

**TECHNICAL REVIEW OF THE KASSANDRA MINES
PROPERTY, CHALKIDIKI PREFECTURE, GREECE**

For

EUROPEAN GOLDFIELDS LIMITED

by

A C A HOWE INTERNATIONAL LIMITED

Behre Dolbear International

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3.0 SUMMARY

At the request of European Goldfields Ltd, ACA Howe International Ltd (Howe) has prepared the following report on the Cassandra 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 Stratoniki 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 Stratoniki approval was, however renewed in July 2001 retrospectively to January 2001, though applications to extend the mining under the village of Stratoniki village were rejected after objections by the villagers, leading to a declaration 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 Bsc Msc FIMM 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 | 14.528 | 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.

A resource estimation of the Skouries deposit was completed, under the supervision of M Hodgson Bsc Msc FIMM C Eng EurGeol of TVX as the qualified person, as part of a feasibility study by NCL Ingenieria y Construcción S.A, Steffen, Robertson and Kirsten and Kvaerner Metals Stockton and Kvaerner Metals Toronto. The resource estimation utilised block modelling. A range of cut-off grades was applied to blocks within the model. The figure shown below utilised a 0.4 g/t Au cut-off. (gold price at the time was \$300 and copper was US\$0.80/lb, though only the gold grade and not a gold equivalent grade including copper value were taken into account when setting the cut-off grades.) The Skouries resource estimate dated December 1998 is summarised below:

| Resource Category | Million Tonnes | Au g/t | Cu % |
|--|-----------------------|---------------|-------------|
| Measured | 180.398 | 0.83 | 0.55 |
| Indicated | 10.835 | 0.61 | 0.47 |
| Inferred | 14.822 | 0.60 | 0.45 |
| | | | |
| Total Measured and Indicated Resource | 191.233 | 0.81 | 0.54 |

Reserves were also estimated at that time, within and beneath a conceptual pit, but re-estimation is required, as current economic factors have changed. These reserves should be regarded as historical.

| Probable reserves | Million Tonnes | Au g/t | Cu % |
|--------------------------------|-----------------------|---------------|-------------|
| Oxide | 24.7 | 0.99 | 0.57 |
| Sub-level caving | 45.4 | 1.08 | 0.61 |
| Block caving | 57.83 | 0.68 | 0.49 |
| | | | |
| Total Probable reserves | 127.93 | 0.88 | 0.55 |

The mineral resources and reserves quoted above were verified and audited by Behre Dolbear of New York and SRK of the UK and subsequently, independent companies Kvaerner Metals and NCL Ingenieria y Construcción S.A have verified and audited the resources during the current preparation of feasibility studies on the deposits.

M Hodgson BSc MSc FIMM C Eng EurGeol. was the qualified person who estimated resources and reserves for Mavres Petres in December 2002, following CIM definition guidelines. However, the reserves were generated using economic factors that were then current and so now require updating to reflect current economic conditions.

| Table 3.5 | | | | |
|---|--------------|---------------|---------------|-----------------|
| STRATONI OPERATIONS – HISTORICAL RESERVES* December 2002 (Mavres Petres) | | | | |
| Reserve category* | Mt | Pb (%) | Zn (%) | Ag (g/t) |
| Proven | 0.867 | 7.53 | 9.49 | 178 |
| Probable | 0.775 | 7.71 | 11.09 | 179 |
| Total Reserves* | 1.642 | 7.62 | 10.25 | 179 |

*Note that reserves were converted from resources utilising economic and mining factors then in place which would require updating to meet current costs and thus do not meet the requirements for reserves of NI 43-101

| Table 3.6 | | | | |
|--|--------------|---------------|---------------|-----------------|
| STRATONI OPERATIONS – CURRENT RESOURCES December 2002 | | | | |
| Resource category | Mt | Pb (%) | Zn (%) | Ag (g/t) |
| Measured | 1.346 | 8.51 | 10.72 | 202 |
| Indicated | 0.875 | 8.74 | 12.56 | 203 |
| Inferred Resource | 0.375 | 8.00 | 11.50 | 180 |
| Total Measured and Indicated Resources | 2.221 | 8.60 | 11.44 | 202 |

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 splay off the regional Stratoni 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 Madem Lakkos and Mavres Petres mines worked replacement-style polymetallic sulphide mineralisation hosted in marble horizons controlled by faulting.

The Kerdilla and Vertiskos Formations have been intruded by Oligocene porphyry stocks and are separated by the arcuate Stratoni 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.

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. Skouries was drilled on a regular 50 metre grid and all holes were surveyed. Samples contained within the porphyry had an average recovery of 93.37%, while those in the schist averaged 89.91% recovery.

Underground drilling was conducted at the Stratonis for resource estimation and to explore for additional ore. From 1999, the holes were surveyed. There are no details concerning core recovery.

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 Stratonis, 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 verification at the Stratonis Mines appears to have been conducted to a high standard prior to and during resource estimations, Chemex carried out external checks on 10% of samples with satisfactory results.

Data on the grindability and flotation of the Olympias ore was obtained during plant operations. Gold Fields conducted Biooxidation pilot tests and cyanide leach tests were conducted at Gold Fields, Mintek and Lakefield Research. Alternative scenarios 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 biooxidation plant, which

would be washed and fed to a carbon-in-leach plant for gold winning. Following rejection of the biooxidation process route by the Greek Authorities, a dual process of biooxidation 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.

Kvaerner Metals utilised TVX's metallurgical testwork results at Skouries in their feasibility study. MacPherson and Minnovex conducted grinding testwork. Flotation testwork by Lakefield determined plant residence times and indicated that a 26% copper concentrate would be recoverable from the sulphide ores. Much gold would also be recovered in the flotation concentrate. Testwork by SW Metallurgical Services showed that 30% of the gold is recoverable by gravity separation prior to flotation. The gold from the gravity circuit would be recovered as a doré product. Mineralogical investigations conducted by AMTEL demonstrated that the gold contains 6.5 to 11.4% silver.

At the Stratoni mines, lead was floated first, then zinc. In 2001, the ore averaged 7.65% Pb, 10.83% Zn and 197.2 g/t Ag. Lead concentrate grades averaged 71.6% and lead recovery from the concentrates was 92%. An average of 1.3 g/t Au was contained within the concentrate. Zinc concentrate grade averaged 52.1% and zinc recovery averaged 92%.

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.

Skouries is designed to be mined in three overlapping phases, commencing with an open pit operation, succeeded by sublevel caving and finally block caving. The open pit would be mined for 4 years. Beneath the pit, ore would be extracted from 8 sublevel/front cave horizons, developed at 30 metre intervals. This phase would overlap the last two years of open pit operation and continue for a further 7 years. Block caving would be conducted deeper in the mine. This phase would run concurrently with the sub-level caving for the first two years, then continue for a further 8 years. Projected production is around 20 to 25,000 tonnes per day.

In 1998, a combination of cut and fill and undercut and fill, which replaced the earlier sub-level-caving, was used at Madem Lakkos. Two shafts access the mine. The main shaft has a hoisting capacity of 1,200 tonnes per day. Rock was hoisted to a rail haulage at +65 masl and was transferred to the +53 masl rail haulage level. The latter extends 2.3 kilometres to the ore and waste bins at surface at Stratoni. These are 0.6 kilometres by road from Stratoni mill. At Mavres Petres TVX utilised a combination of transverse and longitudinal cut and fill.

Production at Madem Lakkos was being run down in 2002 and was scheduled to finish at the end of June. At the same time, production at Mavres Petres was building up to about 1,200 tonnes per day at the end of 2002. This production was scheduled to continue through to 2007.

At the time of closure, TVX had sales contracts with Glencore, Trafigura, Newco, Mytilineos, Euromin, Brandeis and ENI for both lead and zinc concentrates from the Stratoni mines and these were scheduled to continue beyond the closure date to at least 2003. No further details are available to Howe, although these aspects would be covered in the proposed due diligence study. No details are available to Howe on the marketing of the concentrates from Olympias or Skouries.

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.

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. Currently the

Madem Lakkos and Mavres Petres mines are on care and maintenance. Developed resources are in place at Mavres Petres.

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.

4.0 INTRODUCTION AND TERMS OF REFERENCE

At the request of E Baer, CEO of European Goldfields Limited (European Goldfields), Dr C Armstrong, Dr D Patrick of ACA Howe International Ltd (Howe), and Mr R Parker of Behre Dolbear & Company Inc who are qualified persons under National Instrument 43-101, have conducted a review of available technical information on the Kassandra Mines area of Greece.

On December 12th 2003, Hellas Gold SA (a Greek consortium, having Dimitrios Koutras, President of the construction company Aktor S.A. and Greek Mines SA as principal shareholders) contracted to purchase the Kassandra Mine assets from the Greek State. These assets formerly owned by Kinross /TVX Hellas SA and TVX Gold Inc., comprise of 314 km² of mining concessions, located in the Chalkidiki Prefecture of Northern Greece, encompassing the Stratoni mine, and Olympias and Skouries deposits. On February 6th 2004, European Goldfields Ltd, through a wholly-owned subsidiary, European Goldfields (Greece) BV, entered a shareholders agreement to acquire a 30% interest in Hellas Gold SA, on a fully diluted basis. GMR has the right to subscribe for 21% in which case Hellas Gold SA will be held 30% European Goldfields (Greece,) BV, 21% GMR and the remaining 49% by Dimitrios Koutras and Greek Mines SA.

Dr Armstrong visited the property and reviewed the geological interpretation and resource classification methodology on 19th and 20th January 2000, and was comfortable with both aspects. No substantive changes have since been made. The resource estimates are still current and meet NI 43-101. requirements.

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 has been prepared as a precursor to a full technical due diligence on the property and to provide the TSXV with an understanding of the project and the viability of the assets and has been prepared in accordance with Canadian National Instrument (NI) 43-101 guidelines.

The report is based on documents in Howe's files on the geological setting, style and geochemistry of mineralisation located on the property and resource and reserve methodologies. Data provided by Hellas Gold SA and TVX Hellas/Kinross to European Goldfields has been reviewed; it comprises incomplete extracts from feasibility studies and limited historical data. Detailed discussions were held with TVX geological staff at the time of the Howe visit and subsequently discussions have been held with M Hodgson, the qualified person at TVX Hellas.

