



European
GOLDFIELDS LIMITED

ANNUAL INFORMATION FORM

For financial year ended 31 December 2007

19 March 2007

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ITEM 3: CORPORATE STRUCTURE

Certain statements and information contained in this document, including any information as to European Goldfields Limited's (the "**Company**") future financial or operating performance and other statements that express management's expectations or estimates of future performance, constitute forward-looking information under provisions of Canadian provincial securities laws. When used in this document, the words "anticipate", "expect", "will", "intend", "estimate", "forecast", "planned" and similar expressions are intended to identify forward-looking statements or information. Forward-looking statements include, but are not limited to, the estimation of mineral reserves and resources, the timing and amount of estimated future production, costs and timing of development of new deposits, permitting time lines and expectations regarding metal recovery rates. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The Company cautions the reader that such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual financial results, performance or achievements of the Company to be materially different from its estimated future results, performance or achievements expressed or implied by those forward-looking statements and the forward-looking statements are not guarantees of future performance. These risks, uncertainties and other factors include, but are not limited to: changes in the price of gold, base metals or certain other commodities (such as fuel and electricity) and currencies; uncertainty of mineral reserves, resources, grades and recovery estimates; uncertainty of future production, capital expenditures and other costs; currency fluctuations; financing and additional capital requirements; the successful and timely permitting of the Company's Skouries, Olympias and Certej projects; legislative, political, social or economic developments in the jurisdictions in which the Company carries on business; operating or technical difficulties in connection with mining or development activities; the speculative nature of gold and base metals exploration and development, including the risks of diminishing quantities or grades of reserves; the risks normally involved in the exploration, development and mining business; and risks associated with internal control over financial reporting. For a more detailed discussion of such risks and material factors or assumptions underlying these forward-looking statements, see **Item 5.2** of this Annual Information Form. The Company does not intend, and does not assume any obligation, to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required by law.

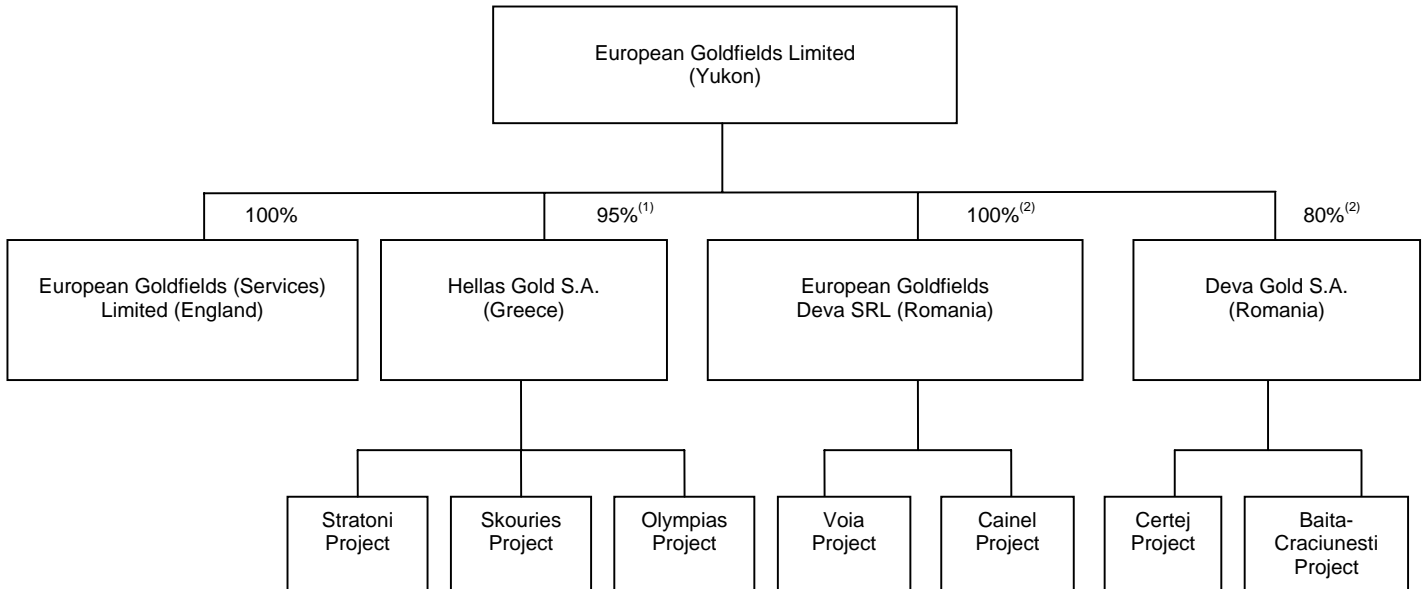
3.1 Name, Address and Incorporation

The Company was incorporated on 1 March 2000 under *Yukon Business Corporations Act*, under the name "European Goldfields Limited". The authorised capital of the Company consists of an unlimited number of common shares without par value ("**Common Shares**"), and an unlimited number of preferred shares, issuable in series, without par value.

The Company's registered office is located at Suite 200, Financial Plaza, 204 Lambert Street, Whitehorse, Yukon, Canada Y1A 3T2.

3.2 Intercorporate Relationships

The following corporate chart sets forth, as at 31 December 2007 (except otherwise indicated), all of the Company's subsidiaries, their jurisdictions of incorporation, the percentage of voting securities or ownership held by the Company and the principal mineral resource properties owned by each of them:



NOTES:

- (1) Shares held indirectly through the following wholly-owned subsidiaries: European Goldfields Mining (Netherlands) B.V. (Netherlands) and European Goldfields (Greece) B.V. (Netherlands).
- (2) Shares held indirectly through wholly-owned subsidiary Deva Gold (Barbados) Limited (Barbados). The Company is required to fund 100% of all the exploration and development costs incurred by Deva Gold S.A. and, as a result, the Company is entitled to the refund of such costs (plus interest) out of future cash flows, prior to any dividends being distributed to shareholders.

ITEM 4: GENERAL DEVELOPMENT OF THE BUSINESS

BUSINESS OF THE COMPANY

4.1 Three Year History

Since its incorporation in March 2000, the Company has been involved in the acquisition, exploration and development of mineral properties in Greece, Romania and South-East Europe.

Greece – The Company holds a 95% interest in Hellas Gold S.A. (“**Hellas Gold**”). Hellas Gold owns three major gold and base metal deposits in Northern Greece. The deposits are the polymetallic operation at Stratoni, the Olympias project which contains gold, zinc, lead and silver, and the Skouries copper/gold porphyry project. Hellas Gold commenced production at Stratoni in September 2005 and commenced selling an existing stockpile of Olympias gold concentrates in July 2006. Hellas Gold is applying for permits to develop the Skouries and Olympias projects.

Romania – The Company owns 80% of the Certej gold/silver project in Romania. The Company submitted in March 2007 a technical feasibility study to the Romanian government, in support of a permit application to develop the project.

4.2 Significant Acquisitions

On 29 June 2007, the Company completed the acquisition of an additional 30% interest in Hellas Gold S.A. (“**Hellas Gold**”), increasing its stake to 95%. The purchase price was agreed at \$178 million, which incorporated a 15% discount to the “see-through value” of Hellas Gold. The purchase price was paid by the allotment to the vendor Aktor S.A. (“**Aktor**”) of 35,447,246 common shares, representing 19.9% of the issued and outstanding shares of the Company on a diluted basis, and the balance of \$8.4 million in cash, 50% of which Aktor has agreed to re-invest into Hellas Gold as funding towards maintaining its residual 5% shareholding interest in Hellas Gold.

This transaction was, in essence, a share swap in that approximately 95% of the purchase price was paid to Aktor in common shares of the Company. This reinforces the Company’s strategic alliance with Aktor and its parent company Elliniki Technodomiki TEB A.E. (ATHEX: ELTEX) (“**EI-Tech**”) and consolidates the partnership for the building of gold projects in Greece and South-East Europe.

EI-Tech is a large Greek conglomerate with a market capitalisation in excess of \$2 billion with investments in five fields: construction, concessions, energy, real estate, and mining and quarries. Aktor, Greece’s largest construction company, employs over 600 engineers, has extensive expertise in the construction of large industrial projects and, due to its tunnelling expertise, possesses one of the largest fleets of underground equipment in Europe.

Furthermore, to demonstrate and confirm its long-term commitment to the Company and its projects, Aktor has agreed not to sell the shares in the Company it received as consideration until the date on which gold production commences in Greece (or four years after the closing of the Acquisition, if earlier).

The Company has not completed any other significant acquisition during the financial year ended 31 December 2007 for which disclosure is required under Part 8 of Canadian National Instrument 51-102.

ITEM 5: DESCRIPTION OF THE BUSINESS

5.1 General

5.1.1 Results of Operations

The Company's results of operations for the year ended 31 December 2007 were comprised primarily of activities related to the results of operations of the Company's 95%-owned subsidiary Hellas Gold in Greece and the Company's exploration and development program in Romania. Hellas Gold's operational results for the eight most recently completed quarters are summarised in the following tables:

Stratoni Mine (Greece)								
	2007 Q4	2007 Q3	2007 Q2	2007 Q1	2006 Q4	2006 Q3	2006 Q2	2006 Q1
Inventory (start of period)								
Ore mined (wet tonnes)	4,868	4,603	843	2,499	3,617	12,326	1,155	10,963
Zinc concentrate (tonnes)	2,797	2	3,524	37	1,199	1,562	1,034	95
Lead/silver concentrate (tonnes)	2,042	2,150	1,846	214	1,345	674	308	1,268
Production								
Ore mined (wet tonnes)	50,643	56,075	53,088	55,069	47,321	49,652	47,966	31,752
Ore milled (tonnes)	53,813	54,499	48,179	55,258	47,038	56,769	35,810	40,333
- Average grade: Zinc (%)	9.00	8.42	11.57	11.39	10.73	10.54	9.45	8.89
Lead (%)	8.12	7.55	9.14	7.38	6.56	5.78	5.83	7.28
Silver (g/t)	206	186	232	180	162	142	146	183
Zinc concentrate (tonnes)	9,082	8,506	10,485	11,731	9,263	10,768	6,041	6,222
- Containing: Zinc (tonnes)	4,425	4,194	5,170	5,760	4,619	5,468	3,098	3,229
Lead concentrate (tonnes)	6,012	5,586	5,955	5,406	3,993	4,368	2,703	3,662
- Containing: Lead (tonnes)	4,021	3,781	4,109	3,744	2,818	2,997	1,881	2,667
Silver (oz)	316,837	297,059	328,879	288,023	216,586	227,817	141,809	207,496
Sales								
Zinc concentrate (tonnes)	10,191	5,710	14,007	8,244	10,425	11,130	5,513	5,283
- Containing payable: Zinc (tonnes)*	4,209	2,364	5,855	3,463	4,418	4,702	2,320	2,335
Lead concentrate (tonnes)	8,004	5,694	5,651	3,774	5,124	3,696	2,337	4,623
- Containing payable: Lead (tonnes)*	5,082	3,759	3,636	2,486	3,329	2,418	1,554	3,166
Silver (oz)*	399,272	297,321	285,349	190,292	254,881	189,349	121,350	252,559
Cash operating cost per tonne milled (\$)	175	144	135	138	147	109	115	90
Inventory (end of period)								
Ore mined (wet tonnes)	-	4,868	4,603	843	2,499	3,617	12,326	1,155
Zinc concentrate (tonnes)	1,689	2,797	2	3,524	37	1,199	1,562	1,034
Lead/silver concentrate (tonnes)	49	2,042	2,150	1,846	214	1,345	674	308
Financial information <i>(in thousands of US dollars)</i>								
Sales (\$)	18,483	16,634	22,866	14,215	19,439	14,226	8,274	9,083
Gross profit (\$)	6,147	8,425	13,991	8,294	10,477	6,973	4,330	4,295
Capital expenditure (\$)	3,779	12,142	4,673	1,564	4,202	1,487	1,351	526
Amortisation and depletion (\$)	2,000	1,256	837	653	1,119	796	942	456

* Net of smelter payable deductions

Sale of Gold-Bearing Concentrates from Existing Stockpile at Olympias (Greece)								
	2007	2007	2007	2007	2006	2006	2006	2006
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Sales								
Gold concentrate (dmt)	21,385	28,393	12,686	17,090	3,299	6,134	1,905	-
Financial information								
<i>(in thousands of US dollars)</i>								
Sales (\$)	4,232	5,029	2,078	2,868	431	985	-	-
Gross profit (\$)	1,279	2,848	958	1,845	192	985	-	-
Amortisation and depletion (\$)	(134)	265	76	120	-	-	-	-

5.1.2 Stratoni Operation – Greece

The Company's 95%-owned Stratoni mine consists of a lead-zinc-silver deposit and lies approximately 4 km from the coastal town of Stratoni in northern Greece.

Stratoni has well-defined reserves and exciting exploration upside as the orebody is open in all directions. The new decline is crossing the zone between old, mined-out areas and the current reserve of the Mavres Petres orebody, providing excellent access for exploration of potential upside.

In addition to existing underground access and tailings facilities, Stratoni benefits from a recently refurbished and fully operational mill and flotation plant, offices and a fully equipped analytical services laboratory, together with a ship-loading facility that can accept vessels of up to 8,000 tonnes capacity, all located at Stratoni.

In September 2005, Hellas Gold was awarded all necessary environmental and mining permits to commence operations at Stratoni. The Stratoni concentrator was immediately commissioned without any technical problems and quickly confirmed historic metal recoveries consistently high at above 90%.

The mining method is conventional drift-and-fill, which is ideally suited to this high-grade orebody as it minimises dilution and maximises recovery of high-grade ore, allowing headings to change direction with changing ore geometry.

The Stratoni plant has a production capacity of 400,000 tonnes per annum ("tpa"). As well as service vehicles, Hellas Gold has four Tamrock Quasar single-boom drill rigs for face and roofbolt drilling, five Wagner 6 yd LHDs for moving ore to ore passes, and four Wagner 16- and 20-tonne underground haul trucks. All are in good operating condition. Thus there is no restriction on production caused by equipment.

Production up by 27% versus 2006 – Hellas Gold mined a total of 214,875 wet tonnes in 2007 (2006 – 176,691) at its Stratoni mine. Hellas Gold completed 26 shipments in 2007 (2006 – 20). This translates into an increase of 27% in tonnes of base metal concentrates sold. Sales from Stratoni were as follows:

	2007	2006
Production		
Ore mined (wet tonnes)	214,875	176,691
Sales		
Zinc concentrate (tonnes)	38,152	32,351
- Containing payable: Zinc (tonnes)*	15,891	13,775
Lead concentrate (tonnes)	23,123	15,780
- Containing payable: Lead (tonnes)*	14,963	10,467
Silver (oz)*	1,172,234	818,139
Inventory (end of period)		
Ore mined (wet tonnes)	-	2,499
Zinc concentrate (tonnes)	1,689	37
Lead/silver concentrate (tonnes)	49	214
* Net of smelter payable deductions		

On average, mined and processed lead and zinc grades in 2007 have been 16.2% and 3.6% respectively higher than reserve grades. In 2007, zinc and lead concentrates sales increased by 18% (to 38,152 tonnes) and 46% (to 23,123 tonnes), respectively.

New reserves continue to replace mining depletion – The Company announced in March 2008 an increase in reserves at Stratoni, reported as follows under Canadian National Instrument 43-101 as at 31 December 2007:

Reserve Category	'000t*	Ag g/t	Ag Moz*	Pb %	Pb '000t*	Zn %	Zn '000t*
Proven	1,904	193.3	11.8	7.3	139	9.1	173
Probable	313	190.0	1.9	7.5	24	11.2	35
Total	2,217	192.9	13.7	7.3	163	9.4	208

* After depletion of ore extracted from the start of mining operations in Q4 2005 until 31 December 2007.

Total reserve tonnes have increased by 11% over the previous reserves published in January 2007, accounting for deduction of ore since then. The additional tonnes are from the upper-west part of the orebody, which remains open along strike. In addition, the grade of lead and silver has been increased in the reserve, based on the underground sampling programme which has allowed accurate modeling of higher grade zones. This has resulted in an increase of 20% in lead metal, 10% in zinc metal and 25% in silver metal over the previous reserve estimate published in January 2007, accounting for deduction of ore since then.

The new reserve will add an extra year to Stratoni's life of mine and the improved grades will result in better revenues. Since the Stratoni mine resumed production in September 2005, Hellas Gold has essentially managed to replace mining depletion by new reserves.

The new reserve has allowed Hellas Gold to adjust its yearly ore production schedule as follows:

- Year 2008: 290,000 tonnes
- Year 2009: 375,000 tonnes
- Year 2010: 400,000 tonnes
- Year 2011: 400,000 tonnes
- Year 2012: 400,000 tonnes
- Year 2013: 352,000 tonnes

This new reserve is based on an updated measured & indicated resource estimate for the Stratoni orebody, which results from a new optimised geological model based on revised geological mapping.

Focus on development to ramp up production – Ore production rates from underground have steadily increased from an average of 727 tonnes per day in 2006 to 885 tonnes per day in 2007, and the mine now operates effectively at over 900 tonnes per day. The rate of ore production is expected to continue to increase and reach 290,000 tonnes in 2008.

Actual ore production for 2007 has been approximately 13% lower than the originally forecasted 250,000 tonnes due in part to poor ground conditions in the upper area of the mine. As a result, development of the main internal ramp and cross-cut accesses in the upper parts of the mine was slower than expected and face availability was reduced over most of the year. For the same reason, forecast ore production for 2008 has been reduced from the originally forecasted 350,000 tonnes to 290,000 tonnes.

The excavation of a new decline to the base of the Mavres Petres orebody is now essentially completed. Connection of the decline to the bottom of the main ramp will improve material movement and ventilation and enable the introduction of equipment as a support mechanism to ameliorate poor ground conditions. The completion of the decline and the development of the internal ramp and stope accesses to the higher, more extensive, levels of the orebody, expected to provide additional reserves to the west, are now the main focus to ensure a ramp-up in production to 400,000 tonnes of ore per year.

Continued commitment to the environment and the community – Hellas Gold's commitment to the environment continues in conjunction with investments in social initiatives for the benefit of local communities in what is essentially an under-developed region of Greece. For example, Hellas Gold (i) constructed a new water treatment plant to ensure capacity to treat all mine water under extreme conditions; (ii) installed two filter presses to produce a solid cake requiring less surface storage space for fine tailings and water treatment plant sludge; (iii) is backfilling voids at the old Madem Lakkos mine workings with coarse tailings (49,000 m³ of voids filled to date), which reduces storage space on surface and mine water pumping from underground; and (iv) improving the lighting and transport facilities in the local communities as well as other social improvements. This responsible approach to the environment and local communities demonstrates the Company's commitment to sustainable development.

Exploration continues to define new resources – Stratoni benefits from inferred resources comprising some 639,000 tonnes grading 7.7% lead, 9.9% zinc and 203.4 g/t silver. These inferred resources are currently being mined at the margin, confirming expected grades. Drilling on 25m centres is planned in 2008 in the upper west and lower east parts of the orebody which account for some 85% of the inferred resources. The drill programme is designed to convert the inferred resources to the measured and indicated categories, which can be immediately converted to proven and probable reserves as the areas are adjacent to current mine infrastructure.

New mineralisation has been encountered during the excavation of the new decline running between the existing reserve and mined-out areas at Madem Lakkos. Initial results indicate that the zone has an average width of 6.55 metres with a weighted average grade of 0.7 to 14.8% Pb, 1.3 to 22.1% Zn and 16 to 307g/t Ag. A drill programme designed to define indicated and measured resources along at least 200 metres of strike and 75 metres of dip has commenced with results expected in the second quarter of 2008. The new decline will enable immediate access for mining of any new discovery in this area.

Drilling in 2008 of inferred resources and of the newly identified zone is expected to add an additional three years in total to the mine reserves, and with the zones open further along strike, particularly to the west where suitable host marbles and feeder structures are known to exist, additional further reserves are expected to be defined in the future.

5.1.3 Skouries Project – Greece

Company's 95%-owned Skouries gold-copper project is located 35 km by road from the Stratoni port in northern Greece. Skouries is located on a high plateau with no habitation in the immediate vicinity. The project is currently at the development stage. Skouries is a typical gold-copper porphyry deposit that forms a near-vertical pipe.

