money options. The options have not been and may never be exercised and actual gain, if any, on exercise will depend on the value of the common share on the date of exercise.
- (3) These amounts include all DPU units granted as at 31 December 2010 which include a certain number of units that have already vested but, in accordance with the rules of the DPU Plan; the associated benefit is deferred until the director leaves the Company.
- (4) Amounts shown are based on the market price of the common shares of the Company on the Stock Exchange at market close on 31 December 2010. These amounts may not be representative of the amounts that may be realised on payout due to market fluctuations.

Incentive plan awards – Value vested or earned during the year

The following table is a summary of vested or earned incentive plan awards for the NEDs during the financial year ended 31 December 2010.

Name	Option-based Awards – Value vested during the year (\$)	Share-based Awards – Value vested during the year (\$)	Non-equity Incentive Plan Compensation – Value earned during the year (\$)
Dimitrios Koutras Director Resident of Athens, Greece	Nil	Nil	Nil
Georgios Sossidis Director Resident of Athens, Greece	Nil	Nil	Nil
Dr. Jeffrey O’Leary Director Resident of Isleworth, England	Nil	Nil	Nil
Bruce Burrows Director Resident of Richmond, England	Nil	Nil	Nil
Alfred Vinton Director Resident of London, England	Nil	Nil	Nil
Cameron Mingay ⁽¹⁾ Director Resident of Toronto, Canada	Nil	818,369	Nil

Note:

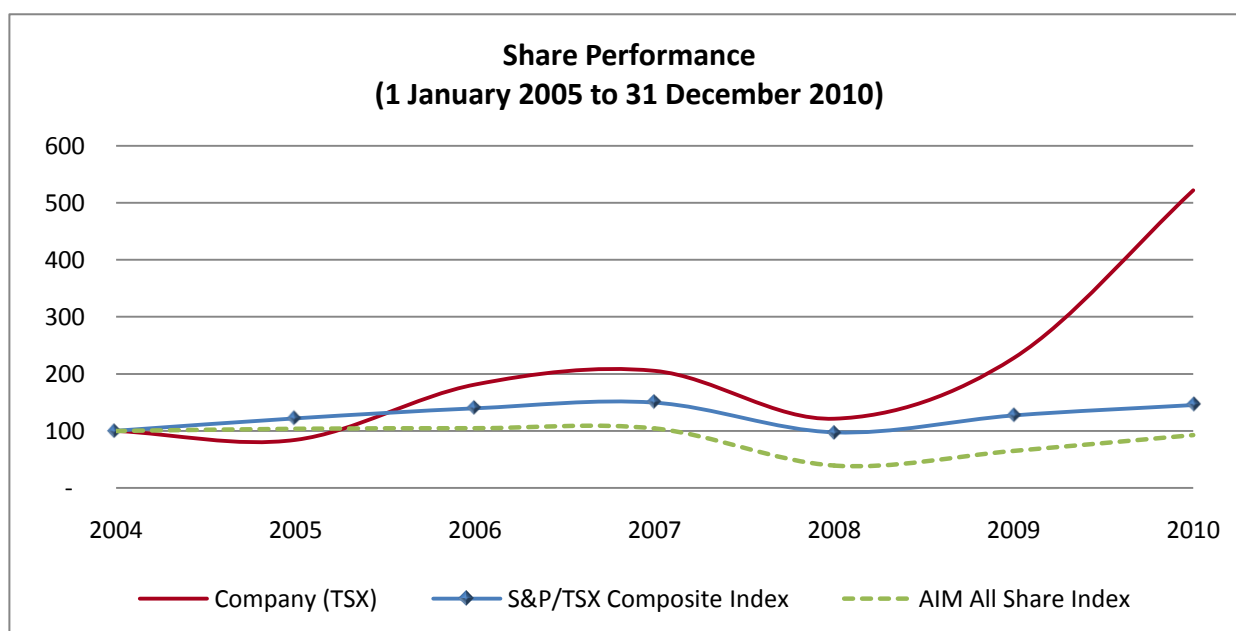
- (1) Mr. Mingay resigned as a director on 29 January 2010 and in accordance with the DPU Plan all the DPU benefits accrued, crystallised at this point.

Mandatory Shareholding Policy for Directors

In December 2008, the Board of Directors adopted a mandatory shareholding policy (the “Policy”) for independent NEDs. The Policy requires directors to own shares and/or DPUs equivalent in value to three times their annual retainer including both cash and DPU compensation. Directors have a period of two years from the institution of the Policy or the date they join the Board of Directors within which to reach the mandatory level. The current independent NEDs have all reached the mandatory level.