5.0 DISCLAIMER

No independent sampling has been conducted by Howe. The Skouries core is stored in Manitoba on a Kinross property, while the Olympias core is held in containers in Thessaloniki port and is not readily accessible. Coarse rejects and pulps from drilling are held by the assay laboratory, but there is adequate documentation regarding QA/QC, so it is not considered that reassaying prepared samples would add to the confidence in the data base, which has been audited by internationally known consultants. Howe has conducted a detailed analysis of the methodologies used and fully reviewed the database used in the resource estimations. In Howe's opinion, the work was conducted professionally to the industry standards in place at the time. The mineral resources and reserves quoted in this report for Olympias and Skouries were estimated as part of the feasibility study conducted by Kvaerner Metals. The work was subsequently verified and audited by the independent company Behre Dolbear who concluded that the estimations were carried out with a high degree of professionalism. The resource and reserve estimates followed the CIM guidelines currently utilised by NI 43-101, though because cost and financial factors utilised in reserve generation have changed, the reserve estimates should only be regarded as historical. SNC Lavalin has conducted basic engineering studies on the Olympias project subsequent to the feasibility study, though Howe has not viewed this work. Howe has fully relied upon the information in the available data packages and reports supported by information from discussion with TVX personnel in order to determine property boundaries and status. The reserves for the Stratoni mines were estimated by TVX and in Howe's opinion the work met industry standards at the time. These estimations also followed the CIM reserve/resource guidelines but require updating to meet current economic conditions to fulfil NI 43-101 requirements, so these estimates must be viewed as historical.

6.0 PROPERTY DESCRIPTION AND LOCATION

The property is located in the Chalkidiki peninsula, Northern Greece. It comprises a group of granted mining licences, covering 314 km², approximately 100 kilometres east of Thessaloniki (Figure 1). The property is centred on co-ordinates 474000E and 4488000N of the Hellenic Geodetic Reference System HGRS '80, Ellipsoid GRS80, (approximately Latitude 40° 36' and Longitude 23°50'). It is understood that the property has been legally surveyed.

Under the contract between Hellas Gold SA and the Greek Government, all licences and approvals issued by an administrative or other government authority and which expired before December 31st 2006 are automatically extended to December 31st 2006. No information is available on the expenditures required to maintain the property. The property includes the Olympias, Madem Lakkos and Mavres Petres Mines, which are currently on care and maintenance, and the Skouries copper-gold porphyry deposit. The Madem Lakkos and Mavres Petres mines (collectively termed the Stratoni Mines) had their operations suspended pending receipt of government authorisation by Kinross, who took over the TVX interest in the property, although they then subsequently decided not to re-open the mine.

European Goldfields understands that the contract agreed with the Greek Government also calls for the refurbishment of the port facility at Stratoni that served the mining operations. European Goldfields state that certain European Union grants are available that can be allocated for this purpose.

It is not known whether the property is currently subject to any royalties or encumbrances. European Goldfields understands that the terms of the contract with the Greek Government explicitly state that no environmental liabilities arising before the date of ratification of the contract are to be inherited by the new owners.

The TVX contract to put the Olympias project into production included special provisions that took precedence over general legislation defining the required permits, procedures and deadlines. Following TVX's application, it is estimated that permitting will take between 60 and 160 days. It is understood that there will be relevant changes in favour of the new owners as regards timing and submission.

The principal permits required for the Olympias and Skouries projects to proceed were:

- Location pre-approval issued by the Ministries of Environment and Industry,
- Environmental impact study issued by the Ministry of Environment,
- Construction issued by the Ministry of Industry and;
- Operating issued by the Ministry of Industry.

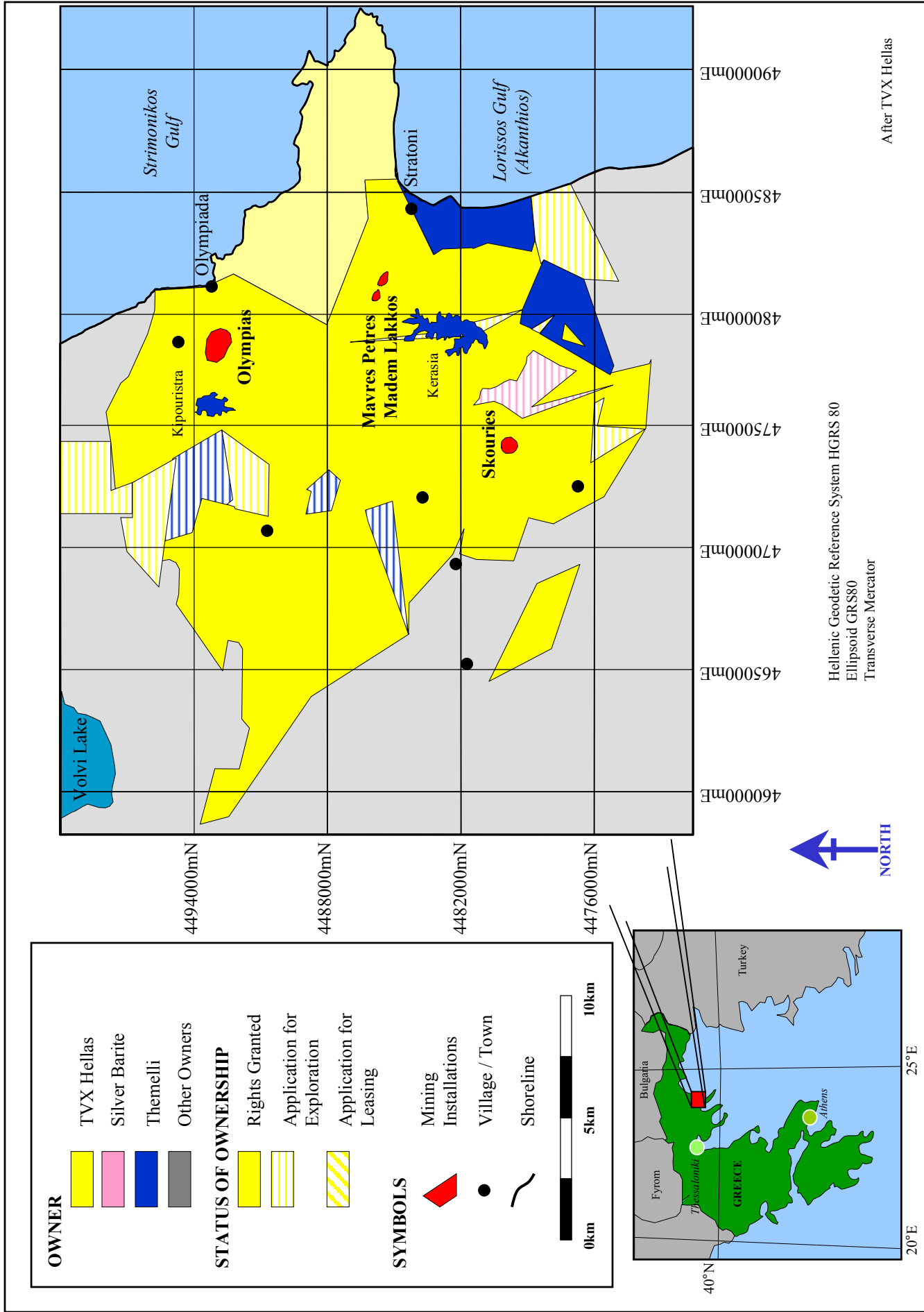


Figure 1. Location Map



In detail, the following permits and approvals were also required:

- Approval of mining exploitation technical study by the Ministry of Development,
- Approval of environmental terms for mining exploitation by the Ministries of Environment, Planning and Public Works,
- Personnel permits for mining exploitation works by Ministry of Development,
- Approval of environmental terms for gold plant and tailings pond issued by the Ministry of Environment,
- Study for Processing and Disposal and Permit of Effluents and Industrial Wastes issued by the Prefect of Chalkidiki,
- Intervention in Forest Areas, issued by the Regional General Secretary,
- Concession of Forest Area Use issued by the Regional General Secretary,
- Fire Fighting Study by the local Fire Fighting Service,
- Planning permit for building construction by the Prefecture Planning Directorate,
- Construction and operation permits for explosives storage facility by the Ministry of Development,
- Construction/Operation of Electrical and Mechanical Installations from the Ministry of Development,
- Building Permits from the Prefect of Chalkidiki,
- Certificate of Fire Fighting Protection from the local Fire Fighting Service and;
- Processing and Disposal of Effluents and Effluents and Wastes Permits from the Chalkidiki Prefect.

A pre-requisite for approval required a long-term policy for rehabilitation of Olympias and Environmental Impact Assessments together with regular audits. Permitting required Environmental Impact Studies. The principal permits were to be in place by mid-1999. The requirements for the Straton operations are unknown, though the fact that mining was permitted to go ahead, and continued until 2002 indicates that permits were in place.

According to a chronology provided to European Goldfields by TVX, the Environmental Impact Study for Straton was approved in January 1999 and that for Olympias was approved at the same time, 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 suspended and on March 2002 the Conseil d'Etat annulled the Olympias permits. The Straton approval was, however renewed in July 2001 retrospectively to January 2001, although applications to extend the mining under the village of Stratoniki village were rejected after objections by the villagers. This rejection led to a declaration of Force Majeure by TVX. The latter was lifted when the objections by the Mines Inspector were lifted, although subsequent appeals against

mining led to a full hearing in June 2002 by the Conseil d'Etat against continuing mining operations. Despite this, mining did continue during the appeal hearing process until the permit was finally withdrawn in January 2003.

In May 2003, TVX Hellas filed for bankruptcy and closed its mining operation at Stratoni. This move followed a court ruling that on environmental grounds gold could not be mined at the Olypias site due to the withdrawal of the Environmental Impact Studies approval. The Halkidiki mine workers 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. The property was then sold, subject to parliamentary approval, to the Greek consortium Hellas Gold SA.

TVX was allowed to continue exploration development at Skouries and permits were in place, though the operation was suspended in 1999 with permits still in place. However, as the Government wishes for mining operations to recommence, it appears likely that approval for the necessary permitting will be obtainable to the new operators.

7.0 ACCESSIBILITY, CLIMATE, INFRASTRUCTURE AND PHYSIOGRAPHY

The Kassandra area lies in the Chalkidiki Prefecture about 100km by road from Thessaloniki the second largest city in Greece, which has its own airport. It is readily accessible by car and bus, with regular bus schedules. The road network in the area is among the best in Northern Greece and a major highway is currently under construction, extending east from Thessalonika, immediately north of Olypias.

The Olypias Mine is situated some 2.3 kilometres west of the coastal town of Olympiada, along a sealed road, which runs inland along a river valley from Olympiada. The Stratoni Mines of Mavres Petres and Madem Lakkos lies some 6 kilometres to the south, 3 to 3.5 kilometres west-northwest of the port and loading facility at Stratoni village along a paved road in a river valley that rises to the west to an elevation of some 600 metres above sea level.

The Skouries prospect is situated about 11 kilometres southwest of the Stratoni Mines, 11 kilometres south of the town of Paleohori and 3km northeast of the village of Megali Panagia. It lies on the southern edge of a gentle plateau with average elevation of 620 metres above sea level. The highest point near the prospect is 685 metres above sea level. Steep valleys that drain towards the east and south dissect the edge of the plateau. Access to the prospect from the national highway is via 5 kilometres of good gravel road. (Figure 1)

The whole area is heavily wooded with oak; beech and pine being the principal species, while inland there are vineyards and fertile farmlands. The main farming products are wines, honey, olives and oil.