Fabrication of long lead time equipment has commenced – In June 2007, Hellas Gold signed a €30 million contract with Outotec Minerals OY (“**Outotec**”) for the supply of a large technology package for Skouries.

Outotec has already delivered a basic engineering package to Hellas Gold for the grinding mills, flotation equipment, process control and paste thickeners. Fabrication of the SAG and ball mills has commenced and they are due ex works in the third quarter of 2009.

Low cost production due to low strip ratio and high grade gold-copper core at depth – The Company has completed the key technical studies for the full feasibility study on Skouries. These studies include:

- A cost and definition study for the process plant and associated infrastructure, undertaken by Aker Kvaerner Engineering Services
- A cost and definition study for underground mechanical and electrical utilities, undertaken by Scott Wilson Mining
- The design of the tailings management facility, undertaken by Golder Associates
- A study of hydrogeology and creek boundaries by the Greek Institute of Geology & Mineral Exploration (IGME), to be used in the development of a new hydrogeological model
- A reserves estimate, undertaken by SRK Consulting
- A basic engineering package by Outotec for the grinding mills, flotation equipment, process control and paste thickeners

Basic and detailed engineering for the process plant and associated infrastructure is being conducted by the firm ENOIA of Athens, Greece.

Mining studies carried out to date confirm that Skouries can be mined as a low strip open pit operation and as a highly productive underground mine. This would produce annually up to 43,000 tonnes of copper and 220,000 oz of gold over a mine life of over 20 years. Ore production is shown to be sustainable based on the detailed mine design carried out by independent external consultants and benchmarking with other comparable mines.

Extensive testwork completed by the independent external consultants has shown average recoveries of 84% gold and 91% copper can be achieved. Concentrate grades of approximately 26% copper and averaging 26 g/t gold are expected.

The concentrates will be trucked to Hellas Gold's port storage facility at Stratoni, which will be approximately 15 km away by road from the proposed Skouries plant site. Skouries is located on a high plateau with no habitation in the vicinity.

The design of the tailings management facility (“**TMF**”) incorporates the latest paste production technology in a phased TMF that will minimise land take and embankment height and provides increased tailings stability. The study shows that the paste tailings are inert. The use of paste tailings and a phased TMF also allows sequential rehabilitation of the tailings management facility to minimise active tailings areas.

Management believes that, based on technical studies to date and taking into account a stronger Euro versus the US dollar, the project will require approximately \$300 million in initial capital

expenditure for the process plant and associated infrastructure, the tailings management facility, the open pit and other costs.

Operating costs for the open pit mining are expected to be €1.28 per tonne, and €6.05 per tonne for the underground mining. This translates into a co-product operating cost ranging between \$250 and \$300 per gold ounce, depending on fuel cost and exchange rate assumptions. The Company plans to publish the results of the final feasibility study on Skouries once the final Environmental Impact Study is completed.

5.1.4 Olympias Project – Greece

The Company's 95%-owned Olympias project consists of a polymetallic (gold, lead, zinc and silver) deposit located 8 km north of the Stratoni mine. Olympias benefits from extensive mining and plant infrastructure already in place, including a shaft down to a depth of 400 metres below surface, and a port facility nearby at Stratoni. At present Hellas Gold is selling gold concentrates from the existing stockpile on the property and is pursuing applications for the relevant permits to resume mining. Hellas Gold plans to resume underground mining operations at Olympias after the necessary permits are awarded.

Market created for gold concentrates – Six-fold increase in sales versus 2006 – The Olympias project benefits from an existing stockpile of gold-bearing pyrite concentrates which represented, at 31 December 2007, a reserve of approximately 172,000 tonnes grading 23.5 g/t gold (containing 130,000 oz of gold), in addition to substantial underground reserves of gold, lead, zinc and silver.

Hellas Gold completed 47 shipments in 2007 (2006 – 9). This translates into a six fold increase in tonnes of pyrite concentrates sold. Sales of pyrite concentrates were as follows:

	2007	2006
Sales		
Gold concentrate (dry tonnes)	79,554	11,338

Also, Hellas Gold received in 2007 payments totalling \$6.8 million for the sale of an additional 69,979 dry tonnes of gold concentrates expected to be recognised in 2008 and future years, bringing the total of gold concentrates sold or paid for in 2007 to 149,533 dry tonnes.

Hellas Gold has now secured the sale of the entire stockpile to six different purchasers, thereby creating a market for gold concentrates which did not exist prior to 2006.

Total of 395,000 oz of gold reserves still located on surface – In addition the stockpile of gold concentrates, Hellas Gold plans to process 2.4Mt of stockpiled tailings arising from the previous operations at Olympias, which will produce approximately 350,000 tonnes of concentrates (containing 238,000 oz of gold), and resume underground mining operations at Olympias producing more gold bearing pyrite concentrates for sale to existing and new off-take purchasers.

Olympias benefits from extensive mining and plant infrastructure already in place, including a concentrator plant, a shaft down to a depth of 400 metres below surface and a port facility nearby at Stratoni. International contractor Outotec Minerals OY inspected the facilities in July 2007 and concluded that the plant could be brought back into efficient operation quickly and at relatively modest cost.

Hellas Gold is ready to start reprocessing these tailings and refurbishing these facilities, and resume underground production as soon as permits are awarded.

Olympias refurbishment plan underway – Olympias is a polymetallic (gold, lead, zinc and silver) deposit located 8 km north of the Stratoni mine in northern Greece. The Company's current plan is for development at Olympias to progress in three phases to allow refurbishment and construction of infrastructure, a realistic ramp-up in production within the mine and the subsequent construction of new gold processing facilities at Stratoni. This staged approach also allows the phasing of capital investment, as follows:

- **Phase 1** has already started, with the sale of the existing stockpile of gold-bearing pyrite concentrates located on surface at Olympias. Revenues from Phase 1 are intended to fund Phase 2.
- **Phase 2** will consist of reprocessing old tailings at Olympias, which will have the added benefit of cleaning up the valley, together with underground refurbishment and limited mining in the upper levels of the mine. Revenue during Phase 2 will be generated from the sale of lead/silver, zinc and gold pyrite/arsenopyrite concentrates.
- **Phase 3** will consist of underground mining initially around the existing shaft and other infrastructure. Production of ore is expected to ramp up progressively from 200,000 to 900,000 tonnes per annum through the expansion of underground infrastructure, which will include a new decline from the base of the Olympias deposit for conveying the ore to a new centralised concentrator, gold plant and tailings management facility at a brown field site to be located in the Stratoni mine area. Revenue during Phase 3 will be generated from the sale of lead/silver and zinc concentrates and the sale of gold and silver bullion produced at the new gold processing plant.

The phasing of the project allows time for optimisation and development of the metallurgical process for treating the auriferous arsenopyrite/pyrite concentrates.

The Olympias project is expected to be self-sustaining over the initial phases with the sale of concentrates and the high recoveries for the on-site gold processing are considered promising for the latter phase.

5.1.5 Permitting Process – Skouries & Olympias

Permitting process moving forward – In July 2007, the Company received a formal letter confirming that the Greek Ministry of Development had completed its review of the Company's business plan submitted in January 2006 for the joint development of the Skouries and Olympias gold and base metals projects in Northern Greece.

In the letter, the Ministry of Development also re-declared its positive opinion of the Company's preliminary environmental impact study ("**PEIS**") which has already been submitted, and formally requested the Ministry of Environment to issue its official approval of the PEIS.

The letter also states that the Ministry of Development "*is in agreement with the development of the project described in the business plan, as this investment is particularly beneficial to the national and local economy (...) and reflects the intent of the contract signed between the Greek State and Hellas Gold*".

This letter is addressed to Hellas Gold and the Ministry of Environment and represents a statement of support for the projects based on detailed studies completed by appropriate technical and advisory bodies appointed by the Ministry of Development. This letter represents the foundation for the fulfilment of the Company's business plan for Skouries and Olympias, in compliance with the Greek and EU legal framework.

The business plan focuses on a phased approach to the development of the Skouries gold-copper porphyry deposit and the Olympias gold-lead-zinc-silver deposit. The principal revenue stream in the early phases will be through the sale of concentrates. The Company's current plan is to develop Olympias in three phases to allow refurbishment of existing infrastructure and the subsequent construction of new gold processing facilities at Stratoni. Skouries will initially be mined as a low strip open pit operation, followed by highly productive underground mining.

The Company is currently finalising a full environmental impact study ("EIS") which is expected to be submitted to the Greek government in the second quarter of 2008, addressing any comments received on the PEIS which are expected within the next few weeks. On approval of the EIS, the environmental permits for Skouries and Olympias are expected to be issued.

The Company will then submit to the Greek government a final technical report on the Skouries and Olympias projects, which will restate the principles of the business plan and take into account any conditions detailed in the environmental permit. The mining permits are expected to be issued on approval of the technical report by the Greek government.

5.1.6 Certej Project – Romania

The Company holds four mineral properties located within the "Golden Quadrilateral" area of Romania, a mining district in the Apuseni Mountains of Transylvania (Western Romania) covering an area of approximately 500 km² immediately to the north of the city of Deva.

The Company's four mineral properties in Romania are Certej and Baita-Craciunesti, held through the Company's 80% interest in Deva Gold S.A. ("Deva Gold"), and Cainel and Voia, held through the Company's 100% interest in European Goldfields Deva SRL. The remaining 20% of Deva Gold is held by Minvest S.A. (19.25%), a Romanian state-owned mining company, and three minority Romanian shareholders (collectively, 0.75%). The Company has applied for a permit to develop the Certej gold/silver project. The other three projects consist of exploration licences.

Key feasibility studies completed to high accuracy level – The Company is in the final stage of completing a full feasibility study for its Certej project, located within a mining district in Romania known as the "Golden Quadrilateral". In 2007, the Company completed feasibility level studies to a high level of accuracy of +/-15% on the open pit mine design, the processing plant and the tailings management facilities (TMFs).

RSG Global Consulting Pty Ltd ("**RSG Global**") completed a pit optimisation and pit design study, which included a geotechnical drilling programme designed by Golder Associates. The study resulted in a better conversion from resources to reserves and confirmed that the deposit will be mined with an open pit strip ratio of 3.1:1.

The project will involve the mining and processing of 3.0 million tonnes of ore per annum over at least eleven years. This is expected to yield approximately 160,000 oz of gold and 820,000 oz of silver per year in doré, reflecting an average total process recovery of 81% for gold and approximately 75% for silver.

The metallurgical process involves the production of a gold-bearing concentrate followed by the production of gold and silver as doré on site by means of the Albion Process. The Albion Process is a combination of ultra-fine grinding of concentrates and oxidative leaching at atmospheric pressure. The liberated gold and silver is then recovered as doré by the conventional Carbon in Leach (CIL) process.

The second phase of the continuous Albion and CIL pilot plant trials have been completed and Aker Kvaerner Engineering Services has now finalised an engineering and cost study for the processing plant and associated infrastructure to an accuracy of +/- 15%.

The residues from the flotation and gold plants will be disposed of in two separate but adjoining tailings management facilities (TMFs), which are ideally located and designed for this project. The EIS confirms that the Certej project and its TMFs will have a negligible impact on the local water streams, flora and fauna. Golder Associates has completed a design and cost study for the TMFs.

Reserves increased by 20% – Life-of-mine extended by two years – In October 2007, The Company announced a 20% increase in gold reserve ounces for the Certej project, reported as follows under Canadian National Instrument 43-101:

Reserve Category	Million Tonnes	Au g/t	Au Moz	Ag g/t	Ag Moz
Probable	32.8	2.0	2.1	11.4	12.0

Note: Reserve based on pit optimisation using a gold price of \$425/oz and a silver price of \$7/oz.

The new reserve results from a better conversion of resources into reserves, combined with increased resources. It is based on the generation of a gold-bearing concentrate followed by the production of gold and silver as doré on site by means of the Albion Process.

Environmental Impact Study completed – Permitting process well underway – In February 2008, the Company completed the final Environmental Impact Study (the “EIS”) to develop the Certej project, which is expected to be submitted to the Romanian environmental authorities in Timisoara by the end of March 2008. This follows the submission of a Technical Feasibility Study to the Romanian authorities in March 2007 and the grant by the local county council of a General Urbanisation Certificate in September 2006. This certificate confirms the designation of Certej as an industrial mining area and attests to the local community’s support for the project.

The Company already holds a mining permit for Certej, which is currently being exploited on a small scale by way of an existing open pit. The EIS addresses a proposed increase in mine production at Certej and the processing of ore on site.

The EIS has been carried out over a 12-month period in order to accumulate all the required base line data during the different seasons. The EIS is a detailed multi-discipline study comprising over 2,000 pages subdivided into a number of volumes assessing the environmental, social and health impacts of the project on the mine area.

The EIS was prepared with the contribution of several Romanian institutes of international reputation, namely the National Institute of Research and Development for Industrial Ecology (ECOIND), the National Institute of Research and Development for Environment Protection (ICIM), the Technical University of Construction Bucharest and the Babes-Bolyai University of Cluj. The EIS was prepared to the regulatory framework established by Romanian and EU legislation.

The environmental permit and an updated mining permit are expected in Q4 2008 following a standard public consultation process with local communities, which is expected to start 45 days after submission of the EIS. Customary construction and public utility permits are expected to follow by end-2008 when the detailed engineering design has been completed for the site plant.

Continuing exploration programme – Ongoing exploration activities in adjacent concessions to Certej are aimed at increasing satellite resources to provide extension to life of mine or higher grade feed to the Certej operation. This will include step out exploration over satellite resources to investigate strike and down dip potential. As part of an ongoing generative programme, satellite image and pilot geochemical programmes over known mineralisation are currently being carried out. This will enable exploration to focus activities along structures that were active during the mineralising events.

The Company has pending applications for new exploration licences in the “Golden Quadrilateral” area of West-central Romania where the Certej deposit is located. The applications cover complex geological terrains that host significant epithermal, porphyry and volcanogenic massive sulphide (VMS) mineralisation. Remote sensing surveys and mapping are proposed over the concessions combined with geochemical surveys using results of the above mentioned pilot studies in order to define the exact methodology. The aim of the programme is to generate high quality targets that represent significant mineralised systems that can be drill tested in 2009.

5.1.7 Exploration in Greece

Airborne survey outlines intrusive belt; progress in target definition – Hellas Gold holds 317 km² of highly prospective licences in northern Greece over which an airborne geophysical survey was completed by Fugro Airborne Surveys in December 2007. Twenty targets had already been identified from existing data; however, the survey represents the first systematic modern exploration ever been conducted over the licence area. The survey comprises magnetics and radiometrics over the entire licence area and an electromagnetic (“EM”) survey over the northern part of the licence area, which is host to massive sulphide targets.

Early processing of the magnetics has defined an intrusive belt some 17 km by 6 km in the South-East part of the licence area. This clearly defines known porphyry deposits at Skouries and at the previously identified Fisoka target. Fisoka is shown by the geophysics to comprise three porphyry bodies. The northern body was drilled historically with grades of between 0.4% and 0.65% copper over widths of 20 to 81 metres and no gold analyses. Ground truthing has shown that the central area shows the most intense veining with copper oxides visible at surface. Re-analysis of stream sediment sampling has shown that the more anomalous samples were in stream draining from the central area. These factors indicate that the untested central and southern Fisoka porphyries offer the best potential. Hellas Gold plans to drill test the central and southern Fisoka porphyries later this year.

The magnetics have also highlighted a series of strong anomalies, similar in magnitude to Skouries, over a 3 km by 4.5 km area, which is believed to represent a complex of intrusives some 3 km to the South-East of Skouries which will be investigated on the ground in the next few weeks.

The raw EM data indicated conductors over the known massive sulphide orebodies, including the Olympias look-alike massive sulphide target at Piavitsa. Post processing of the EM will be used to confirm continuity of the Piavitsa mineralisation along its 2 km strike length prior to drill testing in the second half of 2008.

The fully processed geophysics will also be used to prioritise the remainder of the twenty identified targets and develop new ones over the licence area.

5.1.8 Employees

As at 31 December 2007, the Company and its subsidiaries had approximately 242 employees and contract workers, of which 14 were located in the United Kingdom, 160 in Greece and 68 in Romania. The Company considers its employee and contractor relations to be good.

5.2 Risk Factors

The risks and uncertainties affecting the Company, its subsidiaries and their business include the following:

Market price volatility – The trading price of the Common Shares may be subject to large fluctuations. The trading price of the Common Shares may increase or decrease in response to a number of events and factors, some of which are directly related to the Company's success and some of which are not directly related to the Company's success and are therefore not within the Company's control. Such events and factors include: the price of gold and other metals, the Company's operating performance and the performance of competitors and other similar companies, the public's reaction to the Company's press releases, other public announcements and the Company's filings with the various securities regulatory authorities, changes in earnings estimates or recommendations by research analysts who track the Common Shares or the shares of other companies in the resource sector, changes in general economic conditions, the number of the Common Shares to be publicly traded after an offering, the breadth of the public market for the Common Shares, the arrival or departure of key personnel, acquisitions, strategic alliances or joint ventures involving the Company or its competitors, developments that affect the market for all resource sector shares, and the attractiveness of alternative investments.

The effect of these and other factors on the market price of the Common Shares on the exchanges in which the Company trades has historically made the Company's share price volatile and suggests that the Company's share price will continue to be volatile in the future. A decline in the market prices of the Company's securities could also impair the Company's ability to raise additional capital.

In the past, following periods of volatility in the market price of a company's securities, shareholders have often instituted class action securities litigation against those companies. Such litigation, if instituted against the Company, could result in substantial costs and diversion of management attention and resources, which could significantly harm the Company's profitability and reputation.

Dilution – The Company may require additional funds to fund exploration and development programs and potential acquisitions. The Company cannot predict the size of future issuances of Common Shares or the issuance of debt instruments or other securities convertible into shares or the effect, if any, that future issuances and sales of the Company's securities will have on the market price of the Common Shares. If it raises additional funding by issuing additional equity securities, such financing may substantially dilute the interests of existing shareholders. Sales of substantial amounts of Common Shares, or the availability of such Common Shares for sale, could adversely affect the prevailing market prices for the Company's securities.

No dividends – The Company has never paid cash dividends on the Common Shares. It currently intends to retain future earnings, if any, to fund the development and growth of its business, and may not pay any cash dividends on the Common Shares for the foreseeable future. Furthermore, the Company may in the future become subject to contractual restrictions on, or prohibitions against, the payment of dividends. As a result, investors will have to rely on capital appreciation, if any, to earn a return on their investment in Common Shares in the foreseeable future. The payment of future dividends, if any, will be reviewed periodically by the Company's board of directors and will depend upon, among other things, conditions then existing including earnings, financial condition and capital requirements, restrictions in financing agreements, business opportunities and conditions and other factors.

Foreign country risk – Any changes in regulations in Greece and Romania or shifts in political attitudes are beyond the Company's control and may adversely affect its business. Exploration and development of any one or more of the Company's mineral properties may be affected in varying degrees by government regulations or policies with respect to restrictions on future exploitation and production, labour, environmental protection, price controls, royalties, export controls, foreign exchange controls, income taxes, expropriation of property, environmental legislation and mine and/or site safety.

Currently there are no restrictions on the repatriation from Romania and Greece of earnings to foreign entities. However, there can be no assurance that restrictions on repatriation of earnings from Romania and Greece will not be imposed in the future.

Exploration and mining risks – The business of exploring for minerals and mining involves a high degree of risk. Only a small proportion of the properties that are explored are ultimately developed into producing mines.

Although substantial benefits may be derived from the discovery of a major mineralised deposit, no assurance can be given that minerals will be discovered in sufficient quantities or having sufficient grade to justify commercial operations. The economics of developing gold and other mineral properties is affected by many factors including the cost of operations, variations of the grade of ore mined, fluctuations in the price of gold or other minerals produced, costs of processing equipment and such other factors as government regulations.

Unless otherwise indicated, mineral resource and reserve figures presented herein are based upon estimates made by company personnel and independent geologists. These estimates are imprecise and depend upon geological interpretation and statistical inferences drawn from drilling and sampling analysis, which may prove to be inaccurate. There can be no assurance that: these estimates will be accurate, reserves, resources or other mineralisation figures will be accurate, or this mineralisation could be mined or processed profitably.