Performance Graph

The performance graph and table presented below compare the cumulative total shareholder return of a \$100 investment in the Company’s common shares, the cumulative total return of the S&P/TSX Composite Index and the cumulative total return of the AIM Composite Index for the period commencing 31 December 2005 and ending 31 December 2010.



As at 31 December

	2005	2006	2007	2008	2009	2010
Company (close)	\$2.25	\$4.84	\$5.48	\$3.24	\$6.08	\$13.93
S&P/TSX Composite Index (close)	11,272	12,908	13,833	8,988	11,746	13,443
AIM All Share Index (close)	1,045	1,055	1,049	394	654	934
Company	\$84	\$181	\$205	\$121	\$228	\$522
S&P/TSX Composite Index	\$122	\$140	\$150	\$97	\$127	\$145
AIM All Share Index	\$104	\$105	\$104	\$39	\$65	\$93

Trend

The HCM Committee considers the significant rise in the market price of the Company's common shares depicted in the graph above, to reflect both the Company's success in delivering significant progress in the permitting of its Greek projects and improved market conditions versus 2008. The compensation paid to the Named Executive Officers is therefore appropriate given such circumstances and when compared to the compensation paid to officers of similar-sized companies.

Presented by the Human Capital Management Committee:

Alfred Vinton (Chairman)

Dr. Jeffrey O'Leary

Bruce Burrows

SECURITIES AUTHORISED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth information with respect to compensation plans under which equity securities of the Company are authorised for issuance as at 31 December 2010.

Equity Compensation Plan Information			
Plan Category	Number of Common Shares to be Issued upon Exercise / Vesting of Outstanding Options/RSUs (#)	Weighted Average Exercise Price of Outstanding Options (C\$)	Number of Common Shares Remaining Available for Future Issuance under Share Incentive Plan/Equity Participation Plan (#)
Equity compensation plans approved by shareholders			
Share Incentive Plan	6,315,332 ⁽¹⁾	8.87	26,176,435 ⁽²⁾
Equity Participation Plan	1,838,527 ⁽³⁾	-	3,272,160 ⁽⁴⁾
Equity compensation plans not approved by shareholders	N/A	N/A	N/A
Total	8,153,858 ⁽⁵⁾	N/A	29,448,595

Notes:

- (1) Representing 3.44% of the Company's issued and outstanding common shares as at 31 December 2010.
- (2) Based on 183,685,121 common shares of the Company issued and outstanding as at 31 December 2010. The maximum number of common shares of the Company which may be reserved for issuance for all purposes under the Share Incentive Plan shall not exceed 15% of the common shares issued and outstanding from time to time.
- (3) Representing 1% of the Company's issued and outstanding common shares as at 31 December 2010.
- (4) Based on 183,685,121 common shares of the Company issued and outstanding as at 31 December 2010. The maximum number of common shares of the Company which may be reserved for issuance for all purposes under the Equity Participation Plan shall not exceed 2.5% of the common shares issued and outstanding from time to time.
- (5) Representing 4.44% of the Company's issued and outstanding common shares as at 31 December 2010.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

During the period ended 31 December 2010, the Company loaned three of its directors a total of \$95,000 (£61,000), in relation to employee withholding taxes paid by the Company on behalf of the directors. These loans, which were taken out in the context of the Company's long term incentive plan to increase directors' equity investment in the Company, are interest free and repayable by mutual agreement.

AGGREGATE INDEBTEDNESS

Purpose	To the Company or its Subsidiaries
Payment of employee withholding taxes in relation to the award of JOE RSUs to Mr. Konig, Mr. Morgan-Wynne and Mr. Rachovides.	\$95,000

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Company maintains insurance protection against liability incurred by its directors and officers as well as those of its subsidiaries in the performance of their duties. The payment of the annual premium, amounting to \$103,325 for the period of 9 February 2010 to 9 February 2011, is assumed by the Company. The aggregate limit of liability in respect of any and all claims is \$30,000,000 for the insured period of 9 February 2010 to 9 February 2011. The policy provides for the indemnification of directors and officers in the case of claims for which the Company has not indemnified or is not permitted by law to indemnify them, and for the reimbursement of the Company, subject

to a deductible of \$50,000 in the case of claims for which it has indemnified or was permitted to indemnify the director(s) or officer(s) involved.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as otherwise disclosed in this Management Proxy Circular, the Company is not aware of any informed person, proposed nominee for election as a director, or any associate or affiliate of the foregoing, having any material interest, direct or indirect, in any transaction or proposed transaction since 1 January 2010 which has materially affected or would materially affect the Company or any of its subsidiaries.