The Chalkidiki climate is generally mild with limited rainfall. Over 300 days or around 3,000 hours of sunshine are recorded on average annually. In the northern part of the area this decreases slightly. Average temperatures have limited fluctuations during the year. The lowest temperatures occur during December to February ranging between 3.5°C to 19°C, while highest temperatures occur during summer months ranging between 23°C and 34°C. Temperatures below 0°C are limited to the mountainous areas.

In the Kassandra area, there is a long history of mining and experienced personnel are available, many of whom have been trained by TVX. The staffs of the suspended mining operations at Stratoni are fully trained and available when the operations recommence.

TVX commissioned feasibility studies for the Olympias and Skouries sites, which demonstrated the ample presence of space for the requisite surface facilities. The majority of the land in the area is owned by the Greek State, which will make available land required for mining operations and tailings disposal, subject to the necessary permits.

The northern part of the area, including the Olympias site is well served by mains power supplies via the Public Power Corporation (PPC). A PPC power line was planned to be extended into the Skouries project area at a cost of US\$0.75million. Communications are good; TVX had a microwave phone link at Olympias, and also had access to broadband. There is sufficient water available to support the proposed operations from creeks, re-circulated clean water from milling operations and high groundwater levels.

8.0 HISTORY

Ancient mining reached a peak in the Kassandra area during the time of Phillip II and Alexander the Great, at which time silver and gold financed their conquests of the then known world during the period 350 to 300 BC. The lead-rich ores from the Madem Lakkos mine at Stratoni were smelted for silver and the Olympias arsenopyrite ores were processed for their high gold content. It has been estimated, from the volume of ancient slags, that about one million tonnes of ore was extracted from each locality during this period. It is believed that by 300 BC, the bulk of the ores above the water table at Olympias had been exploited, though the Stratoni mine continued in production through the Roman, Byzantine and Turkish periods. 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.

8.1. Modern Exploration And Development

8.1.1. Olympias

In 1933, a shaft was sunk to 74 metres depth at Olympias, with lateral development to intersect a marble/gneiss contact. The drift encountered ancient workings, which were largely exhausted.

In 1954, Kassandra Mines commenced exploration in the Olympias area. Their drilling encountered numerous discontinuous lenses of sulphide mineralisation 10-20cm in width, and many old workings were intersected. In 1965, further drilling commenced and, in 1966, a 10 metre intersection of lead-zinc mineralisation was encountered, 20 metres below the 1933 shaft, which proved to be exploitable.

A ramp was started in 1970 and full production commenced in the West orebody. From 1974 to 1984 the shaft was sunk to the -312metre level and high grade mineralisation, termed the East orebody was intersected at -254 metres. The first ten years of production proved highly profitable while sub-level caving was used, but excessive dilution, ground subsidence and problems with water influx resulted in a change of stoping method to the more expensive under-hand cut and fill mining.

Kassandra Mines went into receivership in 1991, and the Government then continued to subsidise the operation until development and production fell behind schedule. Following three separate international auctions, TVX successfully won the bidding in 1995. Shortly afterwards, Olympias production was suspended to allow drilling to confirm and expand the resources. Extraction had been from levels between -32 to -218 metres below mean sea level (MSL). The main ramp had reached a depth of -230 MSL and the lowest developed level was -228 MSL. From 1976 to 1995, records indicate that some 3.64 million tonnes of ore were produced, though grades are not available to Howe. However, between 1987 and 1995, records compiled by TVX indicate that 970,150 tonnes had been milled with average feed grades of 3.90% Pb, 5.63% Zn, 16.79% S, 3.49% As, 13.97% Fe, 8.19 g/t Au, 126.64 g/t Ag and 0.17% Sb.

By February 1999, TVX completed a drill programme that comprised of 91,510 metres of diamond drilling in 770 holes. A resource estimation, completed in June 1998, was further updated in December 1998 to take account of all drilling then completed.

Initially in-situ resources were estimated with computer software generating a block model based on a detailed geological interpretation. Reserves were derived from measured and indicated in-situ resources by applying economic factors including metal prices, process recoveries and net smelter return to arrive at

an economic cut-off grade which was applied to each stopping block within the model. The blocks were factorised for anticipated dilution and mining recovery dependent on the mining category of each block. Due to the selectivity of the proposed trackless mechanical overhand drift and fill method, a maximum of 3 metres width of internal dilution was allowed. The estimate of reserves formed part of the Kvaerner Metals' feasibility study conducted in 1998.

Because of changes in economic factors the reserves do not meet the current criteria for NI 43-101 and must be regarded as historical.

| Category | Million Tonnes | Au g/t | Ag g/t | Pb % | Zn % |
|-----------------------|-----------------------|---------------|---------------|-------------|-------------|
| Proven Reserves | 8.649* | 7.78 | 94.2 | 3.14 | 4.06 |
| Probable Reserves | 3.148 | 8.57 | 143.2 | 4.80 | 5.81 |
| Total Reserves | 11.797 | 7.99 | 107.3 | 3.59 | 4.52 |

*Included material stockpiled at surface, including arsenopyrite stockpiles and the existing tailings.

The resources were re-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 NI 43-101 and may be regarded as current. M Hodgson Bsc MSc FIMM C Eng EurGeol of TVX was the qualified person responsible for the resource estimations.

| 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 | 14.528 | 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.

Figures 2a and 2b show the Olympias mine infrastructure, though no details are currently available to Howe concerning the surface installations, waste dump areas and tailings area, though these were included in the feasibility study. During 1999-2000, SNC Lavalin of Toronto was commissioned to conduct a Basic Engineering study on the Olympias project.

8.1.2. Skouries

Nippon Mining and Placer Development initially drilled the Skouries deposit during the 1960s and subsequently in the 1970s by the then owners of Kassandra Mines. Placer also carried out limited