Mineralisation estimates for the Company's properties may require adjustments or downward revisions based upon further exploration or development work or actual production experience. In addition, the grade of ore ultimately mined, if any, may differ from that indicated by drilling results. There can be no assurance that minerals recovered in small scale tests will be duplicated in large scale tests under on-site conditions or in production scale.

The reserve and resource estimates contained herein have been determined and valued based on assumed future prices, cut-off grades and operating costs that may prove to be inaccurate. Extended declines in market prices for gold and silver may render portions of the Company's mineralisation uneconomic and result in reduced reported mineralisation. Any material reductions in estimates of mineralisation, or of the Company's ability to extract this mineralisation, could have a material adverse effect on the Company's results of operations or financial condition.

The grade of mineralisation ultimately mined may differ from that indicated by drilling results and such differences could be material. There can be no assurance that minerals recovered in small scale laboratory tests will be duplicated in large scale tests under on-site conditions or in production scale operations. Material changes in geological resources, grades, stripping ratios or recovery rates may affect the economic viability of projects.

Mining involves various types of risks and hazards, including: environmental hazards, industrial accidents, metallurgical and other processing problems, unusual or unexpected rock formations, structural cave-ins or slides, seismic activity, flooding, fires, periodic interruptions due to inclement or hazardous weather conditions, variations in grade, deposit size, density and other geological problems, mechanical equipment performance problems, unavailability of materials

and equipment including fuel, labour force disruptions, unanticipated or significant changes in the costs of supplies including, but not limited to, petroleum, and unanticipated transportation costs.

These risks could result in damage to, or destruction of, mineral properties, production facilities or other properties, personal injury or death, loss of key employees, environmental damage, delays in mining, increased production costs, monetary losses and possible legal liability.

Where considered practical to do so, the Company maintains insurance against risks in the operation of its business in amounts which it believes to be reasonable. Such insurance, however, contains exclusions and limitations on coverage. There can be no assurance that such insurance will continue to be available, will be available at economically acceptable premiums or will be adequate to cover any resulting liability. Insurance against certain environmental risks, including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from production, is not generally available to the Company or to other companies within the mining industry. The Company may suffer a material adverse effect on its business if it incurs losses related to any significant events that are not covered by its insurance policies. Payment of such liabilities would reduce funds available for acquisition of mineral prospects or exploration and development and would have a material adverse effect on the financial position of the Company.

Financing risks – Exploration and development of one or more of the Company's properties will be dependent upon the Company's ability to obtain financing through joint ventures, equity or debt financing or other means, and although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the Company's projects with the possible loss of such properties.

Mineral prices – The mineral exploration and development industry in general is intensely competitive and there is no assurance that, even if commercial quantities of proven and probable reserves are discovered, a profitable market may exist for the sale of the same. The Company's profitability and long-term viability depend, in large part, upon the market price of gold and other metals and minerals produced from the Company's properties. The market price of gold and other metals is volatile and is impacted by numerous factors beyond the Company's control, including: expectations with respect to the rate of inflation, the relative strength of the U.S. dollar and certain other currencies, interest rates, global or regional political or economic conditions, supply and demand for jewellery and industrial products containing metals, costs of substitutes, changes in global or regional investment or consumption patterns, and sales by central banks and other holders, speculators and producers of gold and other metals in response to any of the above factors.

There can be no assurance that the market price of gold and other metals will remain at current levels or that such prices will improve. A decrease in the market price of gold and silver could adversely affect the profitability of the Company's existing mines, which would have a material adverse effect on the Company's financial condition and results of operations. A decline in the market price of gold or silver, or both, may also require the Company to write-down its mineral reserves which would have a material and adverse effect on its earnings and profitability.

Exploration, development, mining and other licences – The Company's current operations, including further exploration, development and mining activities, require certain licenses, concessions, leases, permits and regulatory consents (the "**Authorisations**") from various levels of governmental authorities. The Company may also be required to obtain certain property rights to access, or use, certain of its properties in order to proceed to development. There can be no assurance that all Authorisations which the Company requires for the conduct of mining operations will be obtainable on reasonable terms or in a timely manner, or at all, that such terms

may not be adversely changed, that required extension will be granted, or that the issuance of such Authorisations will not be challenged by third parties. Delays in obtaining or a failure to obtain such Authorisations or extension thereto, challenges to the issuance of such Authorisations, whether successful or unsuccessful, changes to the terms of such Authorisations, or a failure to comply with the terms of any such Authorisations that the Company has obtained, could have a material adverse impact on the Company.

Title matters – While the Company has diligently investigated title to all mineral concessions and, to the best of the Company's knowledge, title to all of its properties is in good standing, this should not be construed as a guarantee of title. Title to the properties may be affected by undisclosed and undetected defects.

Environmental and other regulatory requirements – The Company's activities are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation generally provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and their directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations.

The Company's current exploration and development activities require permits from various governmental authorities and such operations are and will be governed by laws and regulations governing prospecting, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, safety and other matters. Companies engaged in exploration and development activities generally experience increased costs and delays as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that all permits which the Company may require for exploration and development will be obtainable on reasonable terms or on a timely basis, or that such laws and regulations would not have an adverse effect on any project that the Company may undertake. The Company believes it is in substantial compliance with all material laws and regulations which currently apply to the Company's activities. However, there may be unforeseen environmental liabilities resulting from exploration, development and/or mining activities and these may be costly to remedy.

Amendments to current laws, regulations and permits governing operations and activities of exploration and development companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in expenditures and costs, or require abandonment, or cause delays in developing new mining properties.

Certain residents of Stratoniki village have challenged the validity of certain permits that the Company needs to carry on mining at the Stratoni mine, as described under "Litigation" under "Stratoni Mine". While the Company believes the challenge to be without merit, there can be no assurance that the courts will rule in the Company's favour. Loss of these permits would prevent the Company from continuing its operations at the Stratoni mine.

Tax matters – The Company believes that it is, and intends to take all necessary steps to remain, resident solely in Canada for income tax purposes. The Company's tax residency is, however, affected by a number of factors, some of which are outside of its control, including the application and interpretation of the relevant tax laws and treaties. If ever the Company were to cease to be tax resident in Canada, it would be liable to pay additional Canadian taxes, including, but not limited to, capital gains tax based on the difference between the fair market value and tax cost of its assets at the relevant time. If such taxes were to become payable, this could have a material

adverse effect on the Company's business, financial condition and results of operations. Further, the income tax consequences to holders of Common Shares would be different from those applicable if the Company were resident in Canada

Dependence on management – The Company's development to date has largely depended and in the future will continue to depend on the efforts of key management. Loss of any of these people could have a material adverse effect on the Company and its business. The Company has not taken out and does not intend to take out key man insurance in respect of any directors, officer or other employees.

Joint ventures – The Company holds, and expects to hold in the future, interests in joint ventures. Joint ventures may involve special risks associated with the possibility that the joint venture partners may (i) have economic or business interests or targets that are inconsistent with ours; (ii) take action contrary to the Company's policies or objectives with respect to their investments, for instance by veto of proposals in respect of joint venture operations; (iii) be unable or unwilling to fulfil their obligations under the joint venture or other agreements; or (iv) experience financial or other difficulties. Any of the foregoing may have a material adverse effect on the Company's results of operations or financial condition. In addition, the termination of certain of these joint venture agreements, if not replaced on similar terms, could have a material adverse effect on the Company's results of operations or financial condition.

Competition – The international mining industry is highly competitive. The Company's ability to acquire properties and add reserves in the future will depend not only on its ability to develop its present properties, but also on its ability to select and acquire suitable producing properties or prospects for mineral exploration. The Company may be at a competitive disadvantage in acquiring additional mining properties because it must compete with other individuals and companies, many of which have greater financial resources, operational experience and technical capabilities than the Company. The Company may also encounter increasing competition from other mining companies in its efforts to hire experienced mining professionals. Competition for exploration resources at all levels is currently very intense, particularly affecting the availability of manpower and equipment. Increased competition could adversely affect the Company's ability to attract necessary capital funding or acquire suitable producing properties or prospects for mineral exploration in the future. Recent increases in base and precious metals prices have encouraged increases in mining exploration, development and construction activities, which have resulted in increased demand for, and cost of, exploration, development and construction services and equipment. Increased demand for services and equipment could cause project costs to increase materially, resulting in delays if services or equipment cannot be obtained in a timely manner due to inadequate availability, and increase potential scheduling difficulties and cost increases due to the need to coordinate the availability of services or equipment, any of which could materially increase project exploration, development or construction costs, result in project delays or both.

Currency fluctuations – Gold and other metals are sold throughout the world principally in United States dollars. The Company's operating costs for its European projects are incurred principally in Euros. As a result, any significant and sustained appreciation of the Euro against the U.S. dollar may materially increase the Company's costs and reduce revenues. The Company does not currently use any derivative products to manage or mitigate any foreign exchange exposure.

5.3 Description of Mineral Properties in Greece

Overview of mineral properties – As at 31 December 2007, the Company held a 95% interest in Hellas Gold. Hellas Gold owns assets in northern Greece which consist of three deposits within 70-year mining concessions covering a total area of 317 km². The deposits are the polymetallic projects of Stratoni and Olympias which contain gold, zinc, lead and silver, and the Skouries copper/gold porphyry body.

The resources and reserves for the Stratoni, Skouries and Olympias properties as at 31 December 2007 are reported in **Appendix 1** hereto.

Detailed disclosure on Hellas Gold's Stratoni property is included in a technical report entitled "*Technical Report on the Stratoni Project – Pb Zn Ag Deposit, Northern Greece*" dated 25 May 2007 prepared by Patrick Forward, the Company's General Manager, Exploration, a "Qualified Person" under Canadian National Instrument 43-101, and filed on SEDAR at www.sedar.com on 15 June 2007 under the category "Technical Report", which report is incorporated herein by reference. The Summary of such report is reproduced as **Appendix 2** hereto.

Detailed disclosure on Hellas Gold's Skouries property is included in a technical report entitled "*Technical Report on the Skouries Project – Skouries Cu-Au Deposit, Greece*" dated 25 May 2007 prepared by independent consultants SRK Consulting Ltd and filed on SEDAR at www.sedar.com on 25 May 2007 under the category "Technical Report", which report is incorporated herein by reference. The Summary of such report is reproduced as **Appendix 3** hereto. The Qualified Persons under Canadian National Instrument 43-101 responsible for preparing such report are Mike Beare and Geoff Bull of SRK Consulting Ltd, Philip Newman of Golder Associates (UK) Limited, Patrick Forward, the Company's General Manager, Exploration, and Antony Francis, the Company's Senior Metallurgist.

Detailed disclosure on Hellas Gold's Olympias property is included in a report entitled "*Technical Review of the Kassandra Mines Property, Chalkidiki Prefecture, Greece*" dated 15 May 2004 prepared by A C A Howe International Limited and filed on SEDAR at www.sedar.com on 20 July 2004 under the category "Technical Report", which report is incorporated herein by reference but only as it relates to the Olympias property. Relevant sections of the Summary of such report are reproduced as **Appendix 4** hereto. The Qualified Persons under Canadian National Instrument 43-101 responsible for preparing such report are mentioned in such Summary.

Mining legislation – The following is a brief summary of mining legislation in Greece:

(a) Mineral ownership – All mineral resources located in Greece belong to the Greek State. Mineral rights in Greece are acquired by way of exploration licences and exploitation licences.

(b) Exploration licence – An exploration licence is granted by the Prefect of the region in which the resources are located. An application for an exploration licence creates a priority right in favour of the applicant. An exploration licence is granted for 3 years. The holder of the licence is obliged to compensate the owner of the land for any suspension or loss of income due to the use of the land by the licence holder.

(c) Mine concession – the right of exploitation – The holder of an exploration licence is entitled to apply to the Prefect for a mine concession, at any time during the period of the exploration licence. The mine concession is given by a decree for 50 years and is renewable for a further 25 years. In extraordinary circumstances, the extension of the 25 years is renewable for an additional 25 years. The mine concession right is a property right, distinct and independent from the ownership of the land on or under which the mine is located. The owner of the mine concession has the exclusive right to explore, excavate and generally to exploit all mineral substances lying within the mine concession area (except for certain reserved minerals and deposits which only the Greek Government has the right to search for and to exploit). The

holder of a mine concession has the right to carry out necessary works to the surface of the land as well as underground.

(d) Contracts concerning mineral rights – All contracts concerning the establishment, the alteration or the transfer of mining rights deriving from exploration licences or from a mine concession should be made before a notary public and are required to be approved by the competent Greek authority.

Taxes – Under the income tax law of Greece, companies of the legal form of a societate anonime such as Hellas Gold are taxed on their profits at the rate of 25%, effective 1 January 2007. Under the Greek mining law, additional benefits are attributed to mining activities including exemptions from duties, customs, taxes relating to the importation of machinery and spare parts and from any specific taxation in favour of local authorities. As at the date of this Annual Information Form, there are no restrictions on the repatriation of capital, dividends or profits.

5.4 Description of Mineral Properties in Romania

Overview of mineral properties – As at 31 December 2007, the Company held four mineral properties located within the “Golden Quadrilateral” area of Romania, a mining district in the Apuseni Mountains of Transylvania (Western Romania) covering an area of approximately 500 km² immediately to the north of the city of Deva.

The Company’s four mineral properties were Certej and Baita-Craciunesti (held through the Company’s 80% interest in Deva Gold S.A.) and Cainel and Voia (held through the Company’s 100% interest in European Goldfields Deva SRL).

The resources and reserves for the Certej property as at 31 December 2007 are reported in **Appendix 1** hereto.

Detailed disclosure on Deva Gold S.A.’s Certej property is included in a technical report entitled “*Technical Report – Certej Gold Silver Project, Romania*” dated 22 November 2007 prepared by independent consultants RSG Global Pty Ltd and filed on SEDAR at www.sedar.com on 22 November 2007 under the category “Technical Report”, which report is incorporated herein by reference. The Summary of such report is reproduced as **Appendix 5** hereto. The Qualified Persons under Canadian National Instrument 43-101 responsible for preparing such report are Harry Warries, Ben Palich and Jan De Visser of RSG Global Pty Ltd, Brendan Monaghan of Golder Associates (UK) Limited, and Tony Jackson, Consulting Metallurgist of the Company.

Detailed disclosure on the Company’s Baita-Craciunesti and Voia properties is included in a report entitled “*Technical Review of a Portfolio of Properties in Romania*” dated 10 March 2004 prepared by A C A Howe International Limited and filed on SEDAR at www.sedar.com on 11 March 2004 under the category “Technical Report”, which report is incorporated herein by reference but only as it relates to the Baita-Craciunesti and Voia properties. Relevant sections of the Executive Summary of such report are reproduced as **Appendix 6** hereto. D Patrick of A C A Howe International Limited was the Qualified Person under Canadian National Instrument 43-101 responsible for preparing such report.

Cainel licence – In January 2005, the Company’s wholly-owned subsidiary European Goldfields Deva SRL was awarded an exploration license for the Cainel perimeter located in the historic gold producing area of the “Golden Quadrilateral” area of Romania.

The licence was granted for an initial term of three years, renewable for an additional term of three years under certain conditions. The licence covers an area of 31.3 km² and lies only 10 km to the north-west of the Company’s 80%-owned Certej deposit and surrounding satellite bodies.

Mineralisation in the Cainel perimeter occurs as brecciation, alteration and veining associated with intermediate intrusive and extrusive Neogene volcanics within Neogene sediments and occurs along the same north-west trending structural belt as the Certej deposit.

The Cainel perimeter has never been available to a commercial exploration company. However, the area has been the subject of sporadic small scale discontinuous underground mining since the 19th century over a zone some 1,000 metres long by 250 metres wide. Exploration of known veining conducted by the Romanian State between the 1950's and 1970's indicated that the average grade of the veins was between 3.4 and 3.9 g/t Au. Neither the historic production nor the exploration tested the extensive wall rock alteration and brecciation around the veining.

The Company has carried out a programme of grab, surface channel sampling, underground channel sampling, mapping and drilling over the two-year period during which it has held the permit. This indicated that the main zone of mineralisation occurs as veining and narrow breccia zones with gold values ranging from 0.9 to 3.2 g/t over drilled widths of 1 to 11.5 metres within a north-south mineralisation trend which is continuous over 400 metres of strike. Results from the programme indicated that the main north-south trending vein system had been mined out in high grade areas.

A programme of continued soil geochemistry is planned with the objective of testing extensions to the main zone and for any spurs off the main zone that may not have been exploited by historic mining activity. In addition a programme of airborne and ground geophysics is being considered as part of a larger overall survey and this will elucidate structure and also aid in the identification of any mineralised intrusive bodies.

The Cainel perimeter is adjacent to the Company's Baita-Craciunesti property along the continuation of the same geological belt. The disclosure above on the Company's Baita-Craciunesti property also applies to the Cainel property.

The quantity and grade of the possible Cainel mineral deposit is conceptual in nature, there has been insufficient exploration to define a mineral resource on the property and it is uncertain if further exploration will result in discovery of a mineral resource on the property.

Mining legislation – Romania is a mineral resource rich country and has a long history of mining dating back to Roman times. The operating environment in Romania is generally favourable for exploration and mine development and the government promulgated a western-based mining law in June 1998, a move designed to encourage foreign investment in the mining sector. Romania's mining and environmental legislation satisfies both the World Bank and the European Union guidelines.

A new Romanian mining law (Law 85/2003) came into force on 27 March 2003 (the "**Mining Law**"), which provides that all mineral resources are administered by the National Agency for Mineral Resources in Romania ("**NAMR**"). Subsequently, the NAMR has issued secondary legislation regarding resources and reserves computation, development plans and feasibility studies.

The following is a brief summary of the Mining Law:

(a) Mineral ownership – All mineral resources located in Romania and in the portion of the continental shelf of the Black Sea adjoining Romania belong to the State of Romania. Mineral rights in Romania are acquired by way of prospecting permit, exploration concession or exploitation concession granted by NAMR. Under the Mining Law, an exploration or exploitation concession is a property-related right, distinct and independent from the ownership of the land on and under which it is located, even when both belong to the same person. The rights granted by an exploration or exploitation concession are exclusive to the holder, chargeable, defensible against third parties and are transferable with the consent of NAMR.

(b) Exploration concessions – An exploration concession may be obtained for a maximum period of five years, with a renewal right of three years. The title holder may apply through NAMR for permit relinquishment at any time after the first year. An annual fee of RON 1,000 per km² is payable to the State of Romania. The annual fee doubles after two concession years and quintuples after four concession years. The holder of an exploration concession must provide NAMR with annual reports of all exploration activities conducted on an exploration concession. Exploration concessions confer on the holder the exclusive right to explore for mineral substances outlined in the initial contract agreement, namely base and precious metals, lying within the perimeter of the concession. Exploration concessions may be converted into exploitation concessions at any time upon the preparation of and approval by NAMR of a feasibility study on the exploration concession, a mine plan, an environmental impact assessment, an environment rehabilitation plan, a technical design, a social impact assessment and a social impact mitigation plan. In addition, exploration concessions confer on the holder the right or way to use the surface of the land through compensation to the land owners and access to available water to undertake exploration and/or mining activities.

(c) Exploitation concessions – An exploitation concession is granted for an initial term of 20 years and is renewable for successive five year periods. An annual fee of RON 25,000 per km² is payable to the State of Romania. Holders of exploitation concessions must pay to the State of Romania a gross production royalty (the royalty computation basis is gross production less processing) ranging from 4% to 15% depending on the particular resource being extracted, on all production. For non-ferrous deposits, the royalty fee is 4%. Exploitation concessions confer on the holder the right to exploit, process, refine and trade the concessioned mineral substances (except oil, gas and radioactive substances) lying within the perimeter of the concession. In addition, exploration concessions confer on the holder the right to use the surface of the land and available water to undertake mining activities.

Applicants for an exploitation concession must prepare and submit to NAMR an environmental impact study and rehabilitation plan as part of their application and provide a bank guarantee for a minimum of 1% of the value of the development plan.

(d) Surface rights – The Mining Law provides that a titleholder of a mining licence has the legal right to obtain surface rights through any of the methods permitted by Romanian law (i.e. sale-purchase, exchange of properties, rental, concession, association or expropriation). However, the Mining Law does not provide for any special mechanism/procedures in order to enforce such right. Therefore, the titleholder of a mining licence does not benefit from any preferential rights/mechanism in obtaining access to surface rights, but has to follow the generally applicable legal provisions in order to acquire the surface rights (i.e. conclusion of sale-purchase agreements).