PARTICULARS OF MATTERS TO BE ACTED UPON

Election of Directors

The Board of Directors presently consists of eight directors and it is intended that eight directors be elected for the ensuing year. The term of office of each of the present directors expires at the Meeting. **The persons named below will be presented for election at the Meeting as management's nominees and, unless authority to do so is withheld, the persons named in the accompanying form of proxy intend to vote FOR the election of these nominees.** Management does not contemplate that any of these nominees will be unable to serve as a director. Each director elected will hold office until the next annual meeting of shareholders of the Company or until his successor is elected or appointed, unless his office is earlier vacated in accordance with the By-Laws of the Company, or with the provisions of the *Business Corporations Act* (Yukon).

The following table sets forth the names of the nominees for election as directors and of each director whose term of office will continue after the Meeting, their municipality of residence, their current position and office with the Company, their respective principal occupation during the five preceding years, the date on which they were first elected or appointed as a director of the Company, and the number of common shares of the Company or any of its subsidiaries beneficially owned, or controlled or directed, directly or indirectly, by each of them as at the date hereof.

Name, Office and Place of Residence ⁽¹⁾	Position with the Company (if any) and Principal Occupations during the Five Preceding Years ⁽¹⁾	Director Since	No. (%) of Common Shares ⁽¹⁾
Martyn Konig ⁽⁵⁾ Director & Officer Resident of Shamley Green, England	President & Executive Chairman of the Company, October 2009 to date; Chief Executive Officer, Blackfish Capital Management Limited, 2005 to July 2009.	December 2008	474,457 (0.26%)
Dimitrios Koutras Director Resident of Athens, Greece	Non-executive Chairman of the Company, November 2004 to October 2010; President & General Manager, Aktor S.A. (a construction company), 1995 to date; Member of the board of directors of Ellaktor S.A. (an infrastructure, real estate and energy conglomerate) 1995 to date.	November 2004	10,724,074 (5.8%)
Mark Rachovides Director & Officer Resident of London, England	Executive Vice President of the Company, September 2010 to date; Executive Vice President and Corporate Secretary of the Company, July 2008 to September 2010; Vice President, Europe at Dundee Resources Limited, February 2007 to July 2008; Senior Banker at the European Bank for Reconstruction and Development, 1996 – 2007.	March 2007	138,898 (0.08%)
Timothy Morgan-Wynne Director & Officer Resident of London, England	Executive Vice President and Chief Financial Officer of the Company, June 2006 to date; Director of the Resources and Energy Group at HSBC Bank plc and member of HSBC's mining sector corporate finance team, 1997 to 2006.	June 2006	256,689 (0.14%)
Georgios Sossidis Director Resident of Athens, Greece	Member of the board of directors of Ellaktor S.A. ,1991 to date.	July 2007	Nil

Name, Office and Place of Residence ⁽¹⁾	Position with the Company (if any) and Principal Occupations during the Five Preceding Years ⁽¹⁾	Director Since	No. (%) of Common Shares ⁽¹⁾
Dr. Jeffrey O'Leary ^{(2) (3) (4) (5)} Director Resident of Isleworth, England	Director Metals & Mining of HSBC plc (an investment bank, formerly the Midland Bank), 1985 to 2005; Director (non-executive), Palladex plc (a gold exploration company), 2004 to 2007; Director (non-executive), Goldstar Resources NL (a gold exploration company), 2005 to 2009; Director (non-executive), Moto Goldmines Limited (a gold exploration company), 2005 to 2009; Monterrico Metals plc (a copper mining company), 2006 to 2007; Platinum Mining Corporation of India (a platinum mining company), 2006 to 2008.	December 2005	Nil
Bruce Burrows ^{(2) (3) (4) (5)} Director Resident of Richmond-Upon-Thames, England	Chief Financial Officer, JKX Oil and Gas, December 1997 to date.	October 2009	Nil
Alfred Vinton ^{(2) (3) (4) (5)} Director Resident of London, England	Chairman of EP Private Equity Ltd, 2006 to 2009; Chairman/Chief Executive Officer of Electra Partners Limited, 1995 – 2006.	February 2010	73,900 (0.04%)

NOTES:

- (1) The information as to country of residence, principal occupation and common shares beneficially owned, controlled or directed, directly or indirectly, is not within the knowledge of the management of the Company and has been furnished by the respective nominees. The description of the principal occupation or employment for all of the nominees is for the past five years.
- (2) Member of the Audit Committee.
- (3) Member of the Human Capital Management Committee.
- (4) Member of the Corporate Governance & Nominating Committee.
- (5) Member of the Health, Safety and Environmental Committee.