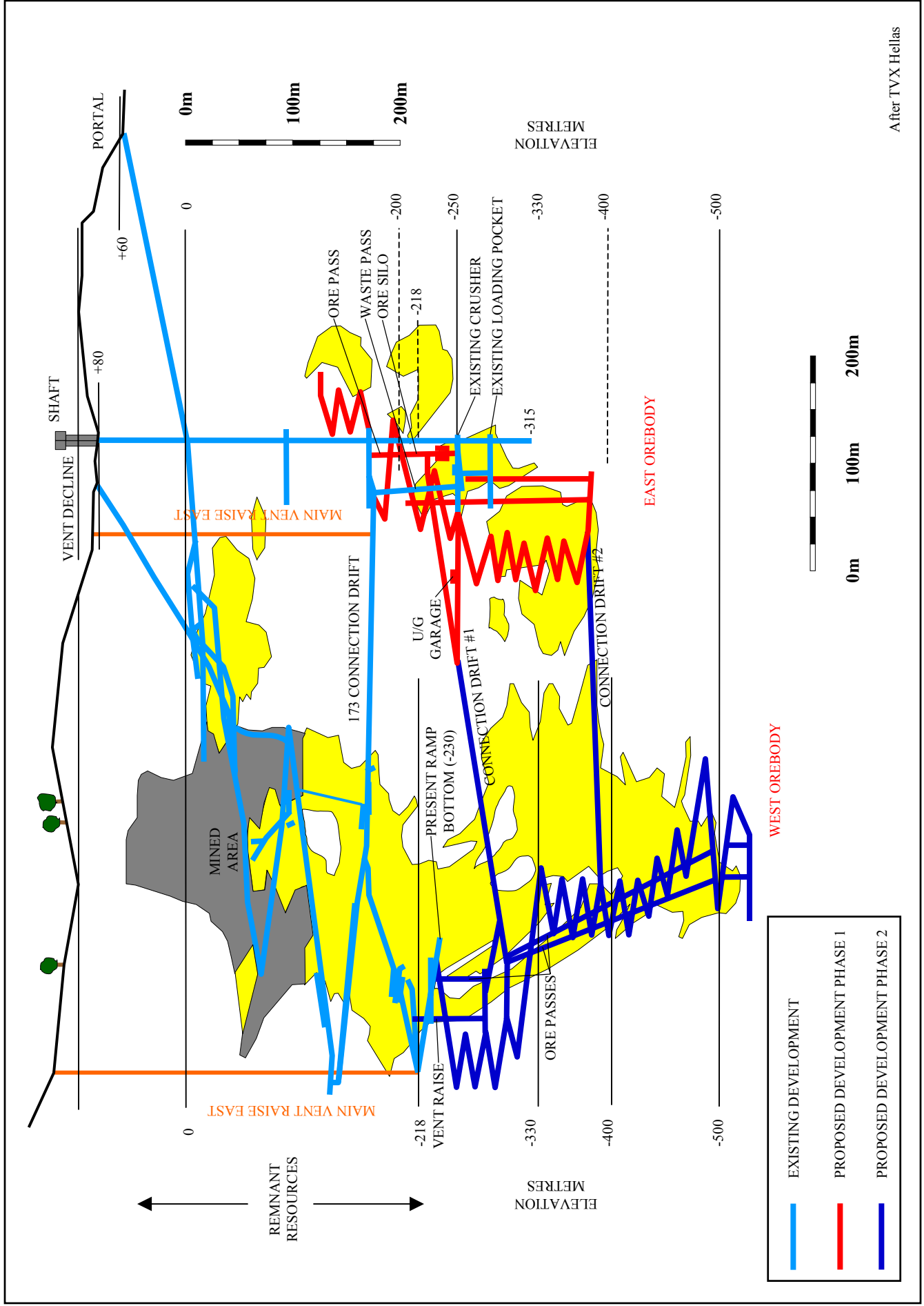


Figure 2a. Olympias Mine Infrastructure



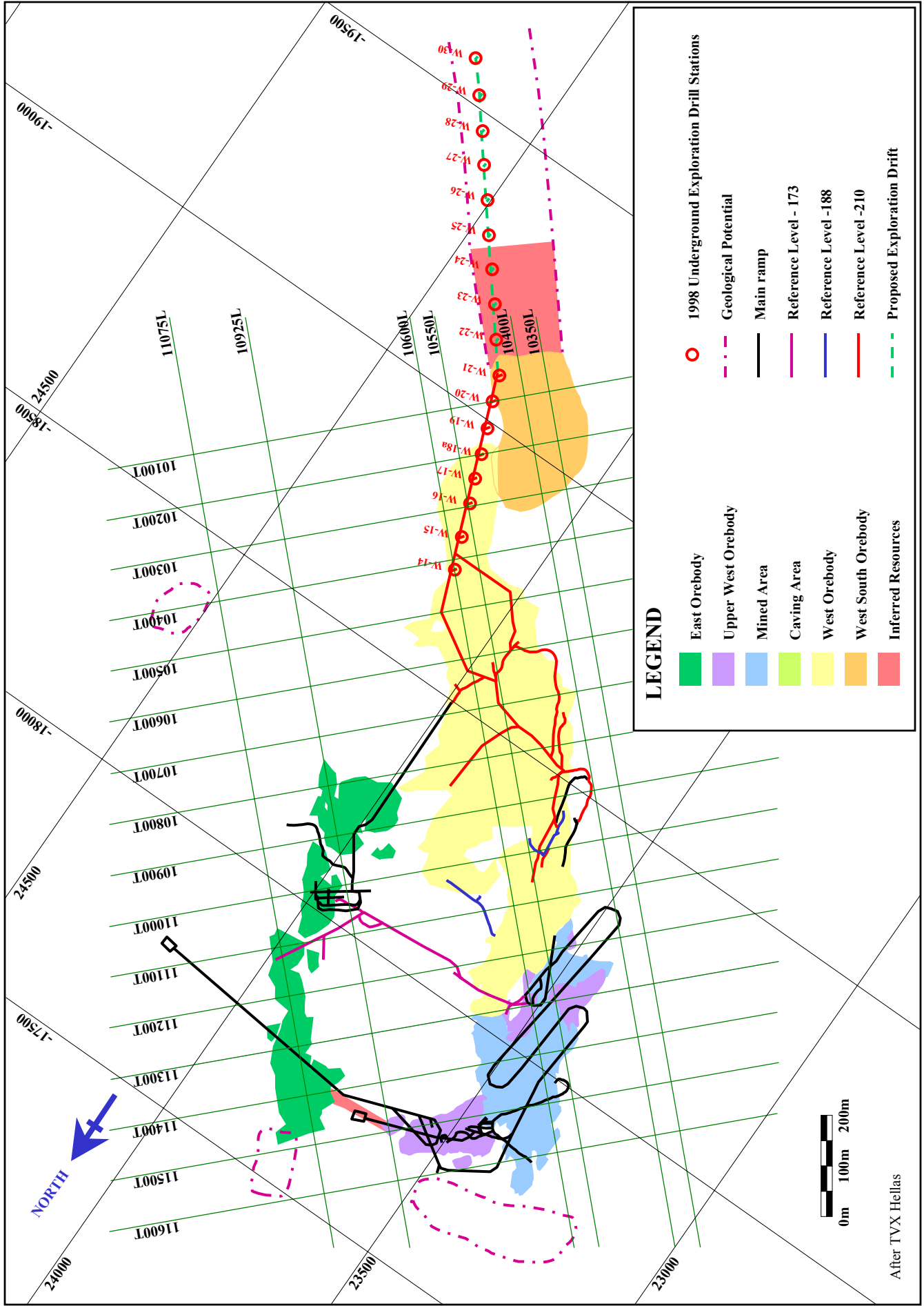


Figure 2b. General Plan View, Olympias



underground development from an adit. TVX since has drilled 65,191.5 metres in three phases during 1996, 1997 and 1998. In 1998 TVX commenced a second adit, which was suspended, during January 1999, after 689 metres of development had been completed. This adit was flooded in October 2000. A resource estimate was completed as part of a feasibility study by NCL Ingenieria y Construccion S.A, Steffen, Robertson and Kirsten and Kvaerner Metals Stockton and Kvaerner Metals Toronto. M Hodgson BSc MSc FIMM C Eng EurGeol of TVX was the Qualified Person responsible for the resource estimate quoted below.

The resource estimate followed the following process. Lithology geological solid models were constructed from diamond drilling and underground data. Drillhole samples were composited into 5 metre intervals and then statistically analysed. Each element was analysed geostatistically for each lithology; unconstrained 3-D resource block models were generated using Gemcom software and the block model data was validated against the primary data. Seventeen geological cross-sections in two orientations were constructed at 50 metre intervals, nine with a northeast orientation and eight with a northwest orientation. Digitisation of these cross-sections permitted the generation of 20 metre interval plans between levels ranging from 200 metres below MSL to 640 metres above MSL. The solid thus generated formed the basis for the block modelling. A range of cut-off grades was applied to blocks within the model. The figure shown below utilised a 0.4 g/t Au cut-off. (gold price at the time was \$300 and copper was US\$0.80/lb, though only the gold grade and not a gold equivalent grade including copper value was taken into account when setting the cut-off grades.)

The resource estimate dated December 1998 is summarised below:

| Category | Million Tonnes | Au g/t | Cu % |
|--|-----------------------|---------------|-------------|
| Measured | 180.398 | 0.83 | 0.55 |
| Indicated | 10.835 | 0.61 | 0.47 |
| Inferred | 14.822 | 0.60 | 0.45 |
| Total Measured and Indicated Resource | 191.233 | 0.81 | 0.54 |

The estimation follows the CIM resource criteria and can be regarded as current, though alternative cut-off grades may be warranted by current metal prices.

For reserve estimation purposes, open-pit oxide and sulphide resources were estimated utilising a range of cut-off revenues based on milling and ore-rehandling to arrive at an optimum cut-off to achieve the desired pit tonnage, ensure sufficient plant feed to complement the build-up of underground mining, to maintain the plant at capacity and maximise the plant feed grade from the open pit. In pit mining losses

and dilution were estimated to arrive at an open-pit probable reserve of 24.7 million tonnes grading 0.99 g/t Au and 0.57% Cu. The strip ratio was estimated to be 1:1.36.

Underground sublevel caving (SLC) reserves were estimated by assessing the amount of dilution utilising Minescape software. Mining, processing and administration costs were then applied and an iterative process was applied to arrive at recoverable probable reserves of 45.4 million tonnes at 1.08 g/t Au and 0.61% Cu.

Finally, block cave reserves underlying the SLC reserves were estimated utilising economic and mining parameters to arrive at block cave recoverable, probable reserves of 57.83 million tonnes at 0.68 g/t Au and 0.49% Cu. Figure 3 shows the proposed mine infrastructure.

| Probable reserves | Million Tonnes | Au g/t | Cu % |
|--------------------------------|-----------------------|---------------|-------------|
| Oxide | 24.7 | 0.99 | 0.57 |
| Sub-level caving | 45.4 | 1.08 | 0.61 |
| Block caving | 57.83 | 0.68 | 0.49 |
| Total Probable reserves | 127.93 | 0.88 | 0.55 |

The reserves and proposed mining plan above must be regarded as historical as economic factors have changed since the estimate was made and the reserves do not meet the criteria for NI 43-101

8.1.3. Stratoni Mines

The Stratoni operations, comprising Madem Lakkos (ML) & Mavres Petres (MP) mines and the Stratoni Mill, were purchased by TVX from the Hellenic Societe Anonyme of Chemical Products and Fertilisers, a company in liquidation, on 21 December 1995. Following a 6-month refurbishment of the mill and bringing the Madem Lakkos mine back into production (Mavres Petres was placed on care and maintenance) production of zinc and lead concentrates commenced in July 1996.

During 1999 the decision was taken by TVX to re-assess the potential of the Stratoni Operations, in particular the Mavres Petres mine, through an underground drilling campaign, totalling 42,000 metres. Sufficient reserves were identified to re-open the operation, and year on year production subsequently increased concurrently with the resource-reserve base.

Subsequent to the ancient workings, production records at the Stratoni mines record the extraction of 12.4 million tonnes of ore. Historically, the upper levels of the mines were worked by block caving with concomitant high dilution. Concentrate production peaked in 1976 and steadily declined from 1977 to

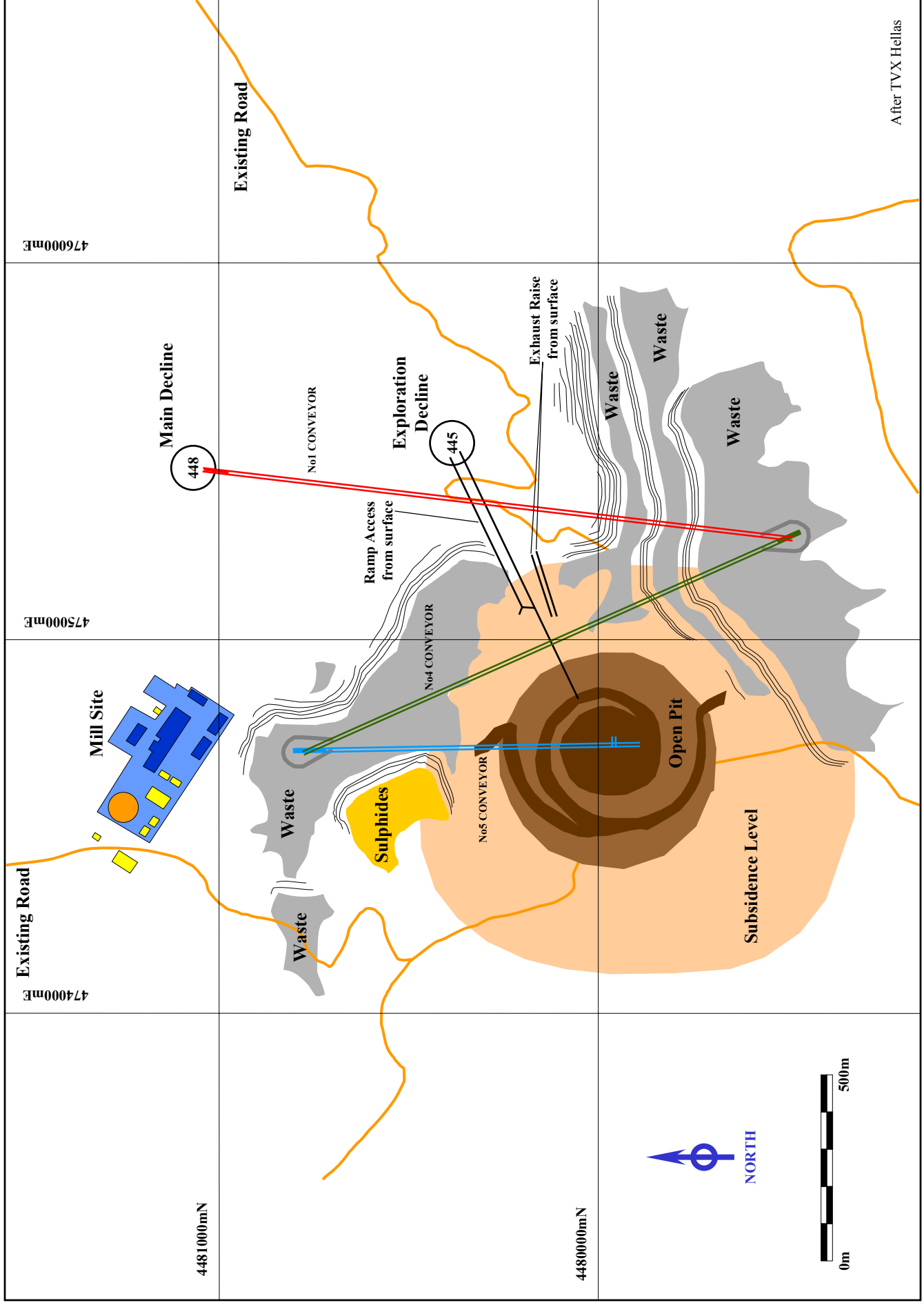


Figure 3. Proposed Mine Infrastructure at Skouries



1988. After selective mining methods were introduced, production became relatively stable and gradually increased to 1992, followed by three years of decline to an historical low in 1996. Overall production for the period 1975–95 totalled 6,471,329 tonnes with average grades of 4.84% Pb and 4.59% Zn. These average grades are significantly biased by the lower grade production prior to introduction of selective mining in 1988.