Real-estate ownership, in particular land, has gone through extensive changes in the last 50 years: private ownership before 1950, nationalisation, expropriation and eviction during the communist regime, and restitution after 1990. Cadastral records have also gone through changes (in Transylvania some records were in Hungarian before 1920), whilst improvements to survey techniques result in differences between the current survey results and the real-estate records.

Taxes – Under Romania's tax laws, companies are taxed at the rate of 16%. There are no restrictions on the repatriation of capital, dividends or profits. Additional benefits attributed to mining activities, as conveyed through the mining law, include customs duties and value added tax exemptions for the life of the concession licence.

Environmental laws – In December 2005, new legislation regarding the environment came into force in order to harmonise its environmental laws and regulations with those of the European Union. The new laws will enable the Company to apply for and receive an integrated

approval aspect of the development and operation of the Certej project, as well as to ensure appropriate public participation in the permitting process, consistent with the European Union's current practice.

The procedure for the environmental assessment, the structure of the report on the environment and the conditions for issuing the environmental opinion for plans and programs are to be established by a decision of the Romanian Government, at the proposal of the central public authority for environmental protection. Also, the legislation regarding dams was recently updated in order to harmonise it with European Union legislation. The Ministry of Waters and Environmental Protection administers environmental matters.

ITEM 6: DIVIDENDS

The Company has never paid dividends and it is not expected that the Company will be in a position to pay dividends for the foreseeable future. Any earnings will be reinvested in developing the business of the Company and its subsidiaries. The declaration and payment by the Company of any future dividends and the amount of any such dividends will depend upon the Company's results, financial condition, cash requirements, future prospects, profits available and other factors deemed by the directors of the Company to be relevant at the time.

ITEM 7: DESCRIPTION OF CAPITAL STRUCTURE

7.1 General Description of Capital Structure

The Company is authorised to issue an unlimited number of Common Shares, without par value, and an unlimited number of preferred shares, issuable in series, without par value. As at 31 December 2007, there were 179,162,381 Common Shares and Nil preferred shares issued and outstanding in the capital of the Company. As at the date hereof, there were 179,162,381 Common Shares and Nil preferred shares issued and outstanding in the capital of the Company.

Special rights and restrictions attaching to Common Shares – The Common Shares have attached thereto the following special rights and restrictions:

(a) **Voting** – The holders of the Common Shares shall be entitled to receive notice of and to attend and vote at all meetings of the members of the Company and each Common Share shall confer the right to one vote in person or by proxy at all meetings of the members of the Company, other than meetings of the holders of any other class of shares of the Company.

(b) **Dividends** – Subject to the rights of the holders of the Preferred Shares, the holders of the Common Shares shall in each year, in the discretion of the directors of the Company, be entitled out of monies lawfully available for dividends to pay dividends in such amounts as may be determined in the absolute discretion of the directors from time to time.

(c) **Liquidation, dissolution or winding-up** – Subject to the rights of the holders of the Preferred Shares, in the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its members for the purposes of winding up its affairs, the remaining property and assets of the Company shall be distributed rateably to the holders of the Common Shares.

Special rights and restrictions attaching to the preferred shares – The preferred shares of the Company (the "**Preferred Shares**") have attached thereto the following special rights and restrictions:

(a) **Issued in series** – The Preferred Shares may, upon compliance with the applicable provisions of the *Yukon Business Corporations Act* (the "**Yukon Act**"), be issued at any time and from time to time in one or more series.

(b) **Directors to alter articles** – The directors of the Company may, by resolution passed before the issuance of Preferred Shares of any series, alter the Articles to fix the number of Preferred Shares in, and to determine the designation of the Preferred Shares of each series and alter the Articles to create, define and attach special rights and restrictions to the Preferred Shares of each series, subject to the special rights and restriction attached to all Preferred Shares and subject to the provisions of the Yukon Act.

(c) Rights and restrictions – The Preferred Shares of any series may have attached thereto such special rights and restrictions as may be determined by director's resolution with respect to each series including (as examples only), without in any way limiting the generality of the foregoing, special rights and restrictions concerning:

- (a) the entitlement to or the rate or amount of dividends, whether cumulative or non-cumulative, the currency or currencies of payment, the date or dates and place or places of payment and the date or dates from which such dividends are to accrue;
- (b) the right to receive notice of or to attend or to vote at any meeting of members of the Company;
- (c) the right to convert or exchange Preferred Shares of that series into Common Shares or other shares, bonds, debentures, securities, or otherwise;
- (d) the right of the Company to redeem or to purchase Preferred Shares of that series and the amount to be payable on redemption or purchase;
- (e) the right of the holder of a Preferred Share to present that Preferred Share to the Company for retraction or repurchase and the amount to be payable on the retraction or repurchase;
- (f) obligations with respect to sinking funds or funds for purchase or redemption of Preferred Shares of that series, rights of retraction or share purchase plans;
- (g) restrictions upon the payment of dividends on, or retirement of, any other shares of the Company or of any subsidiary of the Company;
- (h) the exercise by the Company of any election open to it to make any payments of corporation, income or other taxes;
- (i) the subdivision, consolidation or reclassification of any shares of the Company;
- (j) restrictions upon borrowing by the Company or by any subsidiary of the Company, or the issue by the Company of any Preferred Shares in addition to the Preferred Shares of any series at any time outstanding;
- (k) restrictions upon the reduction of capital by the Company or by any subsidiary of the Company;
- (l) restrictions upon the retirement of notes, bonds or debentures or other indebtedness of the Company or of any subsidiary of the Company;
- (m) limitations or restrictions upon or regulations concerning the conduct of the business of the Company or the investment of its funds;
- (n) the holding of meetings of the holders of the Preferred Shares of any series;
- (o) restrictions upon the creation or issuance of any other shares or securities of the Company: and
- (p) the entitlement to the distribution of assets in the event of liquidation, dissolution or winding up of the Company whether voluntary or involuntary.

(d) Participation – When any fixed cumulative dividends or amounts payable on return of capital are not paid in full, the Preferred Shares of all series shall participate rateably in respect of such dividends including accumulations, if any, in accordance with the sums which would be payable on the Preferred Shares if all such dividends were declared and paid in full, and on any return of capital in accordance with the sums which would be payable on such return of capital if all such sums so payable were paid in full.

(e) Preferential rights – The Preferred Shares shall be entitled to preference over the Common Shares with respect to the payment of dividends and may also be given such other preferences over the Common Shares as may be fixed by the directors of the Company as to the respective series authorised to be issued.

(f) Distribution assets – In the event of the liquidation, dissolution or winding-up of the Company or any other distribution of assets of the Company among its members for the purpose of winding-up its affairs, the holders of the Preferred Shares shall be entitled to receive the amount payable on redemption, retraction or repurchase of such shares before any amount shall be paid or any property or assets of the Company distributed to the holders of the Common Shares.

(g) Parity – The Preferred Shares of each series shall rank on a parity with the Preferred Shares of every other series with respect to priority in payment of dividends and in the distribution of assets in the event of liquidation, dissolution or winding-up of the Company whether voluntary or involuntary.

(h) Priority for dividends – No dividends shall at any time be declared or paid on or set apart for payment on the Common Shares unless all dividends up to and including the dividend, if any, payable for the last completed period for which such dividends shall be payable on each series of Preferred Shares then issued and outstanding shall have been declared and paid or set apart for payment at the date of such declaration or payment or setting apart for payment on such Common Shares nor shall the Company call for redemption or redeem or purchase for cancellation or reduce or otherwise pay off any of the Preferred Shares (less than the total amount then outstanding) or the Common Shares unless all dividends up to and including the dividend payable for the last completed period for which such dividends shall be payable on each series of the Preferred Shares then issued and outstanding shall have been declared and paid or set apart for payment at the date of such call for redemption, purchase, reduction or other payment thereof.

(i) Procedure for amendments – The provisions governing the Preferred Shares may be repealed, altered, modified, amended or amplified only with the approval of the holders of the Preferred Shares given as hereinafter specified in addition to any other approval required by the Yukon Act.

(j) Approval of holders – The approval of holders of the Preferred Shares as to any and all matters may be given by resolution in writing signed by all the holders of Preferred Shares or by resolution passed at a meeting of holders of Preferred Shares duly called and held upon at least 21 days' notice at which the holders of at least a majority of the outstanding Preferred Shares are present or represented by proxy and carried by the affirmative vote of the holders of not less than 2/3 of the Preferred Shares represented and voted at such meeting cast on a poll, in addition to such other vote (including the vote of other classes of members) as may be required by the Yukon Act. If at any such meeting the holders of a majority of the outstanding Preferred Shares are not present or represented by proxy within half an hour after the time appointed for the meeting, then the meeting shall be adjourned to such date being not less than 21 days later and to such time and place as may be appointed by the Chairman and at least 14 days' notice shall be given of such adjourned meeting but it shall not be necessary in such notice to specify the purpose for which the meeting was originally called. At such adjourned meeting the holders of Preferred Shares present or represented by proxy may transact the business for which the meeting was originally convened and a resolution passed thereat by the affirmative votes of the holders of not less than 2/3 of the Preferred Shares represented and voted at such adjourned meeting cast on a poll shall constitute the approval of the holders of Preferred Shares referred to above. The formalities to be observed with respect to the giving of notice of any such meeting or adjourned meeting and the conduct thereof shall be those from time to time prescribed in the Articles of the Company with respect to meetings of members. On every poll taken at every such meeting or adjourned meeting every holder of Preferred Shares shall be entitled to one vote in respect of each Preferred Share.

(k) Directors to set stated capital – Subject to the Yukon Act, the directors of the Company, on conversion, exchange or change under section 175, 194, 195 or 243 of the Yukon Act of issued shares of the Company (the “**Old Shares**”) into shares of another class or classes or series, as the case may be (the “**New Shares**”), may set the stated capital of each class or classes or series of New Shares, as the case may be, provided the total stated capital of the class or all of the classes or series of New Shares shall not exceed the total stated capital of the Old Shares.

7.2 Constraints

There are no constraints imposed on the ownership of securities of the Company.

7.3 Ratings

The Company has not received any ratings or provisional ratings from any rating organisation for securities of the Company.

ITEM 8: MARKET FOR SECURITIES

The Common Shares are listed and posted for trading on the Toronto Stock Exchange (TSX) and on the AIM Market of the London Stock Exchange under the symbol "EGU".

Set forth below are the closing price ranges and volume traded for the Common Shares on the Toronto Stock Exchange (TSX) on a monthly basis for each month of the Company's most recently completed financial year.

Month (2007)	High (C\$)	Low (C\$)	Close (C\$)	Volume (#)
January	5.55	4.20	5.26	3,028,034
February	6.02	5.10	5.31	4,163,103
March	5.84	5.08	5.55	3,736,554
April	6.18	5.45	5.55	2,674,790
May	5.88	4.87	5.07	4,476,312
June	5.85	4.58	5.64	11,744,124
July	5.89	5.40	5.74	4,196,605
August	6.54	4.67	5.07	7,304,370
September	6.70	4.88	5.86	7,410,752
October	6.65	5.52	6.42	5,526,747
November	6.53	5.26	5.96	5,689,377
December	6.25	4.88	5.48	6,648,412

Set forth below are the closing price ranges and volume traded for the Common Shares on the AIM Market of the London Stock Exchange on a monthly basis for each month of the Company's most recently completed financial year.

Month (2007)	High (p)	Low (p)	Close (p)	Volume (#)
January	226.5	190.0	223.5	2,504,861
February	254.5	223.5	232.5	4,162,670
March	249.5	228.5	248.5	1,745,840
April	259.5	247.5	255.5	2,868,388
May	261.0	241.5	241.5	3,401,886
June	270.5	228.5	256.5	3,979,392
July	269.5	255.0	256.5	3,124,477
August	273.5	228.5	236.5	1,882,842
September	306.5	237.5	290.5	4,438,446
October	321.0	278.5	317.5	1,828,320
November	336.0	277.0	292.5	4,831,081
December	291.5	253.0	272.5	4,020,866

ITEM 9: ESCROWED SECURITIES

To the Company's knowledge, the Company had the following number of securities held in escrow or in respect of which trading restrictions applied as at 31 December 2007:

Escrowed Securities		
Designation of Class	Number of Securities Held in Escrow	Percentage of Class
Common Shares	35,447,246	19.78%

ITEM 10: DIRECTORS AND OFFICERS

10.1 Name, Occupation and Security Holding

The following table sets forth the name and municipality of residence of each director and executive officer of the Company, their current position and office with the Company, their respective principal occupation during the five preceding years and the date on which they were first elected or appointed as a director or officer of the Company.

Name, Office and Place of Residence ⁽¹⁾	Position with the Company (if any) and Principal Occupations during the Five Preceding Years ⁽¹⁾	Director or Officer Since
Dimitrios Koutras Director Resident of Athens, Greece	Non-executive Chairman of the Company, November 2004 to date; President & General Manager, Aktor S.A. (a construction company), 1995 to date	November 2004
David J. Reading Director & Officer Resident of London, England	Chief Executive Officer of the Company, September 2004 to date; General Manager, Exploration, Randgold Resources Limited (a gold mining company), until 2004	October 2004
Timothy M. Morgan-Wynne Director & Officer Resident of London, England	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
François Dupuis Officer Resident of London, England	Vice President, Corporate Development, General Counsel & Secretary of the Company, July 2004 to date; Partner, Ogilvy Renault (a Canadian law firm) July 2002 to July 2004	July 2004
Philip I. Johnson ⁽²⁾ Director Resident of Toronto, Ontario, Canada	President, Pinnacle Reefs Ltd. (a management consulting services company for the energy industry), 1988 to date; Vice Chairman of the North South Institute (an institute that develops policy on international economic development and conflict resolution), 2004 to date; Director of Canadian Income Management (CIM) Limited (an investment management company), 2006 to date; Director of C.A. Bancorp Inc. (an investment bank), 2006 to date; Director of CAPVEST Income Corp. (an investment fund), 2006 to date; Director of Global Alternative Investments Inc. (a capital pool company), 2006 to date; Director of Universal Infrastructure Corp. (a capital pool company), 2006 to date; Director of Sentry Select Primary Metals Corp. (an investment fund), 2007 to date	May 2004
Hon. Robert P. Kaplan ⁽²⁾⁽⁴⁾ Director Resident of Toronto, Ontario, Canada	Trustee, H&R REIT (a real-estate investment trust), 1996 to date; Director, PetroKazakhstan Inc. (a crude oil production company), 1998 to 2003; Director, Mooney Aerospace Group Ltd. (a general aviation holding company), 2001 to 2003	February 2004
Jeffrey O'Leary ⁽²⁾ Director Resident of Isleworth, England	Employed by HSBC plc (an investment bank, formerly the Midland Bank), 1985 to 2005 where he was Director Metals & Mining; Director (non-executive), Palladex plc (a gold exploration company), 2004 to 2007; Director (non-executive), Goldstar Resources NL (a gold exploration company), 2005 to date; Director (non-executive), Moto Goldmines Limited (a gold exploration company), 2005 to date; Monterrico Metals plc (a copper mining company), 2006 to 2007; Platinum Mining Corporation of India (a platinum mining company), 2006 to date	December 2005

Name, Office and Place of Residence ⁽¹⁾	Position with the Company (if any) and Principal Occupations during the Five Preceding Years ⁽¹⁾	Director or Officer Since
Mark Rachovides ⁽³⁾ Director Resident of London, England	Vice President Europe of Dundee Resources Limited since February 2007; previously Senior Banker at the European Bank for Reconstruction and Development since 1996; Director (non-executive), High River Gold Mines Limited (a gold mining company), 2004 to date; Director (non-executive), OJSC Yuhzuralzoloto Group of Companies (a gold mining company), 2008 to date	March 2007
Georgios Sossidis Director Resident of Athens, Greece	Member of the Board of Directors of Elliniki Technodomiki TEB S.A. (an infrastructure, real estate and energy conglomerate), 1991 to date	July 2007

NOTES:

- (1) The information as to country of residence, principal occupation and shares beneficially owned is not within the knowledge of the management of the Company and has been furnished by the respective director or officer. The description of the principal occupation or employment for all of the directors and officers is for the past five years.
- (2) Members of the Audit Committee, the Compensation Committee and the Corporate Governance & Nominating Committee.
- (3) Members of the Compensation Committee and the Corporate Governance & Nominating Committee.
- (4) Mr. Kaplan was a director of PetroKazakhstan, Inc. (formerly known as Hurricane Hydrocarbons Ltd), listed on the TSX Venture Exchange, when it sought bankruptcy protection in 1999. The assets of the company consisted solely of crude oil production all of which was sold to a refinery in Kazakhstan. With the 1998-1999 collapse in the world oil prices, the refinery reduced the price it paid for the company's crude, forcing it into bankruptcy protection. It emerged from court protection in mid 2000 following its acquisition of the refinery in March 2000. Mr. Kaplan was a director of Mooney Aerospace Group Limited that sought Chapter 11 protection in July 2004.

Each director holds 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 *Yukon Business Corporations Act*.

As at the date hereof, the directors and officers of the Company, as a group, beneficially owned, directly or indirectly, or exercised control or direction over, 11,525,468 Common Shares, representing approximately 6.43% of the outstanding Common Shares.

10.2 Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Other than disclosed in **Item 10.1**, there is no additional disclosure required pursuant to Section 10.2 of Form 51-102F2 under Canadian National Instrument 51-102.

10.3 Conflicts of Interest

There are no existing or potential material conflict of interest between the Company or a subsidiary of the Company and any director or officer of the Company or a subsidiary of the Company, except that Mr. Dimitrios Koutras, who is the Non-executive Chairman of the Company, is also President and General Manager of Aktor S.A., which owns 5% of the issued and outstanding shares of the Company's subsidiary, Hellas Gold. Under the terms of the Shareholders Agreement of Hellas Gold, the Company agreed that Aktor S.A. will be the contractor for all civil engineering and construction work required for development of Hellas Gold's assets, subject to competitive pricing.

Certain officers and directors of the Company are officers and directors of, or are associated with, other natural resource companies that acquire interests in mineral properties. Such associations may give rise to conflicts of interest from time to time. The directors are required by law, however, to act honestly and in good faith with a view to the best interest of the Company and its shareholders and to disclose any personal interest which they may have in any material transaction which is proposed to be entered into with the Company and to abstain from voting as a director for the approval of any such transaction.

ITEM 11: PROMOTERS

Within the three most recently completed financial years and during the current financial year, there have not been any promoters of the Company or of a subsidiary of the Company.

ITEM 12: LEGAL PROCEEDINGS AND REGULATORY ACTIONS

12.1 Legal Proceedings

In June 2005, certain residents of Stratoniki village submitted a request for the annulment of the Greek government's joint ministerial decision approving the environmental impact study for the Stratoniki mine (the "JMD Approval"). In November 2005, the same petitioners submitted a request for the annulment of the decision of the Minister of Development approving the Technical Study for the exploitation of the Mavres Petres mine that forms part of the Stratoniki complex (the "MOD Approval"). The JMD Approval and the MOD Approval are necessary for the continued operation of the Stratoniki mine. In both cases the petitioners alleged a lack of legal basis for the approvals and potential harm to the environment and their properties. The Greek government, supported by the Company, the Association of Extractive Companies, and two workers' unions, has taken a position that the approvals are valid. In December 2005 the petitioners requested an injunction to stop work on the Stratoniki project pending the hearing of the requests for annulment, but the court rejected the request. A hearing on both requests for annulment will be held shortly. The management of the Company believes that both requests for annulment are unfounded and unlikely to succeed.

12.2 Regulatory Actions

During the financial year ended 31 December 2007, there has been no:

- (a) penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority;
- (b) other penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision; and
- (c) settlement agreements the Company entered into with a court relating to securities legislation or with a securities regulatory authority.

ITEM 13: INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as disclosed under **Item 4.2** of this Annual Information Form, there has been no transaction involving the Company or any of its subsidiaries within the three most recently completed financial years or during the current financial year that has or will materially affect the Company and its subsidiaries, taken as a whole, and in which the following persons or companies had a material interest, direct or indirect: (a) a director or executive officer of the Company; (b) a person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10% of any class or series of the Company's outstanding voting securities; or (c) an associate or affiliate of any of the persons or companies referred to in (a) or (b).