None of the proposed nominees for election as a director of the Company:

- (a) is, as at the date of this Management Proxy Circular, or has been, within ten years before the date of this Management Proxy Circular, a director, chief executive officer or chief financial officer of any company (including the Company) that:
- (i) was subject to a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation (collectively, an “**Order**”) for a period of more than 30 consecutive days that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (ii) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer of the company being the subject of such Order and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer of that company;
- (b) is, as at the date of this Management Proxy Circular, or has been, within ten years before the date of this Management Proxy Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or 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 (except for Mr Alfred Vinton who was a director of Derby County Ltd., the parent company of the Derby County Football Club, from 1998 to 2003. Derby County Ltd. went into administration under the United Kingdom Insolvency Act of 1986 in October 2003. Mr Vinton was also a director of Lambert Howarth Group plc from 2000 to 2007. Lambert Howarth Group plc went into administration under the United Kingdom Insolvency Act of 1986 in October 2007);
- (c) has, within the ten years before the date of this Management Proxy 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; or

- (d) has been subject to:
- (i) any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or
 - (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

Appointment and Remuneration of Auditors

Management of the Company will recommend to the shareholders at the Meeting the appointment of Ernst & Young LLP as auditors of the Company and to authorise the directors of the Company to fix their remuneration. Ernst & Young LLP have served as auditors of the Company since December 2009. The auditors appointed at the Meeting will serve until the next annual meeting of shareholders of the Company, or until their successors are appointed.

Unless authority to do so is withheld, the persons named in the accompanying form of proxy intend to vote FOR the appointment of Ernst & Young LLP as auditors of the Company.

Shareholder Proposal - Majority Voting Policy

The shareholders of the Company will be requested at the Meeting to pass an ordinary resolution in the following terms:

“RESOLVED:

That the board of directors adopt a majority voting policy for uncontested director elections which provides that directors shall be elected individually and must receive an affirmative vote of the majority of votes cast. If the number of votes withheld exceeds the number of votes cast for any director, that director shall tender a resignation.”

This resolution has been proposed by the following two shareholders:

	bcIMC	CPPIB
Full Legal Name	British Columbia Investment Management Corporation	Canada Pension Plan Investment Board
Address	301 – 2940 Jutland Road Victoria, British Columbia V8T 5KT	One Queen Street East Suite 2600, PO Box 101 Toronto, Ontario M5C 2W5

Supporting Statement:

bcIMC and CPPIB have provided the following statement in support of their proposed resolution:

“This proposal is submitted by the British Columbia Investment Management Corporation and the Canada Pension Plan Investment Board to strengthen director accountability and enhance shareholder rights.

One of the principal rights of voting shareholders is to elect who oversees their company. Each individual director should be accountable to shareholders and have their confidence and support.

A majority vote policy, which has been adopted by most leading Canadian corporations (130 of the S&P/TSX Composite Companies and all but one non-controlled S&P/TSX 60 companies, according to the Canadian Coalition for Good Governance), provides shareholders the opportunity to cast their votes on director nominees separately. Any director who fails to obtain more than 50% of the shareholder votes cast "for" their election must tender their resignation and that resignation must be accepted by the board within 90 days, barring exceptional circumstances. The board must use its discretion in a manner consistent with its fiduciary duties and the spirit of shareholder accountability. The detailed vote results should be disclosed publicly, as should any reasons for not accepting a resignation.

We urge your support for the proposed director election reform."

Other Business

Management of the Company knows of no matters to come before the Meeting other than those referred to in the notice of meeting accompanying this Management Proxy Circular. However, if any other matters properly come before the Meeting, it is the intention of the persons named in the form of proxy accompanying this Management Proxy Circular to vote the same in accordance with their best judgment of such matters.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR (www.sedar.com). Shareholders may contact the Company at Suite 200, Financial Plaza, 204 Lambert Street, Whitehorse, Yukon, Y1A 3T2, Canada or European Goldfields (Services) Limited at Level 3, 11 Berkeley Street, London W1J 8DS, United Kingdom or by telephone at +44 (0)20 7408 9534 to request copies of the Company's AIF, audited consolidated financial statements and management's discussion and analysis for the year ended 31 December 2010. Financial information is provided in the Company's comparative audited consolidated financial statements and management's discussion and analysis for the year ended 31 December 2010.