From 1996, production increased to levels similar to those of 1976. Mill feed grades initially varied between 7% and 9% combined lead and zinc, although, since the introduction of the selective these mining, grades have varied between 10% to 17% combined lead and zinc. Pyrite was also produced for sulphuric acid production. From 1996 to 2002, some 1,728,816 dry tonnes of ore were milled with mill feed grades of 8.84% Pb, 9.33% Zn and 198 g/t Ag.

After TVX acquired the property in November 1995, limited underground drilling at Madem Lakkos was undertaken to re-categorise the resources and to confirm possible orebody extensions in order that mining operation could be maintained while the evaluations of Olympias and Skouries proceeded. All assay data were compiled, regular cross sections were prepared and the orebody interpretation was refined. A resource and reserve estimate was conducted by TVX in December 1998, met the CIM criteria and showed probable reserves of 155,850 tonnes at 12.05% Pb, 11.80% Zn and 257.9 g/t Ag with additional, inferred resources of 226,300 grading 11.4%Pb, 9.3% Zn and 252 g/t Ag peripheral to the mining area. Mining continued on the property until 2002 when various protests and Government hearings led to the consequential closure of the operation. Much of the 1998 calculated reserve/resource had by then been depleted and following TVX's bankruptcy declaration, after Kinross took over the operation, they decided against the re-opening the operation.

In December 2002, TVX-Hellas conducted a resource/reserve estimation. The Mavres Petres estimate was based on 61 cross-sections, from which a block model was constructed utilising Gemcom software. Following detailed variography, the block model was generated using 2 metre cells.

To meet the CIM resource classifications, Stratoni resources were categorised as follows:

8.1.3.1.1. Measured Resources

All the following criteria needed to be satisfied:

- ore blocked out within the geological orebody solid;
- ore blocked out where the sampling of complete exposures is at maximum at 15m strike interval; and
- where full orebody exposure is supported by development

8.1.3.2. Indicated Resources

All the criteria needed to be satisfied:

- ore blocked out within the geological orebody solid;
- where sampling of a complete exposure is 40m or closer; and
- Indicated resources do not need to be supported by development

8.1.3.3. Inferred Resource

This category was defined by ore, which satisfied the following criteria:

- Remaining ore within the geological orebody solid, failing to satisfy the measured and indicated categories

The resources on which the reserve estimates were based and from which they were derived are shown below and conform to the NI 43-101 guidelines. The qualified person who estimated the resources for TVX-Hellas is M Hodgson Bsc MSc FIMM C Eng EurGeol.

| Resource category | Mt | Pb(%) | Zn(%) | Ag(g/t) |
|---|--------------|--------------|--------------|----------------|
| Measured | 1.346 | 8.51 | 10.72 | 202 |
| Indicated | 0.875 | 8.74 | 12.56 | 203 |
| Inferred Resource | 0.375 | 8.00 | 11.50 | 180 |
| Total Measured and Indicated Resources | 2.221 | 8.60 | 11.44 | 202 |

In prior years, current mining and economic factors were applied to convert the measured and indicated resources, to proven and probable reserves and to generate reserves. These now require updating to reflect current economic conditions to meet current NI 43-101 requirements. The reserve figures quoted below, are essentially the reserve inventory at operations closure and must be regarded as historical.

| Reserve category* | Mt | Pb(%) | Zn(%) | Ag(g/t) |
|--------------------------|--------------|--------------|--------------|----------------|
| Proven | 0.867 | 7.53 | 9.49 | 178 |
| Probable | 0.775 | 7.71 | 11.09 | 179 |
| Total Reserves* | 1.642 | 7.62 | 10.25 | 179 |

*Note that reserves were converted from resources utilising economic and mining factors then in place which would require updating to meet current costs and thus do not meet the requirements for reserves of NI 43-101

Following TVX's bankruptcy declaration, Kinross took over the operation but decided against re-opening the operation.

From information provided to Howe it appears that Madem Lakkos would have been exhausted by June 2002, and all production would then come from Mavres Petres. A production schedule for 2003 shows a total of 450,000 tonnes to be mined grading 7.52% Pb, 10.11% Zn, 186.69g/t Ag, 16.82% Fe and 2.42% As. It appears that mining at Mavres Petres was scheduled to continue until 2008. Figure 4 shows the mine infrastructure at Mavres Petres. No information on surface infrastructure is available to Howe.

9.0 GEOLOGICAL SETTING

9.1. Regional Geology

The principal mountain ranges of mainland Greece form part of the Dinarotauric arc, a branch of the Alpine orogenic system. The region comprises remnant fragments of the Aegeis landmass. The arc can be subdivided into a series of northwest-trending, linear zones broadly coincident with the main mountain ranges. The zones represent successive subduction episodes resulting from the northeast movement of the African plate in the Jurassic to Eocene period and form distinctive structural units separated by thrusts or transitional zones. In Northern Greece, the Rhodope and Serbo-Macedonian massifs represent the backland beneath which the African plate was subducted. The massif formed an emergent area during the Alpine Orogeny and comprises a complex metamorphic terrain, previously affected by the Variscan Orogeny and earlier events; the Serbo-Macedonian massif comprises of schists that are often mineralised and intruded by Variscan granites and hosts the Kassandra mining area. Successive subduction events were accompanied by volcanism and arc-type plutonic igneous intrusions. The Vardar zone comprises a complex belt with ophiolites, rhyolites, limestone and flysch, intruded by Eocene granitic rocks and lies immediately southwest of the Serb-Macedonian massif. Figure 5 is the tectonic interpretation of Greece.

9.2. Property Geology

The general geology of the concession area is shown in Figure 6. 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 lithostratigraphic-tectonic units, namely the Vertiskos Formation to the west, which includes amphibolite gneiss flanking biotite schists and interbedded amphibolites, and, to the east the underlying Kerdillia Formation, consisting of granitised and migmatised mica gneiss with amphibolite and marble horizons. The units have been intruded by Oligocene sub-alkaline porphyry stocks including the body that hosts the Skouries deposit,