ITEM 14: TRANSFER AGENTS AND REGISTRAR

The transfer agent and registrar for the Common Shares is Computershare Trust Company of Canada of 100 University Avenue, 11th Floor North Tower, Toronto, Ontario, Canada M5J 2Y1.

ITEM 15: MATERIAL CONTRACTS

Set forth below are the particulars of every contract, other than a contract entered into in the ordinary course of business, that is material to the Company and its subsidiaries, taken as a whole, and that was entered into within the most recently completed financial year, or before the most recently completed financial year but is still in effect.

Greek State Contract – On 12 December 2003, Hellas Gold entered into a contract with the Greek Government (the “**Greek State Contract**”) pursuant to which Hellas Gold acquired certain assets in Greece which included mining concessions over a total area of 317 km² including two deposits known as the Skouries and Olympias deposits, together with two existing producing mines, known as the Stratoni Mines, base metal mining facilities and a ship-loading facility on the Aegean Sea (the “**Greek Assets**”). The Greek State Contract was ratified by the Greek parliament on 8 January 2004 and passed into law on 28 January 2004. The purchase price paid by Hellas Gold to the Greek Government for the Greek Assets was €11 million payable in cash. Under the Greek State Contract, among other things:

- (a) Hellas Gold must prepare an investment plan for development of the Greek Assets and construction/operation of a gold processing plant on or before 28 January 2006 and the Greek Government must review the investment plan within two months of its submission and issue necessary licences and approvals within ten months;
- (b) Hellas Gold must commence preparatory work in respect of the Madem Lakkos and Mavres Petres mines in order to allow recommencement of production activities within a reasonable period of time;
- (c) Hellas Gold must take all required actions and procedures to protect the environment as directed by the Minister of Development for Greece, including the adoption of measures for water retreatment;
- (d) Hellas Gold does not have any environmental liabilities arising before the date of ratification of the Greek State Contract;
- (e) if Hellas Gold is evicted from any of the transferred property, no claim can be made by Hellas Gold in order to reduce the purchase price; and
- (f) if either party breaches the terms of the Greek State Contract, the party which is in breach may terminate the contract and, on termination, all assets are to be returned to the Greek Government and the purchase price repaid without interest. The non-defaulting party may be entitled to compensation for damages resulting from the termination.

Hellas Gold Shareholders’ Agreement – On 29 June 2007, the Company, through wholly-owned subsidiaries, entered into a shareholders agreement with Aktor Construction International Limited (“**Aktor**”) with respect to Hellas Gold (the “**Hellas Gold Shareholders Agreement**”).

Hellas Gold is a Greek company formed in December 2003 for the purposes of entering into the Greek State Contract. The Company has a 95% interest in Hellas Gold.

Under the terms of the Hellas Gold Shareholders’ Agreement, the Company, through wholly-owned subsidiaries, agreed to provide mining expertise and know-how and facilitate non-recourse third party financing for the Greek Assets. Aktor agreed to be responsible for local Greek issues affecting Hellas Gold such as dealing with the Greek State, ministries or other authorities, labour issues, local environmental issues and approvals and obtaining licences required in connection with the Greek Assets. Aktor also agreed to provide engineering and construction expertise and know-how and facilitate the provision of construction services for development of the Greek

Assets. Aktor S.A., Aktor's parent company, will be the contractor for all civil engineering and construction work required for development of the Greek Assets, subject to competitive pricing.

The board of directors of Hellas Gold consists of up to seven directors appointed by the Company, provided that during the Lock-up Period a majority of directors must be Greek residents. The "**Lock-up Period**" shall be the period from 29 June 2007 until the earlier of (a) 29 June 2011, (b) the date on which the Skouries gold-copper porphyry mining project owned by Hellas Gold commences production, and (c) the date on which Aktor (or any affiliate thereof) tenders their shares of the Company in the context of a take-over bid.

During the Lock-up Period, the Managing Director or General Manager of Hellas Gold shall be proposed exclusively by Aktor for approval and appointment by the directors of Hellas Gold by simple majority.

The Hellas Gold Shareholders' Agreement provides for distribution of profits to the shareholders by way of dividend at the end of each fiscal year, subject to working capital requirements and applicable law.

The Hellas Gold Shareholders' Agreement contains a right of first refusal in favour of the Company on the transfer of shares in Hellas Gold by Aktor, and pre-emptive rights in favour of all shareholders to subscribe to additional shares issued by Hellas Gold.

Greek exploitation and exploration licences – Please refer to **Item 5.3** of this Annual Information Form for particulars of Hellas Gold's exploitation and exploration licences in Greece.

Constitutive act of Deva Gold S.A. – On 21 July 2000 (as later amended), the Company, through a wholly-owned subsidiary, entered into the Constitutive Act of Deva Gold S.A. ("**Deva Gold**") with Minvest S.A. (a Romanian State exploration and mining company), Cartel Bau S.A., Foricon S.A. and Comat-Trading S.A. (the "**Constitutive Act**").

The Constitutive Act contains the articles of association and the shareholders' agreement of Deva Gold, a Romanian company formed to pursue the exploration and development of some of the Company's mineral properties in Romania. The Company has an 80% interest in Deva Gold. Minvest S.A. (19.25%) and the other three shareholders mentioned above (0.75%) hold the remaining shares in Deva Gold.

The board of directors of Deva Gold consists of five directors with one representative from the Company and four from the other shareholders.

A quorum for a board meeting is three directors and decisions of the board are made by majority vote.

Under the Constitutive Act, the Company is required to fund 100% of all costs related to the exploration and development of Deva Gold's mineral properties in Romania and, as a result, the Company is entitled to the refund of such costs (plus interest) out of future cash flows, prior to any dividends being distributed to shareholders.

The Constitutive Act contains provisions granting to the shareholders of Deva Gold rights of first refusal on the transfer of shares in Deva Gold and pre-emptive rights to subscribe to additional shares issued by Deva Gold.

Romanian exploitation and exploration licences – Please refer to **Item 5.4** of this Annual Information Form for particulars of the Company's exploitation and exploration licences in Romania.

Silver Wheaton Transaction – On 23 April 2007, Hellas Gold agreed to sell to Silver Wheaton (Caymans) Ltd. (“**Silver Wheaton**”) all of the silver metal to be produced from ore extracted during the mine-life within an area of some 7 km² around its zinc-lead-silver Stratoni mine in northern Greece (the “**Silver Wheaton Transaction**”). Silver production at Stratoni is a by-product of its lead-zinc operations.

The sale was made in consideration of a prepayment to Hellas Gold of \$57.5 million in cash, plus a fee per ounce of payable silver to be delivered to Silver Wheaton of the lesser of \$3.90 (subject to an inflationary adjustment beginning after year three) and the prevailing market price per ounce. The Stratoni proven and probable silver reserve contained approximately 12 Moz of silver.

The Silver Wheaton Transaction does not apply to any additional silver resources within Hellas Gold’s 317 km² of mining and exploration licences in northern Greece, for example silver resources at the Company’s other mines of Olympias and Certej, except for a right of first refusal granted to Silver Wheaton on similar future transactions over the Company’s silver assets.

ITEM 16: INTERESTS OF EXPERTS

16.1 Names of Experts

The following are the names of each person or company who is named as having prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing, made under Canadian National Instrument 51-102 by the Company during, or relating to, the Company's most recently completed financial year, and whose profession or business gives authority to the statement, report or valuation made by the person or company:

- (a) BDO Dunwoody LLP, Chartered Accountants, who have audited the Company's consolidated balance sheets as at 31 December 2004 and 2003 and the consolidated statements of equity, loss and deficit and cash flows for the years then ended, and who published an Auditors' Report thereon dated 23 March 2005;
- (b) Mr. Patrick Forward, General Manager, Exploration of the Company, who is a Qualified Person under Canadian National Instrument 43-101 and who has reviewed all of the Company's disclosure of scientific or technical information, including disclosure of mineral resources and reserves, made by or on behalf of the Company in respect of its mineral projects during, or relating to, the Company's most recently completed financial year; and
- (c) the other persons and companies mentioned in **Items 5.3** and **5.4** of this Annual Information Form.

16.2 Interests of Experts

To the knowledge of the Company, the persons and companies named above do not have any registered or beneficial interests, direct or indirect, in the securities or other property of the Company or of its associates or affiliates, except that:

- (a) As at 31 December 2007, Mr. Patrick Forward held options to subscribe to Nil Common Shares granted under the Company's Share Option Plan. On 27 November 2007, Mr. Patrick Forward exchanged 85,000 options for 50,991 Common Shares (of which 35,000 options were granted on 11 November 2004 and 50,000 options were granted on 22 September 2005). On 31 December 2007, Mr. Patrick Forward redeemed 50,000 restricted share units granted on 5 April 2006 under the Company's Restricted Share Unit Plan for an equal number of Common Shares;
- (b) As at 31 December 2007, Mr. Antony Francis held options to subscribe to Nil Common Shares granted under the Company's Share Option Plan. On 31 December 2007, Mr. Antony Francis redeemed 50,000 restricted share units granted on 5 April 2006 under the Company's Restricted Share Unit Plan for an equal number of Common Shares; and
- (c) As at 31 December 2007, Mr. Tony Jackson held options to subscribe to 25,000 Common Shares granted on 14 November 2005 under the Company's Share Option Plan. On 29 September 2007, Mr. Tony Jackson exercised options to subscribe to 25,000 Common Shares granted on 14 November 2005 under the Company's Share Option Plan. On 30 March 2007, Mr. Tony Jackson redeemed 50,000 restricted share units granted on 13 February 2007 under the Company's Restricted Share Unit Plan for an equal number of Common Shares.

ITEM 17: INFORMATION ON THE AUDIT COMMITTEE

17.1 Audit Committee Charter

The terms of reference of the audit committee of the board of directors of the Company (the “**Audit Committee**”) are reproduced as **Appendix 7** hereto.

17.2 Composition of the Audit Committee

The Audit Committee is comprised of three independent and financially literate directors, being Dr. Jeffrey O’Leary (Chairman), Philip Johnson and Hon. Robert Kaplan.

17.3 Relevant Education and Experience

The following is a description of the education and experience of each member of the Audit Committee that is relevant to the performance of his responsibilities as an audit committee member.

Dr Jeffrey O’Leary

When at HSBC, attended numerous courses on the preparation of budgets and financial statements, and on accounting principles

As a consultant, gave advice which often involved preparing budgets and economic justifications for large mining projects

As part of the senior management of the Peru Privatisation Fund, prepared budgets for the fund but also reviewed the budgets and financial statements of investee companies

Taught Masters courses at two major UK universities involving valuation methodologies for valuing mining companies

As a director of HSBC Investment Bank, was involved in advising many international mining companies including analysis and preparation of budgets and financial statements

Philip Johnson

Received a Masters in International Relations, a large portion of which related to international economics

Attended a financial course for non-financial executives offered by the Chamber of Commerce, which taught one how to read financial statements, the accounting principles that underpinned these statements, the array of accounting conventions one could use and the different results one could portray depending upon the accounting convention employed

Attended a six-week executive management course at the University of Houston, of which critical reading and analysis of financial statements was an important part

President of Pinnacle Reefs Ltd. (a management consulting services company for the energy industry), which involves the preparation of annual financial statements

Performed consulting work which often involves preparing budgets and economic justifications for large energy projects

When at Imperial Oil, started the petroleum futures trading function, a specialised system to help manage the risk of volatile oil prices

As Imperial Oil's Vice President, Commercial until 1988, oversaw the Commercial Comptrollers group which prepared that department's financial statements for management decision-making and for integration into the corporate whole

**Hon. Robert Kaplan P.C.,
Q.C.**

While a student, attended Shaw Business School (Toronto) to learn basic business accounting, and created a number businesses and performed basic accounting therefor

From 1963 to 1968, practiced law in the firm of McDonald, Davies and Ward (now Davies, Vineberg & Co.), specialising in taxation and working with financial advisers of client companies

From 1968, as an elected member of the Parliament of Canada, served on the Standing Committee on Finance, Trade and Economic Affairs, including two years as Chairman – this committee reviews amendments to the Income Tax Act, and many other taxation statute

From 1980 to 1984, as Solicitor General of Canada, responsible for the preparation of the budget of one of the largest Departments in Government, including the Correctional Service of Canada and The Royal Canadian Mounted Police – presented and defended budgets before the Treasury Board, and eventually before Parliament

Since 1984, served on the boards of several public companies, including a number of Audit Committees

Served as Chairman and effective Chief Executive Officer of PetroKazakhstan Inc. (a crude oil production company) while the Company was in bankruptcy protection and presided over its emergence, payment of all debts in full and development as a successful business

17.4 Reliance on Certain Exemptions

During the Company's most recently completed financial year, the Company has relied on the exemption in Section 2.4 of Multilateral Instrument 52-110 (*De Minimis Non-audit Services*), meaning that the Audit Committee has not always pre-approved all non-audit services provided to the Company or its subsidiary entities by the Company's external auditors, but that:

- (a) the aggregate amount of all the non-audit services that were not pre-approved was reasonably expected to constitute no more than 5% of the total amount of fees paid by the Company and its subsidiary entities to the Company's external auditor during the fiscal year in which the services were provided;
- (b) the Company or the subsidiary entity of the Company, as the case may be, did not recognise the services as non-audit services at the time of the engagement; and
- (c) the services were promptly brought to the attention of the Audit Committee and approved, prior to the completion of the audit, by the Audit Committee or by one or more of its members to whom authority to grant such approvals has been delegated by the Audit Committee.

17.5 External Auditors Service Fees

The following table presents by category the fees billed by the Company's external auditors in each of the last two fiscal years.

Category of Fees	2007 (US\$)	2006 (US\$)
Audit Fees	300,597	187,500
Audit-Related Fees	-	7,450
Tax Fees	2,500	5,600
Other Fees	88,000	28,410
Total	391,097	228,960

"**Audit Fees**" include the aggregate fees billed by the Company's external auditors in each of the last two fiscal years for audit services.

"**Audit-Related Fees**" include the aggregate fees billed in each of the last two fiscal years for assurance and related services by the Company's external auditors that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported under the category "Audit Fees", notably the consultation relative to the accounting and financial disclosure standards and additional work on presenting the Company's subsidiaries' financial statements in accordance with International Accounting Standards (IAS).

"**Tax Fees**" include the aggregate fees billed in each of the last two fiscal years for professional services rendered by the Company's external auditors for tax compliance, tax advice and tax planning, notably the consultation relative to the preparation of income tax returns of the Company and the refund of capital and sales taxes, and matters regarding the Company's payroll obligations.

"**All Other Fees**" include the aggregate fees billed in each of the last two fiscal years for products and services provided by the Company's external auditors, other than the services reported under the category "Audit Fees", "Audit-Related Fees" and "Tax Fees", notably the consultation services related to the due diligence process for the purpose of the Acquisition and the Placing and the review of the Company's unaudited consolidated financial statements for the three-month period ended 31 March 2007 and 2006.

ITEM 18: ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR at www.sedar.com or on the Company's website at www.egoldfields.com. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorised for issuance under equity compensation plans is contained in the Company's management Proxy Circular for its most recent annual meeting of shareholders that involved the election of directors.

Additional financial information is provided in the Company's financial statements and management's discussion & analysis for its most recently completed financial year.

Appendix 1 – Resources and Reserves Declaration as at 31 December 2007

APPENDIX 1

RESOURCES AND RESERVES DECLARATION AS AT 31 DECEMBER 2007

RESOURCES

Resource Estimates for Properties in Greece

Deposit	'000t	Au g/t	Au Moz	Ag g/t	Ag Moz	Pb %	Pb '000t	Zn %	Zn '000t	Cu %	Cu '000t
Olympias											
Measured	9,983	8.9	2.85	114.0	36.7	3.7	367	4.9	494	-	-
Indicated	4,432	9.9	1.42	164.2	23.4	5.4	240	7.1	316	-	-
Total	14,415	9.2	4.27	129.7	60.1	4.2	607	5.6	810	-	-
Skouries											
Measured	180,400	0.83	4.81	-	-	-	-	-	-	0.55	992
Indicated	10,800	0.61	0.21	-	-	-	-	-	-	0.47	51
Total	191,200	0.82	5.03	-	-	-	-	-	-	0.55	1,043
Stratoni											
Measured	1,899	-	-	204.0	12.5	7.7	147	9.6	183	-	-
Indicated	314	-	-	199.5	2.0	7.9	25	11.8	37	-	-
Total	2,213	-	-	203.4	14.5	7.7	172	9.9	220	-	-
Inferred	639	-	-	203.4	4.2	7.7	49	9.9	63	-	-
Total M&I	207,828	-	9.30		74.6	-	779	-	1,030	-	1,043
Total at 95% attributable*	197,437	-	8.84	-	70.9	-	740	-	979	-	991

Resource Estimates for Properties in Romania

Deposit	'000t	Au g/t	Au Moz	Ag g/t	Ag Moz	Pb %	Pb '000t	Zn %	Zn '000t	Cu %	Cu '000t
Certej											
Measured	3,922	2.3	0.3	5	0.7	-	-	-	-	-	-
Indicated	37,549	1.9	2.3	11	13.7	-	-	-	-	-	-
Total	41,471	2.0	2.6	11	14.3	-	-	-	-	-	-
Total at 80% attributable**	33,177	2.0	2.1	11	11.4	-	-	-	-	-	-
Inferred (East/West Domains)	3,365	1.6	0.2	4	0.4	-	-	-	-	-	-
Inferred (Far West/Central Domains)	3,762	1.4	0.2	8	1.0	-	-	-	-	-	-
Total Inferred	7,127	1.5	0.3	6	1.4	-	-	-	-	-	-
Total Inferred at 80% attributable**	5,702	1.5	0.3	6	1.1	-	-	-	-	-	-

Appendix 1 – Resources and Reserves Declaration as at 31 December 2007

RESERVES

Reserve Estimates for Properties in Greece

Deposit	'000t	Au g/t	Au Moz	Ag g/t	Ag Moz	Pb %	Pb '000t	Zn %	Zn '000t	Cu %	Cu '000t
Olympias											
Proven	7,403	9.1	2.16	142.1	33.9	4.8	354	6.2	462	-	-
Probable	3,949	9.7	1.23	147.8	18.8	4.9	194	6.6	262	-	-
Total (underground)	11,352	9.3	3.38	144.1	52.7	4.8	547	6.4	725	-	-
Proven Py Stockpile	172	23.5	0.13	24.3	0.1	-	-	-	-	-	-
Proven Tailings	2,408	3.4	0.27	14.3	1.1	-	-	-	-	-	-
Total	13,932	-	3.78	-	53.9	-	547	-	725	-	-
Skouries											
Proven	77,535	0.87	2.18	-	-	-	-	-	-	0.54	415
Probable	68,667	0.78	1.73	-	-	-	-	-	-	0.55	374
Total	146,202	0.83	3.91	-	-	-	-	-	-	0.54	789
Stratoni											
Proven	1,904	-	-	193.3	11.8	7.3	139	9.1	173	-	-
Probable	313	-	-	190.0	1.9	7.5	24	11.2	35	-	-
Total	2,217	-	-	192.9	13.7	7.3	163	9.4	208	-	-
Total	162,351	-	7.69	-	67.6	-	710	-	933	-	789
Total at 95% attributable*	154,233	-	7.31	-	64.2	-	675	-	886	-	750

Reserve Estimates for Properties in Romania

Deposit	'000t	Au g/t	Au Moz	Ag g/t	Ag Moz	Pb %	Pb '000t	Zn %	Zn '000t	Cu %	Cu '000t
Certej											
Probable	32,811	2.0	2.1	11.4	12.0	-	-	-	-	-	-
Total	32,811	2.0	2.1	11.4	12.0	-	-	-	-	-	-
Total at 80% attributable**	26,249	2.0	1.7	11.4	9.6	-	-	-	-	-	-

* The Company owns the Stratoni, Skouries and Olympias projects through Hellas Gold, a 95% owned subsidiary.