CONTACTING THE BOARD OF DIRECTORS

Shareholders and other interested parties may communicate directly with the Board of Directors through the Chairman of the Audit Committee by writing to:

European Goldfields Limited
Suite 200, Financial Plaza
204 Lambert Street
Whitehorse
Yukon, Y1A 3T2,
Canada
Attention: Bruce Burrows, Chairman of the Audit Committee

DIRECTORS' APPROVAL

The contents and the sending of this Management Proxy Circular have been approved by the directors of the Company.

DATED this 11th day of April 2011.

BY ORDER OF THE BOARD OF DIRECTORS

A handwritten signature in black ink, appearing to read 'MK' with a stylized flourish extending to the right.

Martyn Konig
President and Executive Chairman

APPENDIX 1 – MANDATE OF THE BOARD OF DIRECTORS

I. PURPOSE

The Board of Directors is responsible for the stewardship of the business and for acting in the best interests of the Company and its shareholders. The Board of Directors will discharge its responsibilities directly and through its committees, currently consisting of the Corporate Governance and Nominating Committee, the Audit Committee, the Human Capital Management Committee and the Health, Safety and Environmental Committee. The Board of Directors shall meet at least quarterly to review the business operations, corporate governance, environmental and health and safety compliance and financial results of the Company. Meetings of the Board of Directors shall also include regular meetings of the independent members of the Board without management being present.

II. RESPONSIBILITIES

The Board of Directors' mandate is the stewardship of the Company and its responsibilities include, without limitation to its general mandate, the following specific responsibilities:

- The assignment to the various committees of directors the general responsibility for developing the Company's approach to: (i) corporate governance and nomination of directors related issues; (ii) financial reporting and internal controls; (iii) issues relating to compensation of officers and employees and (iv) environmental and health and safety matters.
- With the assistance of its Committees:
 - Create an agenda for the ensuing year to fulfill its mandate.
 - Review and update this Charter annually, as conditions dictate.
 - Developing the Company's approach to corporate governance, including developing a set of corporate governance principles and guidelines specific to the Company.
 - Reviewing the composition of the Board of Directors and ensuring it respects its independence criteria.
 - Satisfying itself as to the integrity of the President and Executive Chairman and other senior officers and that such officers create a culture of integrity throughout the organization.
 - Ensuring that an appropriate review selection process for new nominees to the Board of Directors is in place.
 - Approving disclosure and securities compliance policies, including communications policies of the Company and ensure a process is in place for stakeholders to provide feedback to the independent members of the Board.
 - The establishment of appropriate performance criteria for the senior management team and the approval of the compensation of the senior management team.
 - Recommending the appointment of the auditors and assessing the performance of the auditors.
 - Ensuring the integrity of the Company's internal controls and management information systems.
 - Ensuring the Company's ethical behaviour and compliance with laws and regulations, audit and accounting principles and the Company's own governing documents.
 - Identification of the principal risks of the Company's business and ensuring that appropriate systems are in place to manage these risks.
 - Reviewing and approving significant operational and financial matters and the provision of direction to management on these matters.

- As required and agreed upon, providing assistance to shareholders concerning the integrity of the Company's reported financial performance.
- Succession planning and the selection, appointment, monitoring evaluation and, if necessary, the replacement of the senior management to ensure management succession.
- The review and approval of corporate objectives and goals applicable to the Company's senior management.
- Reviewing with senior management:
 - major corporate decisions which require Board of Directors approval and approving such decisions as they arise.
 - major capital expenditure decisions (in excess of \$500,000) unless previously authorised in a budget or plan by the Board of Directors.
 - material decisions relating to senior personnel, development or operation of a mineral exploration properties or matters relating to the environment, health or safety.
- Performing such other functions as prescribed by law or assigned to the Board of Directors in the Company's constating documents and by-laws.

IV. MISCELLANEOUS

1. The members of the Board of Directors are expected to attend all meetings of Board of Directors in person or by phone unless prior notification of absence is provided.
2. The members of the Board of Directors are required to have reviewed board materials in advance of the meeting and be prepared to discuss such materials at the meeting.

Approved April 2011