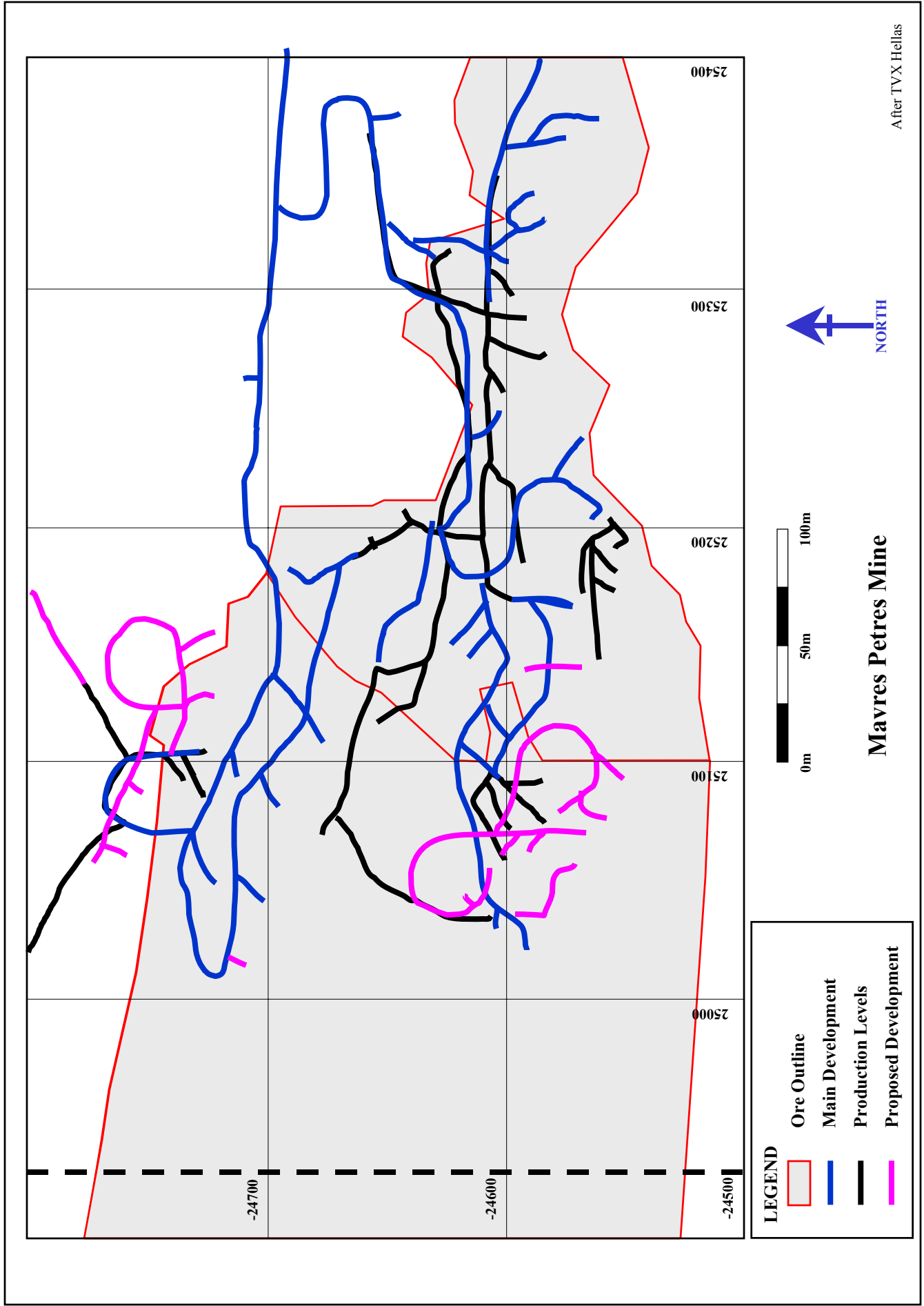


Figure 4. General Mine Layout, Mavres Petres Mine



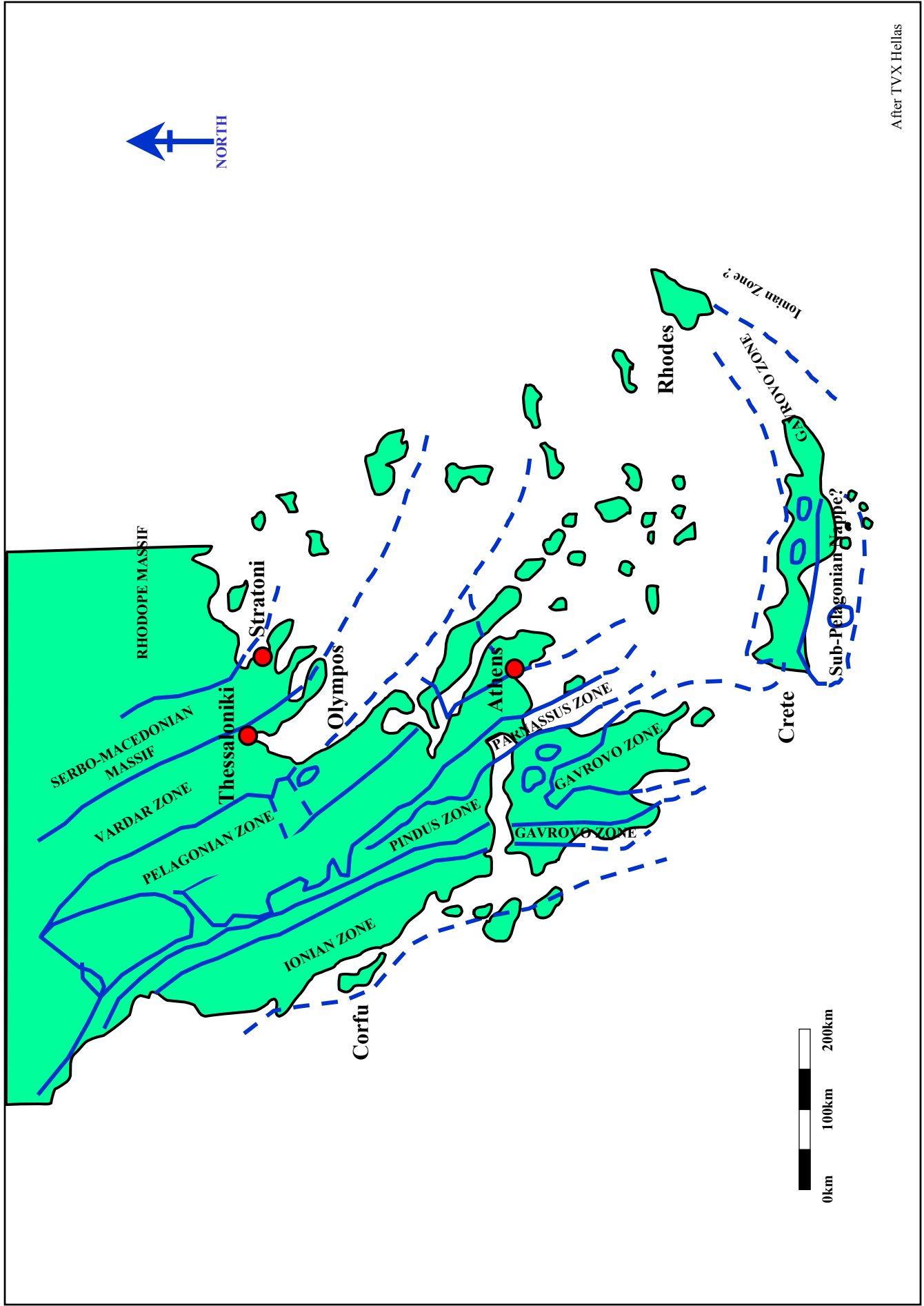


Figure 5. Schematic Representation of the Structural Zones of Greece



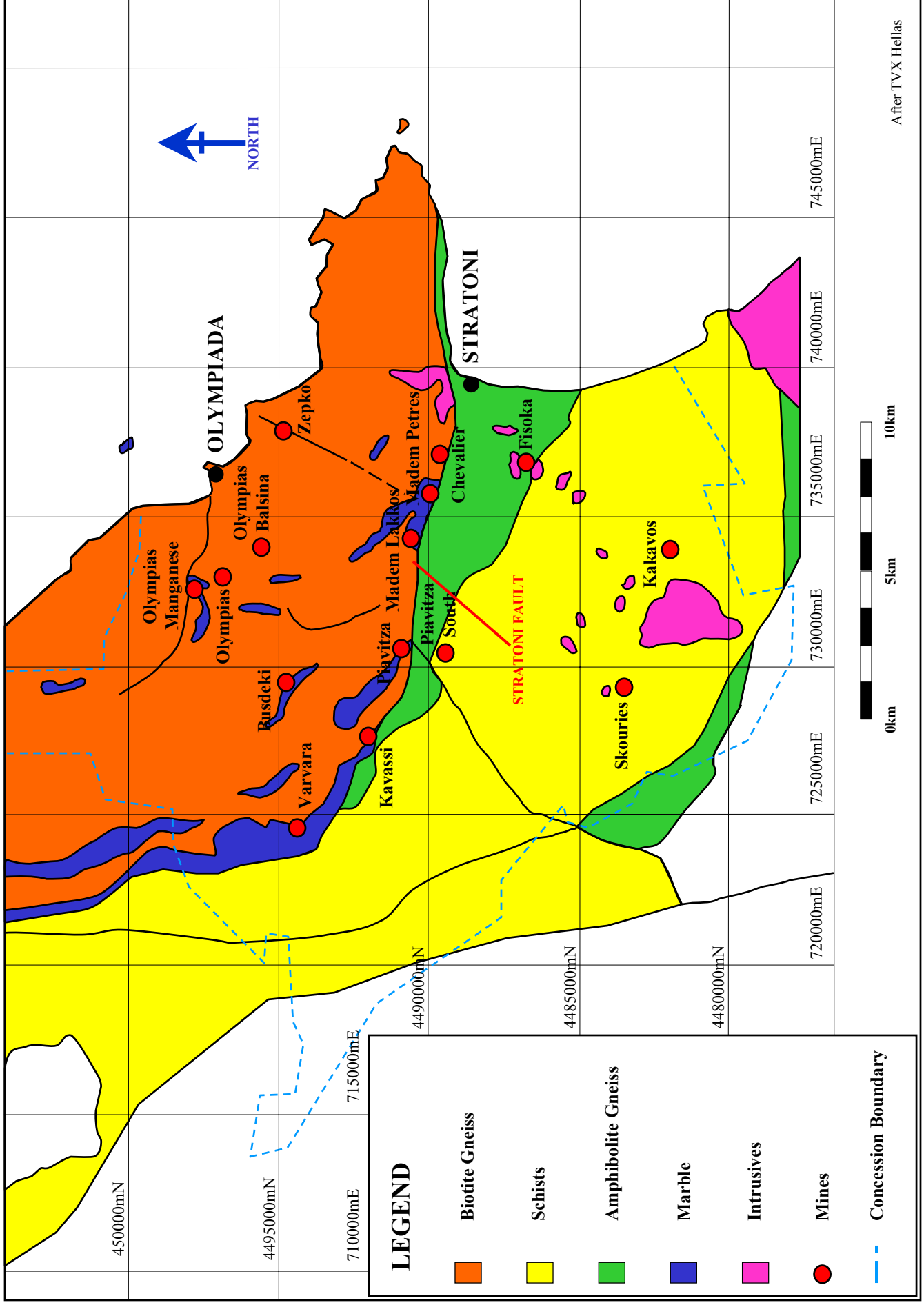


Figure 6. Regional and Property Geology



and are separated by the arcuate Stratoni Fault. Foliated leucocratic migmatites, locally termed pegmatites, occur within the Kerdilla formation.

The Stratoni polymetallic ore is hosted within the marble horizons of the Upper Kerdilla formation. The mineralised zone is often referred to as the Stratoni-Piavista belt. Figure 7 shows the geology of the Stratoni mines.