** The Company owns the Certej project through Deva Gold, an 80%-owned subsidiary. The Company is required to fund 100% of all costs related to the exploration and development of the Certej deposit and, as a result, the Company is entitled to the refund of such costs (plus interest) out of future cash flows, prior to any dividends being distributed to shareholders.

Appendix 1 – Resources and Reserves Declaration as at 31 December 2007

Notes:

- (1) Reserves and resources are classified in accordance with the Canadian Institute of Mining Metallurgy and Petroleum's "*CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines*" as per the requirements of Canadian National Instrument 43-101 ("**NI 43-101**").
- (2) All quoted Resources are inclusive of the Reserves.
- (3) Disclosure of mineral resources and reserves for Hellas Gold's Stratoni deposit is derived from a technical report dated 25 May 2007 prepared by Patrick Forward, the Company's General Manager, Exploration, a "Qualified Person" under NI 43-101. Disclosure of mineral resources and reserves for Hellas Gold's Skouries deposit is derived from a technical report dated 25 May 2007 prepared by independent consultants SRK Consulting Ltd under the supervision of Mike Beare and Geoff Bull, "Qualified Persons" under NI 43-101. Disclosure of mineral resources and reserves for Hellas Gold's Olympias deposit is derived from a pre-feasibility study dated 25 October 2004 prepared by independent consultants Behre Dolbear & Company, Inc. under the supervision of Richard Parker, a "Qualified Person" under NI 43-101.
- (4) Disclosure of mineral resources and reserves for Deva Gold's Certej deposit is derived from a technical report dated 22 November 2007 prepared by independent consultants RSG Global Pty Ltd. under the supervision of Harry Warries, a "Qualified Person" under NI 43-101.
- (5) Reserves are estimated using projected process recoveries, operating costs and mine plans that are unique to each property and include estimated allowances for dilution and mining recovery.
- (6) Normal data verification procedures have been used in collecting, compiling, interpreting and processing the data used to estimate resources and reserves. Data verification includes quality assurance and quality control procedures put in place by the Company, and reviews by independent consultants of drill hole information on geological sections prepared by the Company and such previous owners.
- (7) Mineral resources that are not mineral reserves do not have demonstrated economic viability.
- (8) Development of all properties (except Stratoni) is dependent on successful permitting.
- (9) Patrick Forward, General Manager, Exploration of the Company, was the "Qualified Person" under NI 43-101 responsible for reviewing the disclosure of resource and reserve estimates quoted above.
- (10) Unless otherwise indicated, resource totals refer to measured and indicated resources only.
- (11) The technical reports mentioned above are available under the Company's profile under the category "Technical Report" on SEDAR at www.sedar.com.

Appendix 2 – Summary of Technical Report Entitled “*Technical Report on the Stratoni Project – Pb Zn Ag Deposit, Northern Greece*” Dated 25 May 2007

APPENDIX 2

SUMMARY OF TECHNICAL REPORT ENTITLED “*TECHNICAL REPORT ON THE STRATONI PROJECT – Pb Zn Ag DEPOSIT, NORTHERN GREECE*” DATED 25 MAY 2007

The Stratoni Mine is a producing lead zinc silver operation in Northern Greece in which European Goldfields has a majority interest. The primary objective for this report is to present current Mineral Resources and Mineral Reserves for the Stratoni mine property.

Revised Mineral Resources are presented on the basis of re-interpretation of existing drillhole data and new mapping based on underground mapping. Revised Mineral Reserves are presented on the basis of reconciliation of production in 2006 and revised recovery factors based on experience gained in the first year of production at Stratoni under European Goldfields ownership.

The Kassandra Mines properties are located in the Chalkidiki peninsula, Northern Greece. The properties comprise a group of granted mining licences, covering 317km². The property includes the Stratoni Project which is the subject of this report comprising two deposits; Madem Lakkos and Mavres Petres. The property was acquired from the Greek state in 2004 by Hellas Gold. European Goldfields holds a controlling interest of 65% in Hellas Gold.

The Stratoni mine lies about 100km by road from Thessaloniki and is readily accessible by car and bus. The Stratoni Mines of Mavres Petres and Madem Lakkos lie 3.5km west-northwest of the port and loading facility at the Stratoni village.

The area is generally mild with limited rainfall. The area is well served by main power supplies via the Public Power Corporation (PPC) and communications are good.

There is a long history of mining in the Kassandra area. It has been estimated, from the volume of ancient slags, that about 1 million tonnes of ore were extracted during the classical Greek period and that the Stratoni mine continued in production through the Roman, Byzantine and Turkish periods.

Production records since 1901 show approximately 12.6Mt of mined ore. In 1988, selective mining methods were introduced, since which time consistently higher grades have been achieved.

The tectonic structure of Greece consists of elongated tecto-magmatic strips which represent successive episodes of subduction. One such strip is the Serbo-Macedonian massif which hosts the Stratoni deposit. The Stratoni mines mineralisation is classed as lead-zinc-silver carbonate replacement type mineralisation, with pyrite, galena and sphalerite as the main ore minerals. The entire current resources of the Stratoni mine are contained within the Mavres Petres ore body which consists of an east-west lens of Pb-Zn-Ag mineralisation and is generally strata bound within a marble horizon adjacent to the Stratoni Fault. The mined out Madem Lakkos mine mineralisation lies to the East of and is similar to that at Mavres Petres and occurs in the axis of an antiform within a lower series of marbles. It is noted that there has been no significant exploration of the marbles of either the upper or lower horizons between the two known deposits which lie some 2 kilometres apart.

The massive sulphide mineralisation has a relatively simple mineralogy, and the most abundant ore minerals are pyrite, sphalerite, galena, arsenopyrite and chalcopyrite.

The drillhole data used in the resource estimations of the Mavres Petres orebody was primarily from work carried out by previous owners. Since 1996, 332 drill holes were drilled into the Mavres Petres orebody, all BQ or NQ size drilled on a nominal 25 metre spacing and the orebody is open down dip and along strike to the west.

Appendix 2 – Summary of Technical Report Entitled “*Technical Report on the Stratoni Project – Pb Zn Ag Deposit, Northern Greece*” Dated 25 May 2007

Underground channel sampling of production faces was implemented by European Goldfields as standard practice, the main purpose being grade control. These channel samples have been used in these resource estimations.

All sample preparation is undertaken at a sample preparation laboratory on site and samples are assayed for Ag, Pb and Zn. Sample analysis is via aqua regia and AAS. The primary laboratory used is TVX Stratoni, whilst Chemex, Vancouver is the secondary laboratory. Quality Control of assaying in the historic drill holes and underground channels has been undertaken by cross-checking 10% of pulps and 10% of the coarse rejects. There was found to be no significant bias in the sample data.

The Stratoni concentrator plant is currently operating 5 days a week at a rate of +/- 40 t/h of Run of Mine (ROM) ore from the Mavres Petres mine. During the first 12 months of operation since the resumption of operations, the throughput was 179,000tpa. The typical average head grade is forecast at 7.9% Pb, 10.2% Zn and 186 g/t Ag for 2006. Lead, silver and zinc recoveries of 91%, 88% and 91%, respectively, are achieved. The grade of the bulk lead/silver concentrate is typically 72% Pb with 1700 g/t Ag, and the zinc concentrate contains 52% Zn.

The crushing facility is capable of crushing up to 750,000 dmt per annum and as a consequence is currently only operating for one third of the available time. The ore is dry crushed to minus 20mm size and is conveyed to a fine ore bin. Ore is then wet ground to 80% minus 212 microns in a conventional rod mill/ball mill circuit. The flotation scheme is operated in the differential mode. Lead is floated first and the zinc minerals are subsequently recovered from the lead circuit tailing. Standard reagents and pH control are used in the flotation circuit to achieve the production of the two concentrates. A 13 metre diameter thickener and a 1 metre diameter by 4 disc filter are used to dewater lead concentrate. Two 10 metre diameter thickeners and a 1 metre diameter by 5 disc filter are used to dewater zinc concentrate. The lead and zinc concentrates are weighed and conveyed to storage sheds awaiting shipment to the smelter.

The geological model is based on mapping carried out between November 2005 and December 2006 and from the existing diamond drill core database. This information is linked in to a 3D wireframe. Sample data is compiled in to 2m composites Analysis of normal and log normal histogram and probability plots indicate that lead, zinc and silver approximate log normal populations. 3D variograms were run for lead, zinc and silver on the 2 metre composites and lag distances of 5m were generally used. The average sample spacing downhole is 1m, sample spacing along strike varies between 10-20m. Variogram ranges vary from some 40m to 60m dependent on element. Lead and silver both exhibit good variogram structures with ranges in excess of 40m.

Zinc also exhibits a good structure with a range above 60m but required two spherical models in order to replicate the semi-variogram. This suggests that zinc is bimodal and points to either an overprint or remobilization of zinc. Interpolation of block values from the 2 metre assay composite database was carried out using ordinary kriging (OK) using the models defined in the variography analysis. After interpolation the whole orebody was checked on 10 metre spaced sections and all mining level planes (generally 4 metre spacing) for correlation of raw assay data and interpolated block values and these were found to be acceptable for all elements. As a further check on both the interpolation and on the mining dilution and recovery assumptions surveyed areas of known diluted and recovered grade mined in 2006 were compared with values from the interpolated model with subsequent calculated dilution and recovery.

European Goldfields has adopted the Canadian Institute of Mining (CIM) classification of geological resources for reporting purposes.

Appendix 2 – Summary of Technical Report Entitled “*Technical Report on the Stratoni Project – Pb Zn Ag Deposit, Northern Greece*” Dated 25 May 2007

The total remaining resources at Mavres Petres can be summarised as follows:-

TABLE 1. REMAINING RESOURCES AT MAVRES PETRES

	Tonnes '000s	Pb %	Pb tonnes '000s	Zn %	Zn tonnes '000s	Ag g/t	Ag Moz
Measured	1,960	7.3	142	9.9	194	181	11.39
Indicated	259	7.6	20	12.2	32	181	1.51
M+I	2,219	7.3	164	10.2	226	181	12.90
Inferred	555	7.3	41	10.2	57	181	3.23

Previous mining has generated a lot of experience with the ground conditions and the rockmass physical and geotechnical characteristics. In general, the footwall and orebody rocks can be described as Fair to Good with Poor conditions. Stope support to the drives is to be on a one meter grid pattern utilising 2.1 metre Swellex bolts. Support to the slashed area is as required. Development support is also on a one metre grid pattern but utilising 2.1 metre resin grouted rebars. Mining at Mavres Petres is not considered a likely trigger for seismicity.

The ore zones at the Mavres Petres mine are variable in ore geometry and ground conditions. The ore contacts are well defined and are often irregular on the footwall. The mining method is a combination of transverse and longitudinal cut & fill with rock breaking by conventional drill and blast. The Government's Ministry of Industry has approved this mining method. A main ramp has been driven in the footwall down to the +145m level and up to the +250m level. Access crosscuts to intersect the orebody are driven from the main ramp. The mining of a new decline from surface to the bottom of the currently defined orebody will allow safer mining and more efficient application. Production in ore commences after the access crosscut where the ramp reaches the footwall of the orebody, usually midway along its strike length. The stope development heading is usually 4.0m x 4.0m. This may be adjusted to allow for pinching and swelling.

Ore is removed from the stope after blasting, using load haul dump machines. It is tipped into the orepass system alongside the main ramp or in the lower areas directly into the dump trucks. A loading bay is developed if logistically necessary. The stoped area is then and fill is poured via 5 and 6 inch pipes from surface at a rate of approximately 40 cubic metres per hour. Tight fill is essential to safe operation in drift and fill mining. Variable recovery and dilution values have been assigned for the purpose of updating the Stratoni mineable reserves. These are based on a combination of factors, chiefly, mining method, deposit geometry, sidewall rock conditions, and deposit thickness. An economic model has been developed for Stratoni using appropriate parameters and shows an acceptable net present value for the project.

The total reserves can be summarised as follows:

TABLE 2. CURRENT STRATONI RESERVES

Reserve Category	'000t*	Pb %	Pb '000t*	Zn %	Zn '000t*	Ag g/t	Ag Moz
Proven	1,923	6.9	133	9.4	181	172	10.63
Probable	259	7.3	19	11.6	30	172	1.43
Total	2,182	6.9	151	9.7	211	172	12.06

Currently mine water is directed to the water treatment plant, located next the Stratoni concentrator.

A second water treatment plant with similar capacity and of a similar design to that at the Stratoni mill is planned to be constructed at the Madem Lakkos mine to improve efficiency and provide

Appendix 2 – Summary of Technical Report Entitled “*Technical Report on the Stratoni Project – Pb Zn Ag Deposit, Northern Greece*” Dated 25 May 2007

capacity for extreme rainfall events. The plant will include a filter press to allow dry storage of filter cake. At the Mavres Petres mine, the pumping arrangements consist of all water being pumped to two main sumps, one at +154m level, the second at +193m level. From here, water is pumped either directly or indirectly to the +216m haulage for discharge out of the mine. The current water treatment plant at the Stratoni mill has capacity for 450m³/h. The sludge from the water treatment plant is currently co-disposed with the fine flotation tailings in the Chevalier settling ponds, but filter presses have been successfully trialled and will be installed to produce filter cake from the sludge with the cake trucked to the storage pond.

A second water treatment plant to double capacity from 450m³/h to 900m³/h is budgeted for 2006. A filter press will be installed at the new site and the cake trucked to the storage pond. Current capacity in the Emergency Water Storage Pond is 20,500m³, but an additional 40,000m³ can be relatively easily obtained when the pond is raised 4m using a piled wall. In the extremely unlikely event of emergency water storage being insufficient, soda ash is stocked at mill for manual addition at the Emergency Water Storage Pond. This will bring the pH to greater than 6 and the water quality suitable for temporary discharge directly to creeks following local consent.

The strategy is to reduce rainwater entering the mine through the old sub-level caved areas.

Fine tailings are currently deposited as slurry along with sludge from the water treatment facility at the lined tailings ponds on site. In order to improve material handling costs, storage capacity and ensure a supply of coarse material for backfilling old workings at Madem Lakkos a strategy has been developed which makes use of excavation and stock piling of coarse material, use of the excavated space for storage of desiccated sludge, employment of a filter press and storage of filter cake from the filter presses within the lined facilities of tailings ponds number one and two

The combined capacity of the two lined tailings ponds is sufficient for the current life of mine when using the filter presses.

European Goldfields concludes that there are sufficient reserves currently defined at the Stratoni operation in order to sustain a six year mine life.

This life could be extended by in-fill drilling of the inferred resource panels and other areas of potential such as to the west and down dip where the orebody is open and between the two areas of defined mineralisation at Madem Lakkos and Mavres Petres.

It is recommended that additional drilling and sampling is carried out within the inferred resource and further along strike and down dip where the deposit is open in order to extend the mine life of the Stratoni Project. The drilling of the marble between the mined out area of Madem Lakkos and current reserves at Mavres Petres should be given priority.

Appendix 3 – Summary of Technical Report Entitled “*Technical Report on the Skouries Project – Skouries Cu-Au Deposit, Greece*” Dated 25 May 2007

APPENDIX 3

SUMMARY OF TECHNICAL REPORT ENTITLED “*TECHNICAL REPORT ON THE SKOURIES PROJECT – SKOURIES Cu-Au DEPOSIT, GREECE*” DATED 25 MAY 2007

The primary objective for this report is to produce a revised Mineral Reserve statement in accordance with the Canadian Institute of Mining (CIM) Code based upon an existing orebody model. In order to generate the Reserve statement SRK Consulting (UK) Limited (SRK) has been requested to produce a life of mine plan and financial model.

The recent SRK work began in September 2005 when European Goldfields Ltd (EGL) and Hellas Gold SA (HG) commissioned SRK to undertake engineering studies for the Skouries Project in Greece.

The objectives of the studies were to critically review the available information based mainly on the 1998 Skouries Feasibility Study and explore ways in which the deposit can be economically developed. The work involved the definition of design criteria, option studies, generation of a life of mine plan and the evaluation of project economics to a level at which Mineral Reserves can be reported. The key motivation to revise a 1998 Feasibility Study by Kvaerner Metals on the project has been to update the mining plan taking cognisance of the currently prevailing higher metal prices. SRK contributed to the 1998 Feasibility Study at Skouries in the areas of hydrogeology and geotechnical engineering.

The recent SRK work has included a review of most of the historical activity on the property but has excluded a review of the geological model generated for the 1998 Feasibility Study. This review of geology and resources was carried out by EGL as detailed in sections 6 to 19.1. SRK has relied upon the block model provided and verified by EGLs on which Mineral Reserves can be generated relative to the standards outlined in NI 43-101 and using the definitions of various categories of resources and reserves established by the CIM. SRK understands from European Goldfields that Mineral Resources are current and classified in accordance with the CIM Code but SRK has not audited the geological model or reviewed the underlying data and its assumptions. For this mining study SRK has relied upon the resource work done by European Goldfields.

SRK has based the Life of Mine Plan on Measured and Indicated Mineral Resources converting to Proven and Probable Mineral Reserves only.

The Skouries project area lies in the Chalkidiki Prefecture about 100km by road from Thessaloniki the second largest city in Greece. The whole area is heavily wooded with oak, beech and pine being the principal species, while inland there are vineyards and fertile farmlands. The Chalkidiki Peninsula climate is generally mild with limited rainfall. The area is well served by main power supplies via the Public Power Corporation (PPC) and communications are good.

There is a long history of mining in the Kassandra area of the Chalkidiki Peninsula. Ancient mining reached a peak during the time of Phillip II and Alexander the Great, at which time silver and gold financed their conquests during the period 350 to 300 BC. The lead-rich ores from the Madem Lakkos mine at Stratoni some 10 kilometres to the northeast of Skouries were smelted for silver and the Olympias arsenopyrite ores from some 20 kilometres north of Skouries were processed for their high gold content. Ancient mining is less well documented at Skouries but the presence of abundant slag and the name itself (Skouries=slag) provides evidence of ancient smelting activity.

The region can be subdivided into a series of northwest-trending zones including the Serbo-Macedonian massif which hosts the deposits and comprises schists that are often mineralised. The Skouries deposit is a typical Tertiary sub-alkaline copper-porphyry deposit, forming a near-vertical pipe intruded into amphibolite and biotite schist country rock. The alteration zones at Skouries are restricted in extent in contrast to well developed concentric zones typical of high

Appendix 3 – Summary of Technical Report Entitled “*Technical Report on the Skouries Project – Skouries Cu-Au Deposit, Greece*” Dated 25 May 2007

level porphyries. The Skouries porphyry measures some 250m by 150m in diameter at surface, and has been traced to a vertical depth of more than 800m. Several parallel dykes of similar composition occur to the south of the main porphyry. They have pervasively mineralized the host schist and almost double the extent of the mineralized zone below 300m depth. Mineralization within the potassic zone primarily comprises chalcopyrite veinlets with subordinate bornite (0.1 to 5mm thick) and disseminated chalcopyrite and bornite. Gold occurs as native gold associated with gangue minerals and as blebs within sulphides. An oxide zone occurs from surface to 30 to 50m depth.

The previous owners, TVX, drilled 65,191.5 metres of drilling in three phases between 1996 and 1998. The average core recovery was 90.68%, which is acceptable. Quality control of sampling, sample preparation and assaying has been to a high standard with numerous protocols in place to ensure accuracy and lack of bias. Gold was determined using fire assay on 50 gm samples or screened fire assay on 250 gm samples. Base metals and silver were determined using Atomic Absorption techniques. Assays were conducted at independent, international accredited laboratories, with checks on coarse rejects and pulps. Density determinations were conducted at the TVX facility at Stratoni, with independent checks by external laboratories. In European Goldfields opinion, data verification procedures used at Skouries were of a high standard and all data were audited and verified by independent, internationally recognised consulting firms during the feasibility studies and subsequently by European Goldfields.

A Mineral Resource statement for the Skouries project was produced by Kvaerner Metals and European Goldfields has carried out a detailed review of the underlying data, data verification and resource estimation as well as re-running the resource block model calculation. European Goldfields state that the resource is classified according to the definitions and guidelines of the Canadian Institute of Mining on Mineral Resources and Reserves (CIM Standards).

Table 3-1 presents the resources checked by European Goldfields at a nominal 0.4 g/t Au cut off:

Table 3-1 Skouries Current Resources (0.4gAu/t cut-off)			
Resource Category	Million Tonnes	Au g/t	Cu %
Measured	180.4	0.83	0.55
Indicated	10.8	0.61	0.47
Inferred	14.8	0.60	0.45
Total Measured and Indicated Resource	191.2	0.81	0.54

The statement in Table 3-1 has been estimated using drilling information collected up to June 1998. Due to the fact that no additional drilling has been undertaken since then, the resources can be taken as effective on 25th May 2007. The Mineral Resources in Table 3-1 are inclusive of the Mineral Reserves in Tables 3-2 and 3-3 of this executive summary.

SRK has estimated Reserves in accordance with the CIM Code by constructing an appropriately detailed Life of Mine (LoM) plan. The SRK LoM plan forms the basis of this study and provides the economic basis for the generation of the Reserve statement. In the 3D model generated by SRK, dilution and recovery have been applied to the Measured and Indicated Resources to estimate Proven and Probable Reserves. The Skouries Mineral Reserves are summarised below. The current Mineral Reserves are sufficient for 22 years of production at 7 Mtpa. In this Technical Report, the economic evaluations are based solely upon the Reserves in Table 3-4.

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The Mineral Reserves have been classified in accordance with the CIM code and adhering to the guidelines set out by NI 43-101. The statements in the tables below have been estimated using drilling information collected up to June 1998 and is effective 25th May 2007.

Table 1 : Mineral Reserves extracted from Open Pit

	Mt	Au (g/t)	Cu (%)
Proven	42.5	0.71	0.46
Probable	9.7	0.60	0.39
Total	52.2	0.69	0.45

NOTE: The reserves Table 3-2 contain 10 Mt of marginal material that will be stockpiled temporarily and used to supplement the mill feed during the underground phase of operations. SRK notes that this is a cut off policy decision indicated by EGL and HG and is based upon their analysis of incremental cut off grades.

Table 2 : Mineral Reserves extracted from Underground Operations

	Mt	Au g/t	Cu %
Proven SLC	32.4	1.07	0.62
Proven development	2.6	1.16	0.66
Probable SLC	55.1	0.81	0.57
Probable development	3.9	0.90	0.62
Total	94.0	0.91	0.59

Table 3 : Total Mineral Reserves (all sources)

	Mt	Au (g/t)	Cu (%)
Proven	77.5	0.87	0.54
Probable	68.7	0.78	0.55
Total	146.2	0.83	0.54

As part of the process of classifying reserves for this Technical Report, SRK has undertaken a brief desktop review of information provided by EGL and HG in the area of mineral processing, metallurgical testing, tailings disposal and environmental issues and opines that appropriate studies have been undertaken in this field to allow classification of Mineral Reserves at Skouries in accordance with the CIM Code. SRK notes that further work is required in these areas to satisfy the requirements of EU Directives, The Equator Principles of the World Bank and the Guidelines of the International Finance Corporation (IFC).

The SRK approach to mining at Skouries has been to evaluate various scenarios for open pit depths with different production rates. Ultimately, an underground mine is envisaged which will take over production when the pit reaches its economic limit. Based upon a number of key assumptions about metal prices and operating costs, the conclusions of the recent SRK work are as follows:

- After a two year construction period involving a year of prestripping, open pit mining will be commence at a rate of 7 Mtpa for six years.
- Underground development will commence two years before the cessation of open pit mining to avoid a hiatus between open pit and underground phases of operation. Underground mining will then continue for another 16 years. The total duration of mine production will be 22 years.

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The Skouries project has potential to be mined initially by open pit down to the 420 m Level and thereafter from 420 m Level to -105 m Level by a Sub Level Caving operation. The measured or indicated resource from the pit base to -105 m Level within the planned mining limits, which are within a €10.80 NSR envelope, consists of 87,678,870 tonnes @ 1.00 g/t Au and 0.64% Cu. If mined by sub level caving, applying good draw principles, estimates show that the diluted resource will convert to a reserve of 94,011,206 tonnes @ 0.91 g/t Au and 0.59% Cu.

In constructing and operating the SLC mine, a capital cost of €94.6 M and an operating cost of €568.6 million will be incurred over the life of the SLC. The life of mine operating cost is €6.05 /t on average. The SLC has a planned six year pre-production period followed by a sixteen year production life. The target production rate of 7 Mtpa is achieved after year two and sustained for approximately nine years before reducing slowly towards the latter years of the mine life.

Technically, there appears no reason to prohibit mining of the resource from 420 m Level to -105 m Level by SLC.

Capital costs for Skouries were estimated from a number of sources including quotes obtained locally, input from consultants (SRK, Aker Kvaerner and Golders) and estimates from international equipment suppliers. SRK notes that Aker Kvaerner is the new name for Kvaerner Metals.

The plant capital cost of €114 M includes infrastructure and was provided by Aker Kvaerner.

With the exception of the underground mining costs, SRK notes that the quality of capital cost estimates for this report is at a Scoping / Prefeasibility level and requires further work to increase the level of accuracy from ±30%. The capital and operating cost figures generated in order to estimate reserves in this report contain no contingencies.

From the economic model developed for Skouries, SRK has estimated the total capital requirement over the life of mine (excluding any contingency or project financing costs) is in the order of €290 M. The maximum drawdown occurs in Year -1 during prestripping and is €170 M.

Operating costs have been provided in Table 3-5 as follows:

Table 4 : Summary of Operating Costs

Item	LoM average value	Source
Open pit mining cost	€2.05/t ore + waste	SRK, 2006
Underground mining cost	€6.05/t ore mined	SRK, 2006
Processing cost oxide ore	€3.53/t ore milled	EGL & HG/ Aker Kvaerner
Processing cost sulphide ore	€3.07/t ore milled	EGL & HG/ Aker Kvaerner
Tailings disposal cost	€0.38/t ore milled	EGL & HG/ Golders
G & A cost	€0.52/t ore milled	EGL & HG
Outsite services	€0.05/t ore milled	EGL & HG/ Aker Kvaerner

With the exception of the underground mining costs which are closer to a Feasibility Study level of accuracy, SRK notes that the accuracy of these cost estimates are at a Prefeasibility Study level. This implies an accuracy in the order of ±30%. For the economic evaluation required to generate a reserve statement, SRK has combined the capital and operating cost inputs with the mining schedule in order to generate an economic model in MS Excel for the life of mine. The model assumes contractor mining for both the open pit and underground operations. The model has been generated on a pre-tax and pre-finance basis. No royalties are applicable.

Appendix 3 – Summary of Technical Report Entitled “*Technical Report on the Skouries Project – Skouries Cu-Au Deposit, Greece*” Dated 25 May 2007

Results of the cashflow analysis indicate that using the metal price assumptions of US\$425/oz for Au and US\$1.10 per lb for Cu, the Skouries project is viable with a positive net present value. The Internal Rate of Return (IRR) is above the 10 % discount rate used in the base case.

SRK has used a base case discount rate of 10% at which the project is viable. Variations in this rate produce sharp changes in the Net Present Value (NPV). This suggests that securing capital at a low cost will be critical to ensure that financial returns on the project are maximised.

Table 5 : NPV Sensitivity to Discount rate

Discount rate	% change in NPV
2.5%	478
5.0%	259
7.5%	107
10.0%	0
12.5%	-77
15.0%	-133

Table 6 : NPV Sensitivity to Copper Price

Copper price US\$/lb	% Change in NPV
1.25	126
1.2	85
1.15	43
1.1	0
1.05	-43
1	-83

SRK notes that the project still has a positive NPV at all of the copper prices presented in the above table. For this analysis, the gold price was held at US\$425/oz.

SRK concludes that the level of data adequacy is considered sufficient for reporting Mineral Reserves, but further work is required to reach the level of a full and accurate revision of the June 1998 Feasibility Study. Based upon the assumptions in this report and the work carried out by SRK and other contributors, SRK opines that the Skouries project can be developed into a viable mining operation.

SRK further concludes that the Technical Report on the Skouries Project has met its objectives in determining the viability of the Skouries project based upon the work undertaken and the assumptions made in this report.

Appendix 4 – Summary of Report Entitled “*Technical Review of the Kassandra Mines Property, Chalkidiki Prefecture, Greece*” Dated 15 May 2004

APPENDIX 4

SUMMARY OF REPORT ENTITLED “*TECHNICAL REVIEW OF THE KASSANDRA MINES PROPERTY, CHALKIDIKI PREFECTURE, GREECE*” DATED 15 MAY 2004

At the request of European Goldfields Ltd, ACA Howe International Ltd (Howe) has prepared the following report on the Kassandra Mines in the Chalkidiki Prefecture of Greece. Hellas Gold SA, a company then owned by a Greek consortium, acquired the property from the Greek State. European Goldfields has acquired a 30% participation in the project on a fully diluted basis and Global Mineral Resources S.A.RL (GMR) is to subscribe for 21%. The deal has Parliamentary approval.

In early 2000 Dr Armstrong visited both sites and reviewed the geological interpretation and resource classification methodology. Since then no substantive changes have been made.

Mr. Parker visited the property between May 6th and May 8th 2004 and carried out site inspections of the three principal deposits, namely Olympias, Skouries and Stratoni. The principal features inspected were surface outcrops, surface facilities and general environmental conditions. During the course of the visit discussions were held with management, and environmental and exploration staff.

The report is based largely on documents in Howe's files on the property. Limited material recently received by European Goldfields and provided to Howe includes incomplete extracts from feasibility studies and limited historical data. Detailed discussions were held with TVX geological staff at the time of the Howe visit. Howe has conducted no independent sampling or resource re-estimation, though the resource methodology has been reviewed in detail and Howe considers that the estimates were conducted professionally and to current industry standards.

The property is located in the Chalkidiki peninsula, Northern Greece. It comprises a group of granted mining licences, covering 314 km², approximately 75 kilometres east of Thessaloniki. The property includes the Olympias and Stratoni Mines, both currently on care and maintenance and the Skouries copper/gold porphyry deposit.

European Goldfields Limited understands that the contract between Hellas Gold SA and the Greek State explicitly states that the new owners inherit no environmental liabilities. It is also understood that the contract calls for the refurbishment of the loading facility at Stratoni that served the mining operations; European Union grants are available for that purpose.

The TVX contract with the Greek State to put the Olympias project into production included special provisions taking precedence over general legislation to define the required permits and to define procedures and deadlines. Following their application, TVX estimated that permitting would take between 60 and 160 days. It is understood that there are to be relevant changes in favour of the new owners regarding timing and submission.

A long-term policy for rehabilitation of Olympias had to be put in place under the terms of TVX's contract. Environmental Impact Assessments were required prior to approval for working and Environmental Impact Studies were required for permitting. Regular audits were also a pre-requisite.

The Environmental Impact Study for Stratoni and Olympias was approved in January 1999, though following objections by local pressure groups, the latter was suspended pending archaeological studies and approval was finally granted in September 2000. However, following further objections from locals, the Olympias approval was again suspended and on March 2002 the Conseil d'Etat annulled the Olympias permits. The Stratoni approval was, however renewed in July 2001 retrospectively to January 2001, though applications to extend the mining under the village of Stratoni village were rejected after objections by the villagers, leading to a declaration

Appendix 4 – Summary of Report Entitled “*Technical Review of the Kassandra Mines Property, Chalkidiki Prefecture, Greece*” Dated 15 May 2004

of Force Majeure by TVX. The latter was lifted when the objections by the Mines Inspector were lifted, though subsequent appeals against mining led to a full hearing in June 2002 by the Conseil d'Etat against continuing mining operations.

In May 2003, TVX Hellas, now owned by Kinross, filed for bankruptcy, closing its operation. The mineworkers protested against the closure and in December 2003 the government announced a series of measures to compensate and assist the redundant workers, and to reopen the mines. After Kinross decided to disengage from Greece the property was sold, subject to parliamentary approval to the Greek consortium Hellas Gold SA.

The Olympias resources were estimated in 1999 as part of the feasibility study conducted by Kvaerner Metals. Six ore-zones were distinguished underground and the surface stockpiles were included as measured resources. The resource estimates shown below conform to the Mineral Resource definitions of the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) and may be regarded as current. M Hodgson FIMM BSc MSc C Eng EurGeol of TVX was the qualified person responsible for the resource estimate.

Category	Million Tonnes	Au g/t	Ag g/t	Pb %	Zn %
Measured *	10.096	9.03	112.96	3.64	4.89
Indicated	4.432	9.94	164.20	5.41	7.14
Inferred**	1.678	8.34	156.41	5.50	7.22
Total Measured and Indicated Resource	14.258	9.31	128.59	4.18	5.57

* Includes surface resources.

** Some 874,000 tonnes of inferred resources included in this total and grading 5.64 g/t Au, 132.60 g/t Ag, 4.90% Pb and 7.47% Zn were external to the block model utilised for reserve generation.

(...)

The mineralised zones are located within the Serbo-Macedonian massif, which comprises strongly tectonised and metamorphosed Palaeozoic rocks. The massif is locally subdivided into two northwest-trending units, namely the Vertiskos Formation to the west, and to the east the underlying Kerdillia Formation, consisting of gneiss with amphibolite and marble horizons. The interstratified carbonate rocks occur in various zones of structural weakness such as the regional faulting that affects the contact zone between the Kerdilla and Vertiskos Formations.

The Olympias massive stratabound polymetallic replacement deposit formed within marble controlled by low angle splays off the regional Straton Fault. The West orebody is approximately 250 metres long, plunges 1200 metres from surface to 500 metres in the southwest and is open down plunge. Its width varies between 5 to 15 metres. The East orebody width averages 75 metres in length and its average thickness is 7 metres. The mineralisation has been traced for 600 metres down plunge.

(...)

The Kerdilla and Vertiskos Formations have been intruded by Oligocene porphyry stocks and are separated by the arcuate Straton Fault. The Skouries sub-alkaline copper/gold porphyry deposit is an elliptical coarse-grained porphyritic syenite pipe some 250 metres by 150 metres in diameter, which has been traced to more than 800 metres in depth. Several parallel dykes of similar composition occur to the south of the main porphyry, have widths up to 10 metres along strike, lengths of up to 90 metres and are interpreted to represent apophyses from the main body. They have pervasively mineralised the host schist and almost double the extent of the mineralised zone below 300 metres depth.

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TVX identified a number of exploration targets in the vicinity of the known Olympias deposit and elsewhere in the licence areas. Exploration drilling at a number of these targets encountered encouraging results, but resource drilling has not been undertaken.

Howe’s inspection of the available data indicates that the TVX drilling at Olympias and Skouries was conducted to industry standards, though at Olympias restricted drill stations necessitated fanning of holes, resulting in an irregular distribution of intercepts in the mineralisation, varying from 10 to greater than 50 metres, though all holes were surveyed downhole for dip and azimuth. Core recoveries varied from 70 to 89% and averaged 88.6% after sub-60% recovery samples were excluded and eliminated from the resource estimation database. (...)

(...)

Quality control of sampling, sample preparation and assaying has been to a high standard with numerous protocols in place to ensure accuracy and lack of bias. Gold was determined using fire assay on 50 gm samples or screened fire assay on 250 gm samples. Base metals and silver were determined using Atomic Absorption techniques. Assays were conducted at independent, international accredited laboratories, with checks on coarse rejects and pulps. Density determinations were conducted at the TVX facility at Stratoni, with independent checks by external laboratories. Data verification procedures used by TVX at Olympias and Skouries were of a high standard and all data were audited and verified by independent, internationally recognised consulting firms during the feasibility studies.

(...)

Data on the grindability and flotation of the Olympias ore was obtained during plant operations. Gold Fields conducted Bioxidation pilot tests and cyanide leach tests were conducted at Gold Fields, Mintek and Lakefield Research. Alternative scenario involving roasting and pressure oxidation were also investigated. Lakefield conducted tests on ozone oxidation of thiocyanate for cyanide recovery. A conceptual processing flowsheet indicates that crushing and grinding would be followed at the mill by flotation, which would produce lead/silver, zinc and pyrite concentrates. Old tailings would be floated separately for pyrite concentration. The pyrite concentrates would be fed to a bioxidation plant, which would be washed and fed to a carbon-in-leach plant for gold winning. Following rejection of the bioxidation process route by the Greek Authorities, a dual process of bioxidation followed by pressure oxidation was proposed. Following completion of the modified feasibility study by Kvaerner, SNC Lavalin of Toronto were commissioned in 1999 to conduct the basic engineering study on the Olympias deposit.

(...)

The Olympias mine is currently developed to the deepest level by means of a ramp driven in the footwall of the West orebody. A vertical shaft is in place. At the time of suspension of operations, material mined from the West orebody was trucked to a single ore pass that fed an underground crusher. The proposed mining plan utilises as much of the existing infrastructure as possible. The existing main ramp will be extended to develop the West orebody and a new internal ramp will be utilised to develop the East orebody. A second ore pass will be constructed to serve the crusher station. It is planned to mine the deposit utilising trackless drift-and-fill methods at 2,700 tonnes per day. The projected mine life is 15 years.

(...)

Environmental Impact Studies were completed on the properties, but the initial acceptance by authorities was overturned immediately prior to the TVX bankruptcy and they would probably require updating. It is understood that the Government would expedite permitting upon approval of the purchase contract.

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It appears that the Greek Government is strongly in favour of the operations and is willing to expedite the permitting, though the operations have been constantly thwarted to date by the legal challenges of the anti-mining lobby. There is, however strong support for the projects from a pro-mining lobby and Howe understands, from the available information, that the technical and environmental studies completed to date and accepted by central Government have been conducted by internationally recognised consultants to European Union standards. There thus appear to be no informed technical arguments against the projects and success of the operation may depend on stronger interaction with the local people to address and allay their fears and emphasise the potential economic benefits to the area.

Howe concludes that the property includes two significant deposits, namely the partially developed Olympias polymetallic replacement deposit, which is currently on care and maintenance, and the Skouries porphyry copper/gold deposit. Both deposits have been subject to exhaustive studies by TVX, culminating in the production of full feasibility studies by internationally known independent consultants who audited and verified the database on which resource and reserve estimates were based. (...)

There appears to be considerable exploration potential on the property. Significant targets have been identified on the concession by TVX, though it is not known whether these have been followed up.

Howe recommends that the feasibility studies should be reviewed and modified to reflect current costs to permit the re-estimation of the reserves. The exploration targets identified by TVX should be reviewed and prioritised.

Appendix 5 – Summary of Technical Report Entitled “*Technical Report – Certej Gold Silver Project, Romania*” Dated 22 November 2007

APPENDIX 5

SUMMARY OF TECHNICAL REPORT ENTITLED “*TECHNICAL REPORT – CERTEJ GOLD SILVER PROJECT, ROMANIA*” DATED 22 NOVEMBER 2007

1 SUMMARY

1.1 Introduction

RSG Global was commissioned by European Goldfields Limited (“EGL”) and Deva Gold S.A. (“Deva Gold”) to undertake an independent technical report (“the Study”) on the Certej Gold-Silver Project (“the Project”), which lies within the Golden Quadrilateral mineral belt in Romania. Deva Gold is an 80%-owned subsidiary of EGL.

This report is to comply with disclosure and reporting requirements set forth in National Instrument 43-101 (“the Instrument”), Companion Policy 43-101CP and Form 43-101F1.

The Study’s main objective was to assess the economic viability of exploiting the resources at the Project.

1.2 Location

The Project is located in western Romania, approximately 135km east of Timisoara and 15km north northeast of the regional centre of Deva, at a latitude of 45:59:47N and longitude of 22:59:32E (Figure 3_1). The principle area of exploration is situated within the Golden Quadrilateral in the Apuseni Mountains.

1.3 Ownership

Deva Gold hold a 100% interest in the Certej property. Deva Gold is 80%-owned by EGL. The remaining 20% of Deva Gold is held by Minvest S.A. (19.25%), a Romanian state-owned mining company, and three minority Romanian shareholders (0.75%).

1.4 Project Status

In September 2006 the Hunedoara County Council issued a General Urbanisation Certificate for the Certej project. The certificate confirms the designation of Certej as an industrial mining area and confirms local community support for the project. This certificate is the first official step in the permitting process for Certej.

European Goldfields completed the necessary Environmental Impact Assessments (Levels I and II) and a Social Impact Assessment Study in support of its permit application to develop the Certej project.

In March 2007, European Goldfields submitted a Technical Feasibility Study (“TFS”) to the Romanian government, in support of its permit application to develop the Certej project.