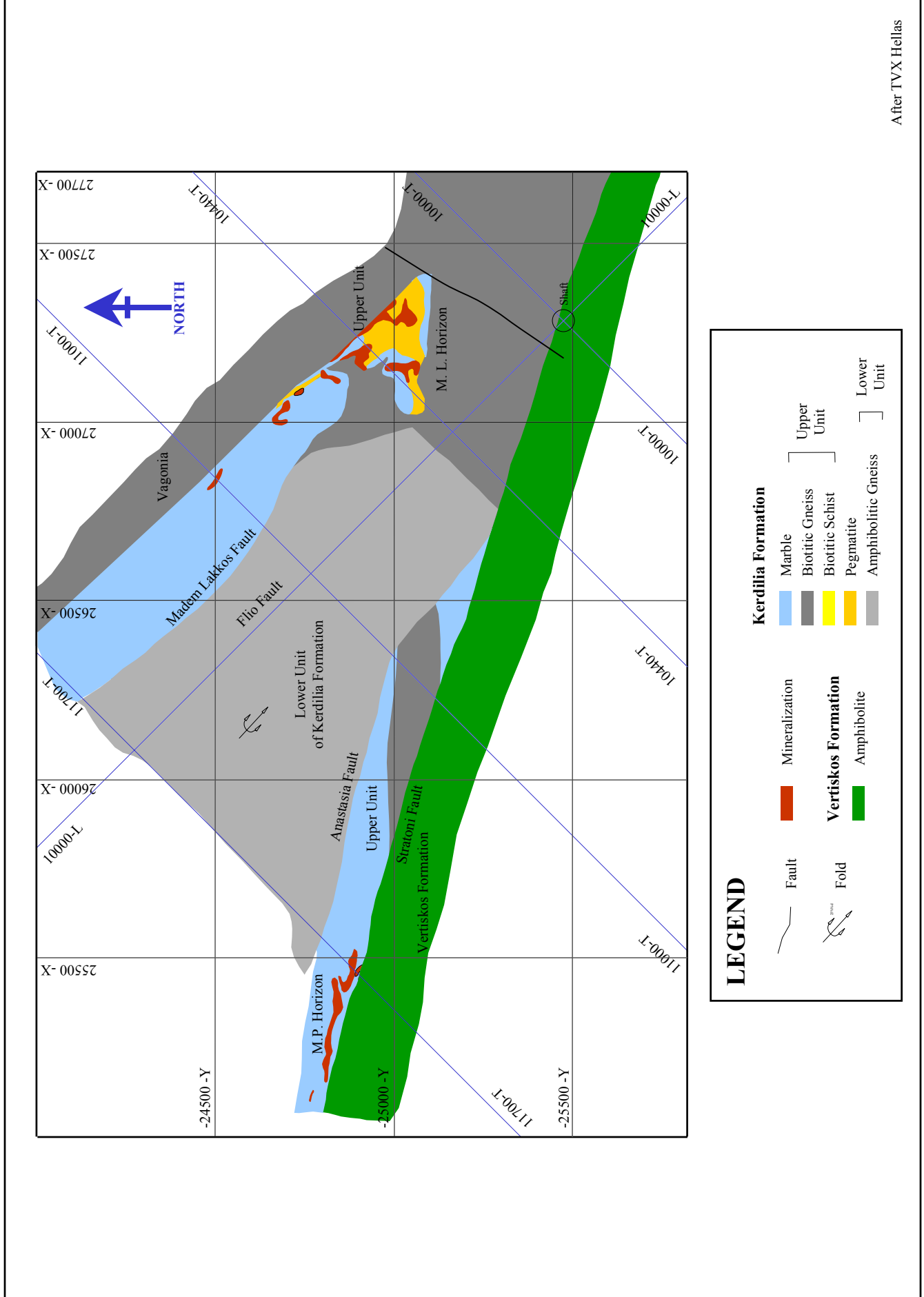
9.2.1. Structure

The interstratified carbonate rocks are assigned to the Circum-Rhodope Belt, a late unit that has been emplaced in various zones of structural weakness such as the regional faulting that affects the contact zone between the Kerdilla and Vertiskos Formations. This structural zone hosts the Olympias deposit, which has formed within marble controlled by low angle splays off the regional Stratoni Fault. The principal East orebody exhibits a gently southeast dipping (25-30°) anticlinal structure. The Stratoni Fault is a planar, east-west trending zone up to 400 metres wide at surface that dips at 30° to the south and controls sulphide mineralisation along much of its length. It exhibits a footwall mylonite zone, shearing in the footwall gneisses and gouge and breccia zones in the hanging wall.

The rocks of the Upper Kerdilla formation have been folded into an antiformal structure, known as the Kerdilla antiform. It exhibits an east-southeast strike, with plunge to the southeast. The Kerdilla antiform is bounded by amphibolite gneiss to the north and the Stratoni fault to the south, with the Stratoni fault separating the rocks of the Kerdilla formation from the younger Vertiskos formation to the south. A common feature in the district area is the presence of irregular lenses and vein type intrusions of aplite which post dates both the ore and host rocks.

The ore zones of Madem Lakkos all lie in a marble horizon that follows the geometry of the main antiform, also striking east-southeast and plunging gently to the southeast. In the central part of the Madem Lakkos mine, near the antiform axial trace, the orebodies are sub-horizontal, whilst away from the central area; the horizon steepens with approach to the antiform limbs. The horizon is considered to be the lower of two marble units. The Mavres Petres Horizon (MPH) consists of an east-west lens of Pb-Zn-Ag mineralisation, dipping gently to the south, occupying the southern limb of the antiform. The MPH horizon is considered to be the upper of the two marble units. The Mavres Petres ore zone is essentially a single body, with highly variable width and strike. Figure 8 is a section across the mineralisation at the Stratoni mines.

Three major fault zones intersect in the vicinity of the Madem Lakkos deposit. The Bathi Lakkos Fault trends northeast and controls sulphide mineralisation and dyke emplacement, and the southern extension



After TVX Hellas

Figure 7. Geology of the Stratonis Mines

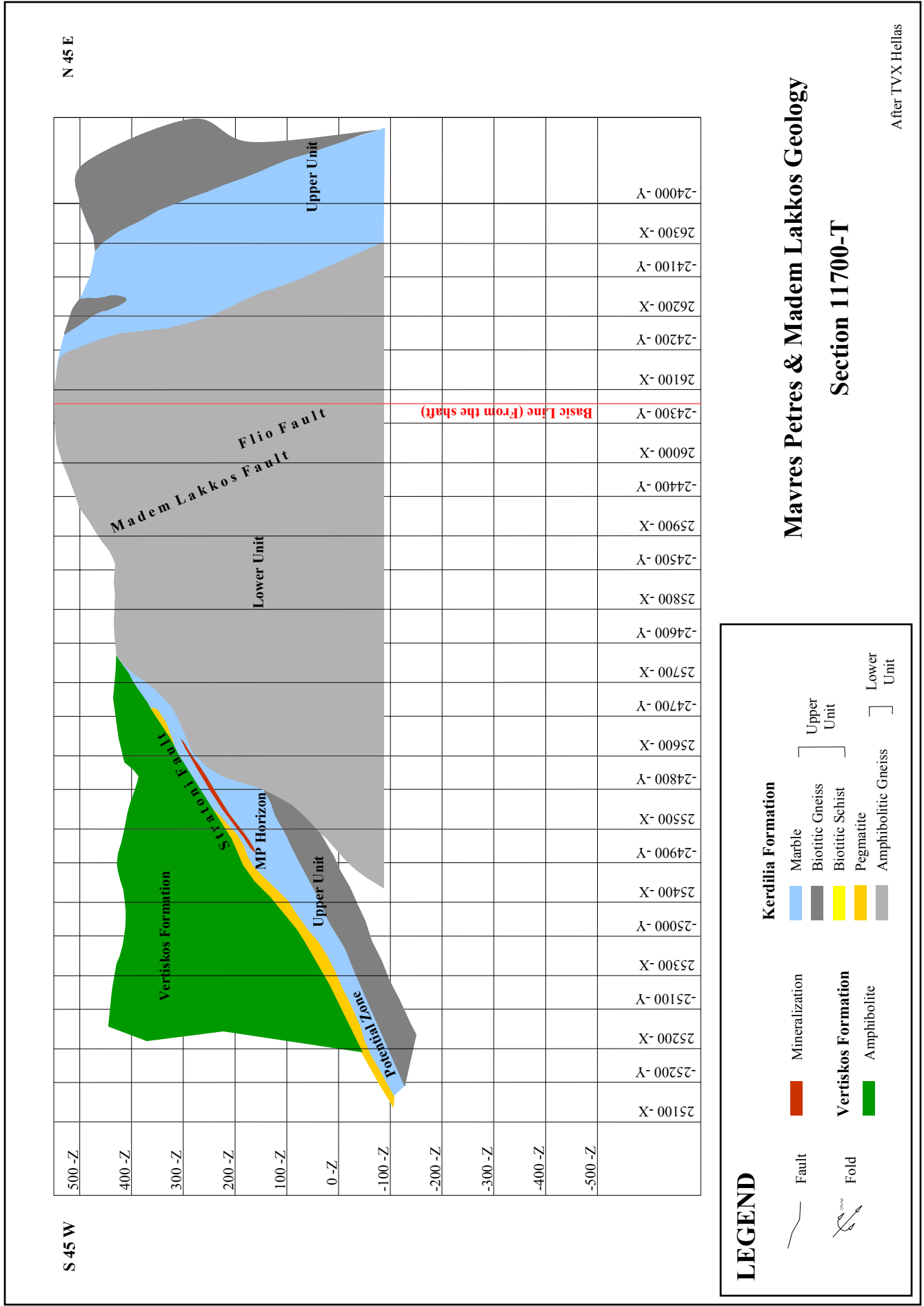


Figure 8. Stratoni Mine Section



of the arcuate, northwest to north-trending Kassandra Fault which controls the Olympias deposit 6 to 8 kilometres to the northwest of the mines splays off the Stratoni Fault in the vicinity of the mine.

The Skouries deposit was emplaced as a sub-alkaline porphyry stock during an extensional episode in the early Oligocene in the southwestern part of the Vertiskos Formation. A review of the geological maps included in the data set that was provided to Howe suggests that the intrusives may have been controlled by northeast and northwest-trending structures that do not appear to have been identified by TVX. Howe considers that the satellite imagery interpretation that was previously conducted by ERA Maptek should be checked for evidence of structural control of known deposits and for the location of additional targets.

10.0 DEPOSIT TYPES

10.1. Olympias

The Olympias mineralisation is a massive stratabound polymetallic replacement deposit hosted in the marble-gneiss contact of the Kerdilla Formation. No skarn mineralisation has been identified to date, though the mineralisation model would predict its occurrence at deeper levels, closer to the source of the mineralising fluid, interpreted to be a Tertiary sub-alkaline intrusive.

10.2. Skouries

The Skouries deposit is a typical 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 level porphyries.

10.3. Stratoni Mines

The Stratoni mines mineralisation is classed as lead-zinc-silver carbonate replacement type mineralisation, both massive and disseminated in form. The ore zones are often irregular, forming high-grade bodies. Gold is associated with both, reaching significant levels in Mavres Petres, though was never recovered from the ores.

11.0 MINERALISATION

11.1. Olympias

The Olympias deposit comprises pyrite, arsenopyrite, sphalerite, galena, tetrahedrite-tenantite, boulangerite and chalcopyrite. Gold values are associated almost exclusively with arsenopyrite and

pyrite. Minor amounts of bournonite, pyrrhotite, marcasite, mackinawite, enargite and geocronite also occur. Secondary cerussite, anglesite, chalcocite and covellite occur and manganese oxides represent alteration of rhodochrosite. Gangue minerals include quartz, calcite, rhodochrosite, feldspar, kaolinite, chlorite, ankerite and graphite. The ore minerals are mainly massive in form, though disseminated sulphides may occur. Manganese oxides occur near surface and distally of the sulphides and are regarded as representing temperature zonation during deposition. Between 50 and 70 metres depth, there is a gradual change to mixed sulphides. Kaolinisation is the main type of alteration associated with the deposit. Aplitic intrusions may be sericitised. Hydrothermal brecciation is common and chloritisation and silicification of host rocks immediately around the mineralised section is frequently observed.

The mineralisation occurs within two orebodies. The West orebody is approximately 250 metres along strike and plunges 1200 metres to the southwest. It has been intersected from surface to a depth of 500 metres and is open down plunge. Its thickness varies between 5 to 15 metres, with dips averaging 30-35° east, though the attitude can vary locally from near horizontal to near-vertical; the horizontal width can reach 50 metres in the flatter areas. The Upper West orebody comprises remnant resources left by previous operators who high-graded the lead and zinc mineralisation and left behind gold rich pockets. The East orebody lies some 150 metres east of the West orebody, has an anticlinal structure, exhibiting axial thickening, with steeper dips toward the peripheries. It dips an average 25-30° to the southeast. Its length averages 75 metres and its average thickness is 7 metres. The mineralisation has been traced for 600 metres down plunge. Figure 9 is a cross section of the Olympias deposit.

11.2. Skouries

The Skouries copper-gold porphyry deposit occurs within an elliptical pipe of coarse-grained porphyritic syenite, part of a suite of Oligocene porphyry stocks that intrude the Kerdilla and Vertiskos Formations

The Skouries porphyry measures some 250 metres by 150 metres in diameter at surface, and has been traced to a depth of more than 800 metres. 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.