Work is now progressing on the Certej environmental impact study (“EIS”), which is due for completion in December 2007.

Once the EIS is completed, European Goldfields expects to complete a full feasibility study in early 2008.

All mining permits and a detailed urbanisation plan are expected by mid-2008 following a standard public consultation process with the local community.

Appendix 5 – Summary of Technical Report Entitled “*Technical Report – Certej Gold Silver Project, Romania*” Dated 22 November 2007

1.5 Mineral Resource

The Study was based on the resource estimates as described in this report. The resource estimates were generated and reported in accordance with the Instrument and the classifications adopted by Canadian Institute of Mining (CIM) Council in November 2004.

The Mineral Resource estimates determined for the Project as at 9 October 2007, based on a 0.8g/t Au cutoff, are summarised in the Table 1.5_1.

Table 1.5_1 Certej Gold Silver Project Resource Summary at 0.8g/t Au cutoff					
Resource Category	Tonnes (Mt)	Gold		Silver	
		Grade (g/t)	Metal (Moz)	Grade (g/t)	Metal (Moz)
Measured	3.9	2.3	0.3	5	0.7
Indicated	37.6	1.9	2.3	11	13.7
Measured and Indicated	41.6	2.0	2.6	11	14.3
Inferred (West and East)	3.4	1.6	0.2	4	0.4
Inferred (Far West and Central)	3.8	1.4	0.2	8	1.0
Inferred (total)	7.1	1.5	0.3	6	1.4

Note: Uniform conditioning and a 12.5mE x 6.25mN x 2.5mRL selective mining unit reported for the west and eastern domains and ordinary kriging for the far west and central domains. Small numeric differences may occur due to number rounding.

1.6 Mineral Reserves

The Mineral Reserves that were determined for the Project are summarised in Table 1.6_1.

Table 1.6_1 Certej Gold Silver Project Mineral Reserve Summary					
Reserve Classification	Tonnes (Mt)	Grade		Metal (Insitu)	
		Au (g/t)	Ag (Moz)	Au (Moz)	Ag (Moz)
Probable	32.8	2.0	11.4	2.1	12.0

This reserve estimate has been determined and reported in accordance with Canadian National Instrument 43-101, ‘Standards of Disclosure for Mineral Projects’ of December 2005 (the Instrument) and the classifications adopted by CIM Council in November 2004.

No Proven Mineral Reserves were determined for the Project because further work is required to increase the accuracy levels of some of the economic input parameters.

1.7 Development and Operations

Deva Gold completed an in-house pre-feasibility study in July 2005, which incorporated the results of a metallurgical test program to produce a gold and silver concentrate. Subsequent test work confirmed improved metallurgical recoveries by means of the Albion process, which is a combination of ultra-fine grinding of concentrates and oxidative leaching at atmospheric pressure. The liberated gold and silver is then recovered as doré by the conventional Carbon in Leach process. This technical report confirmed that exploitation of the Certej Gold Silver deposit, producing gold doré, is economically viable.

It is envisaged that the project could mine and process 3.0Mt per annum (“Mtpa”) over approximately eleven years. This would yield approximately 160,000oz of gold and 800,000oz of silver per annum.

All ore and waste will be mined via conventional, open pit mining methods, using an owner-mining scenario. The operation is planned to utilise selective mining techniques to separate ore

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and waste. The mining equipment that is considered to be suitable for the Project would include 100 tonne to 180 tonne, back hoe configured, hydraulic excavators for ore zone mining and off-highway haul trucks with a payload capacity of between 65 tonne to 100 tonne. Provision has been made for drilling and blasting from surface.

Deva Gold will employ approximately 130 people throughout the operating phase of the project. Initially selected posts requiring specific skills or experience will be filled by expatriates. In addition to performing their job function, expatriate personnel will be expected to transfer knowledge and expertise in order to develop the capabilities of the national staff. In the longer term, it is anticipated that nationals of Romania will fill most operating and management positions within the company. In addition, the mining department will employ approximately 200 people for a total for the Project of 330 people.

The primary source of raw water will be from the existing water extraction system from the river Mures. In addition, water will be reclaimed from the tailings thickener and from the Tailings Management Facility (“TMF”). The raw water will be pumped to a raw water tank located close to the plant and used to supply water to the plant as well as supplying the process water tank.

Electrical power requirements for the Certej Project are around 25MW. The existing plant is supplied by an 110kV overhead power line that links into the main grid system at Paulis. It is intended to utilise this line and extend it to the new process plant area.

Potable water will be supplied to the plant using the existing system.

1.8 Project Implementation

Work is progressing on the Certej environmental impact study (“EIS”), which is due for completion in December 2007 after some contributory studies are finalised. The EIS will have been carried out over a period of a year to cover the four seasons for accumulating certain required base line data. The EIS is a detailed multi-discipline study assessing the environmental, social and health impacts of the project on the affected area.

Once the EIS is completed, European Goldfields expects to complete a full feasibility study in early 2008.

All mining permits and a detailed urbanisation plan are expected by mid-2008 following a standard public consultation process with the local community.

Appendix 6 – Summary of Report Entitled “*Technical Review of a Portfolio of Properties in Romania*” Dated 10 March 2004

APPENDIX 6

EXECUTIVE SUMMARY OF REPORT ENTITLED “*TECHNICAL REVIEW OF A PORTFOLIO OF PROPERTIES IN ROMANIA*” DATED 10 MARCH 2004

At the request of European Goldfields Ltd (European Goldfields) ACA Howe International Limited (Howe) has prepared the following independent technical report on European Goldfield’s exploration projects in Romania.

European Goldfields has an 80% interest in Deva Gold SA (Deva Gold) which was formed to act as the incorporated joint venture to explore and develop concessions in the Golden Quadrilateral area of the Apuseni Mountains in western Romania, once the most prolific gold-producing region in Europe. The Romanian State mining company, Minvest SA. (Minvest) has an 19.25% interest and the remaining 0.75% is held by three minority Romanian shareholders. Deva Gold holds title to four concessions in the Apuseni Mountains area, namely Certej, Baita-Craciunesti, Bolcana, and Zlatna, which initially totalled 154.3 km², though following relinquishment of some 50% of the Baita-Craciunesti licence as required under the mining law, the total is currently 146.22 km². A fifth concession was recently acquired through European Goldfields Romania SRL, a wholly owned subsidiary of European Goldfields. The 49.21 km² Voia licence is situated contiguous to the north of the Certej licence.

The joint venture agreement was based on future funding only, with no up-front payment from European Goldfields. A total expenditure of US\$6,808,841 was required to acquire the current 80% interest in Deva Gold. To date, European Goldfields has expended US\$16,381,494 in total, which more than meets the overall expenditure commitments on the Certej, Bolcana and Baita-Craciunesti licences and leaves a credit balance. The excess expenditure will be credited against a future increase in European Goldfield’s interest. An additional expenditure of US\$1,373,512 is required on the 100% owned Voia concession to meet the overall commitment.

All permits and required approvals are reportedly in place. The title documents for all concessions have been viewed by Howe, though Howe is not qualified to perform a legal due diligence on title and has relied on European Goldfields for assurance of title legality.

The Certej Exploitation Licence

(...)

The Baita-Craciunesti Exploration Licence

This was granted on 9th December 1999 for a period of 5 years with a right to extend for a further 3 years. It originally covered an area 16.194 km², and some 50% of the property was relinquished by the end of 2002, so the licence currently covers 8.02 km².

The western part property is underlain by Jurassic limestones and pillow basalts, overlain by a zone of rhyodacite intrusions and flows in the northwest of the property. The eastern part of the licence is underlain by Neogene extrusive and intrusive andesites and Miocene sediments occur in a broad zone from the northeast to the south of the concession. Mineral deposits include the Troita zone, a north-trending vein system, and the Teascu zone. The mineralisation found within the area includes both epithermal and mesothermal precious and base metal occurrences. Numerous gold bearing veins swarms and disseminated mineralised zones are developed:

- The **Craciunesti** prospect consists of a series northwest-trending quartz veins hosted within an altered Tertiary sub-volcanic rhyodacite intrusion and associated extrusive rocks. Tectonic breccias have been mapped underground over widths exceeding 50m and for a minimum strike length of 600m, which may carry grades between 0.2 and 7.5g/t Au and approximately 12g/t Ag.

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- The **Troita** project comprises a vein swarm includes, from north to south, the Creanga, Anton, Troita and Pitigus zones. High-grade gold and silver mineralised veins and breccias are present, as are disseminated mineralised zones with pervasive silicification.
- The **Teascu** zone, lies to the south along strike from the Troita project and includes veins, stockworks and breccias with high gold grades as well as disseminated gold-silver mineralisation.

A surface geochemical sampling programme has evaluated the gold potential of targets defined by a regional aeromagnetic survey. Anomalous results to the south of Teascu and at Craciunesti have been investigated by surface and underground sampling and diamond drilling. Additional sampling to the north of Bolcana has extended the known anomalous zone to the north and west, though sampling to the east of Bolcana has produced no anomalous results.

Underground channel sampling at the Troita prospect by European Goldfields indicated widely separated narrow zones that ranged between 0.8 and 2.03 g/t Au, associated with elevated basemetal values. The higher grade intercepts between the main veins are generally narrow and no major, continuous zones have been indicated. Surface channel sampling has been completed along the strike of the Pitigus vein, with several anomalies indicated.

Surface drilling at Teascu Prospect has extended the known mineralisation down dip and the zone remains open. Significant values typically range between 0.8 to 3.2 g/t Au and silver values fall between 1 to 4 g/t Ag. The mineralisation is some 25 metres wide, with additional zones of variable width in the foot wall and hanging wall and appears to have potential for the development of a satellite open pit. Mineralisation occurs on a parallel ridge to the east, stratigraphically above the main zone, which could increase the open pit potential of the deposit. A reconnaissance induced polarisation geophysical survey has confirmed that the known mineralisation continues to depth and a major anomaly has been identified to the east of the Teascu deposit that extends for over 500 metres and coincides with trenches that are anomalous in gold.

At Craciunesti, significant narrow, widely spaced, high grade intervals are recorded, ranging in width from 1 to 6 metres and averaging between 0.8 g/t and 22.04 g/t Au. Surface channel sampling has shown the mineralisation to be hosted in narrow sub-vertical, silicified veins. Gold values range from 1 to 3 g/t over 1 metre, with occasional higher values, while silver averages 2-4 g/t. Drilling has outlined several high grade zones and further drilling is to be conducted to establish the continuity and geometry of the mineralisation.

European Goldfields plan to expend US\$1,168,496 on the tenement during 2004. Howe considers that the proposed work programme, which includes drilling on Craciunesti, further drilling on the Teascu project, resource estimations on both targets and limited metallurgical testwork is justifiable and the costs realistic.

The Bolcana Exploitation Licence

(...)

The Zlatna Exploitation Licence

(...)

The Voia Exploration Licence

European Goldfields holds a 100% interest in the 49.21 square kilometre (4,921 hectare). The license was issued on 29th March, 2002 for a period of 5 years, with the option to extend, on application, for a further 3 years. The licence area is accessible by a sealed road by dirt roads

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and foot tracks. The licence lies contiguous to the north of the Certej licence and has similar geology. Mineralisation consists of porphyry style-copper and associated vein-type and disseminated epithermal gold-silver, gold-copper and base metal mineralisation, contained within extensive zones of alteration:

- The **Voia** porphyry copper deposit is hosted in a Neogene andesitic plug.
- The **Paraul lui Avram** prospect is situated some two kilometres to the southeast of the Voia deposit and reportedly comprises a number of veins, breccias and zones of disseminated mineralisation.
- The **Stogul** epithermal vein swarm lies to the northeast of the Bolcana deposit within an extensive zone of argillic alteration.
- **Stogul West** occurs immediately north of Bolcana and also includes quartz-calcite-clay-sulphide veining.
- The **Draica** prospect lies some 3 kilometres along strike to the northwest of the Stogu prospect and reportedly comprises similar epithermal-style veining, contained within the same extensive zone of argillic alteration.

European Goldfields has completed regional mapping. Assaying of grab samples has returned a few anomalous gold values from a variety of rock types. Geochemical soil sampling has been completed.

The Company plans to expend US\$301,058 on the concession in 2004. Administration costs amount to an additional US\$109,776. The programme includes the drilling of the Voia porphyry and the Paraul lui Avram target. Howe has examined the proposed programme and considers that it is justifiable and the budget is reasonable and in line with local costs.

Appendix 7 – Terms of Reference for the Audit Committee

APPENDIX 7

Terms of Reference for the Audit Committee

Reference to “**the Committee**” shall mean the Audit Committee.

Reference to “**the Board**” shall mean the Board of Directors of the Company.

Reference to “**the Company**” shall mean European Goldfield Limited.

1. Constitution

The Committee will be established by resolution of the Board and will be known as the Audit Committee. The Committee will be in full compliance with these terms of reference by the date of the Company’s first annual general meeting held after 1 July 2004.

2. Membership

2.1 Members of the Committee shall be appointed by the Board amongst the directors of the Company. The Committee shall be made up of at least three members.

2.2 All members of the Committee shall be independent to the extent that they have no direct or indirect relationship with the Company which could, in the view of the Board, reasonably interfere with the exercise of the member’s independent judgement. In addition, all members of the Committee will, either at the time of their appointment to the Committee or within a reasonable period of time after their appointment be financially literate to the extent that they have the ability to read and understand a set of financial statements that present the breadth and level of complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements.

2.3 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chairman of the Board, Chief Executive, Finance Director, other directors, the heads of risk, compliance and internal audit and representatives from the finance function may be invited to attend all or part of any meeting as and when appropriate.

2.4 The external auditors will be invited to attend meetings of the Committee on a regular basis.

2.5 Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three year periods, provided the director remains independent.

2.6 The Board shall appoint the Committee Chairman who shall be an independent non-executive director. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

3. Secretary

3.1 The members of the Committee shall appoint the Secretary of the Committee.

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4. Quorum

- 4.1 The quorum necessary for the transaction of business shall be two members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

5. Frequency of Meetings

- 5.1 The Committee shall meet at least four times a year at appropriate times in the reporting and audit cycle and otherwise as required.

6. Notice of Meetings

- 6.1 Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of any of its members or at the request of external or internal auditors if they consider it necessary.
- 6.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other non-executive directors, no later than 5 working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

7. Minutes of Meetings

- 7.1 The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- 7.2 The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 7.3 Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board.

8. Annual General Meeting

- 8.1 The Committee Chairman shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.

Appendix 7 – Terms of Reference for the Audit Committee

9. Duties

The Committee should carry out the duties below for the parent company, major subsidiary undertakings and the group as a whole, as appropriate.

9.1 Financial Reporting

The Committee shall monitor the integrity of the financial statements of the Company, including its annual and interim reports, preliminary results' announcements and any other formal announcement relating to its financial performance, reviewing significant financial reporting issues and judgements which they contain before any such information is disclosed to the public. The Committee shall also review summary financial statements, significant financial returns to regulators and any financial information contained in certain other documents, such as announcements of a price sensitive nature.

The Committee shall periodically review and satisfy itself as to the adequacy of the procedures in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, including reviewing and challenging where necessary:

- (i) the consistency of, and any changes to, accounting policies both on a year on year basis and across the Company;
- (ii) the methods used to account for significant or unusual transactions where different approaches are possible;
- (iii) whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
- (iv) the clarity of disclosure in the Company's financial reports and the context in which statements are made; and
- (v) all material information presented with the financial statements, such as the operating and financial review and the corporate governance statement (insofar as it relates to the audit and risk management).

The Committee shall review the annual financial statements of the pension funds (if applicable) where not reviewed by the Board as a whole.

9.2 Internal Controls and Risk Management Systems

The Committee shall:

- (a) keep under review the effectiveness of the Company's internal controls and risk management systems; and
- (b) review and approve the statements (if any) to be included in the Annual Report concerning internal controls and risk management.

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9.3 Whistleblowing

The Committee shall review the Company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. Such arrangements will provide for confidential, anonymous submission by employees regarding questionable accounting or auditing matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.

The Committee shall establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters.

9.4 Internal Audit

To the extent that the Company adopts an internal audit function, the Committee shall:

- (a) monitor and review the effectiveness of the Company's internal audit function in the context of the Company's overall risk management system;
- (b) approve the appointment and removal of the head of the internal audit function;
- (c) consider and approve the remit of the internal audit function and ensure it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards. The Committee shall also ensure the function has adequate standing and is free from management or other restrictions;
- (d) review and assess the annual internal audit plan;
- (e) review promptly all reports on the Company from the internal auditors;
- (f) review and monitor management's responsiveness to the findings and recommendations of the internal auditor; and
- (g) meet the head of internal audit at least once a year, without management being present, to discuss their remit and any issues arising from the internal audits carried out. In addition, the head of internal audit shall be given the right of direct access to the Chairman of the Board and to the Committee.

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9.5 External Audit

The Committee shall:

- (a) consider and make recommendations to the Board, to be put to shareholders for approval at the AGM, in relation to the appointment, re-appointment and removal of the Company's external auditor. The Committee shall oversee the selection process for new auditors and if an auditor resigns the Committee shall investigate the issues leading to this and decide whether any action is required;
- (b) oversee the relationship with and work of the external auditor including (but not limited to):
 - (i) considering and making recommendations to the Board respecting approval of their remuneration; whether fees for audit or non audit services and that the level of fees is appropriate to enable an adequate audit to be conducted;
 - (ii) approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
 - (iii) assessing annually their independence and objectivity taking into account relevant UK and Canadian professional and regulatory requirements and the relationship with the auditor as a whole including the provision of any non audit services;
 - (iv) satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the Company (other than relationships permitted by Canadian regulatory requirements governing the composition and conduct of the Committee);
 - (v) reviewing and approving the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the issuer, and monitoring the implementation of such policies;
 - (vi) monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and other related requirements; and
 - (vii) assessing annually their qualifications, expertise and resources and the effectiveness of the audit process which shall include a report from the external auditor on their own internal quality procedures;
- (c) meet regularly with the external auditor, including once at the planning stage before the audit and once after the audit at the reporting stage. The Committee shall meet the external auditor at least once a year, without management being present, to discuss their remit and any issues arising from the audit;
- (d) review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement;
- (e) review the findings of the audit with the external auditor. This shall include but not be limited to, the following:

Appendix 7 – Terms of Reference for the Audit Committee

- (i) a discussion of any major issues which arose during the audit;
- (ii) any accounting and audit judgements; and
- (iii) levels of errors identified during the audit;

The Committee shall also review the effectiveness of the audit.

- (f) review any representation letter(s) requested by the external auditor before they are signed by management;
- (g) review the management letter and management's response to the auditor's findings and recommendations;
- (h) develop and implement a policy on the supply of non-audit services by the external auditor, taking into account any relevant ethical guidance on the matter, and be required to give its pre-approval to all non-audit services to be provided to the Company or its subsidiaries by the external auditor; and
- (i) take direct responsibility for the resolution of disagreements between management and the external auditor regarding financial reporting.

9.6 Reporting Responsibilities

- (a) The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- (b) The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- (c) The Committee shall compile a report on its activities, which may be included in the Company's Annual Report.

Appendix 7 – Terms of Reference for the Audit Committee

9.7 Other Matters

The Committee shall:

- (a) have access to sufficient resources in order to carry out its duties, including access to the Company secretariat for assistance as required;
- (b) be provided with the opportunity to attend appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- (c) give due consideration to laws and regulations, the provisions of the Combined Code and the requirements of the UK Listing Authority's Listing Rules as appropriate;
- (d) give due consideration to laws and regulations as required by the Toronto Stock Exchange;
- (e) be responsible for co-ordination of the internal and external auditors;
- (f) oversee any investigation of activities which are within its terms of reference and act as a court of the last resort; and
- (g) at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

9.8 Authority

The Committee is authorised:

- (a) to seek any information it requires from any employee of the Company in order to perform its duties;
- (b) to obtain, at the Company's expense, outside independent legal or other professional advice on any matter within its terms of reference;
- (c) to call any employee to be questioned at a meeting of the Committee as and when required;
- (d) to set and pay the compensation for any advisers engaged by the Committee; and
- (e) to communicate directly with the internal and external auditors of the Company.

* * * * *