The deposit is contained within concentric alteration zones comprising an inner potassic zone, within and surrounding the pipe. The alteration consists of K-feldspar and biotite with quartz and abundant magnetite. Stockwork quartz veinlets are well developed within the zone. An outer propylitic alteration zone affects the host schists and comprises chlorite, epidote, albite and calcite. Weak phyllic and argillic alteration is confined to vein haloes and faulting.

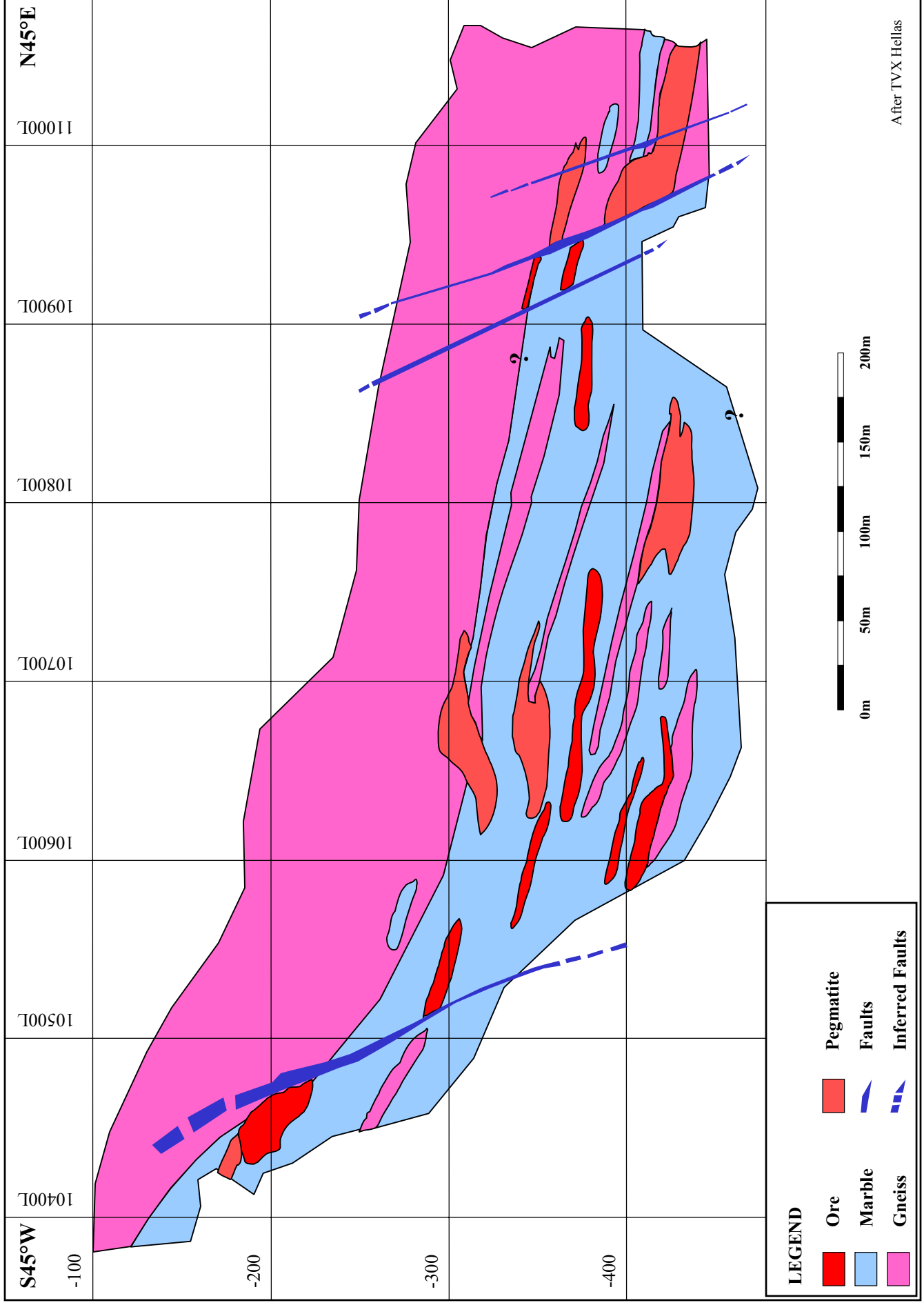


Figure 9. Cross-section of the Olympias deposit



Mineralisation within the potassic zone primarily comprises chalcopyrite veinlets with subordinate bornite (0.1 to 5mm thick) and disseminated chalcopyrite and bornite. Variable amounts of digenite, chalcocite, covellite, molybdenite and pyrite occur together with rare galena and sphalerite. Magnetite occurs both as disseminations and in quartz veinlets. The propylitic zone contains <1% disseminated pyrite and rare chalcocite.

Gold mineralisation occurs as native gold associated with gangue minerals and ranges in size from a few microns to 160 microns. It also occurs as blebs within sulphides, particularly in bornite and chalcocite. It correlates strongly with copper. Interestingly, palladium was discovered to occur in the ore during testwork and this could add value to the ore.

An oxide zone occurs from surface to 30 to 50 metres depth and includes malachite, cuprite, secondary chalcocite and minor azurite, covellite, digenite and native copper. The main porphyry deposit comprises two high-grade areas, one near surface and a second below 350 metres depth. Figure 10 is a cross-section of the Skouries deposit, based on the block model.

11.3. Stratoni Mines

The Madem Lakkos and Mavres Petres mines worked replacement-style polymetallic sulphide mineralisation controlled by faulting and hosted by marble horizons.

The Madem Lakkos and Mavres Petres orebodies are located in a highly metamorphosed and folded unit, which is continuous between the two mines. Historically up to 10 sectors have been mined in Madem Lakkos. Development and production at closure was focused upon two main ore zones, namely the Vb and Morfouli sectors, both of which lie in the southern region of the mine. In Mavres Petres, ore was confined to a single major south dipping orebody, which contained all the geological resources at closure.

At Madem Lakkos, the mineralisation was hosted in the lower of two marble horizons. The massive sulphide mineralisation comprised pyrite, sphalerite and galena with minor chalcopyrite, largely in the northern sectors. Arsenopyrite with associated gold mineralisation was distributed erratically throughout the deposit. Gangue minerals included rhodochrosite, quartz and calcite. The mineralisation occurred in the marble as parallel layers and lenses distributed throughout the marble horizon and varying in width from a few centimetres to tens of metres. The sulphides showed evidence of recrystallisation. A massive pyrite zone occurred in one sector.

The Mavres Petres deposit contains stibnite and arsenopyrite; the ore is also gold bearing, averaging 5.8 g/t Au. Quartz, calcite and minor rhodochrosite form the gangue minerals. The gold correlates strongly with the arsenopyrite, which appears to represent a different stage of mineralisation within the matrix of hydrothermal breccias or in veins cutting the Pb-Zn sulphides. The gold mineralisation is not associated with the latter mineralisation.

The mineralisation is hosted either in the marble or replacing aplite as irregular and sub-parallel layers of sphalerite, pyrite and galena. These lenses occur from footwall to hangingwall, varying from a few centimetres to tens of metres. Galena is frequently deformed mineral and re-crystallised into coarser grains. Galena also exhibits curved cleavage and elongated and foliated grains. Zonation of the sulphides is not clearly evident.

12.0 EXPLORATION

The issuer has conducted no exploration on the property, though TVX identified a number of targets in the vicinity of the known Olympias deposit (shown on Figure 6). These include the following:

- to the southwest and downdip of the West Deposit, an historical borehole reportedly intersected 8 metres averaging 9.5 g/t Au at a depth of 750 metres; the relationship of the intersection length to true width is not known.
- 300 metres east of the East deposit, a possible anticline may carry similar sulphide mineralisation in a marble horizon.
- The Basdeki area, which is situated 3 kilometres southwest of the Olympias deposit contains old workings for manganese in marble and old drilling carries indications of sulphide mineralisation.
- The Pyrinia area some 3 kilometres north of Olympias hosts sulphide skarn mineralisation, possibly in the same horizon as the main mineralisation.

A number of other exploration targets are known on the concession area, including the following:

- The Piavitza prospect is located on the Stratoni fault some 3km west of Madem Lakkos. A TVX drilling campaign in 1998 comprised 7 drillholes totalling 2,008m. The primary objective was to define sulphide mineralization down dip from the old manganese pits seen on surface. Results identified three mineralized horizons between +550m down to +250m. The mineralization is open at depth and to the east and west

Highlights from this program include a 0.3m drill intersection with high-grade gold and silver (278 g/t Au and 2650 g/t Ag). Mean grades for the mineralized horizons were compiled from 6 of the holes as follows:

| Horizon | Thickness | Pb (%) | Zn (%) | Au g/t | Ag g/t |
|---------|-----------|--------|--------|--------|--------|
| First | 4.6 | 4.2 | 10.8 | 8.2 | 123 |
| Second | 6.0 | 0.01 | 0.6 | 18.6 | 198 |
| Third | 6.0 | 4.1 | 6.3 | 7.8 | 58 |

- The Zepkos prospect is located within the Vina concession. It comprises of a small structurally controlled lode with high-grade sulphide mineralization and associated gold and silver. An old adit, 700m long was partially reopened in the 1950's. The thickness of the lode varies between 0.5 to 1.0 m. Surface mapping has identified a number of similar sub-parallel veins developed in granitic gneiss.

The figures given for Zepkos are based on a rough geological interpretation supported by a surface grab samples taken by TVX. Maximum grades identified from the surface grab sampling program include Au 18.9 g/t, Ag 1020 g/t, Pb 15.9 % & Zn 16.5 %.

- The Fisoka target comprises a porphyry Cu-Au system hosted in dacitic intrusives 2.5km south of Madem Lakkos . The low-grade stockwork mineralization identified comprises weak chalcocite, pyrite and associated free gold. Surface mapping identified a target area covering 3 x 1 km². The Fisoka target was drilled between 1972 and 1982 by Cassandra mines, and by TVX in 1998. Thirty four drillholes completed in the area returned widespread intersections averaging 0.30 g/t Au and 0.38% Cu.
- The Aspra Xomata target comprises a small granodiorite hosted porphyry Cu-Au system. The target has been known for many years; however it has generated little exploration attention. No information was found during our visit.
- At the time of closure of the Stratoni mines in 2003, a zone termed the Morfouli sector was under investigation in the mine complex. The sector lies in the southern limb of the Kerdilia antiform, in close proximity to the Stratoni fault. The Madem Lakkos and Mavres Petres were considered to occur in different marble horizons, but it remained unclear as to which marble horizon Morfouli belonged. Five sub-parallel lenses of sulphides in brecciated marble and aplitic rocks had been outlined in exploration drilling. Gold values were similar to Mavres Petres.

Howe has not been able to review the full data for these prospects. However they appear to represent valid exploration targets and demonstrate the high exploration potential of the area.

13.0 DRILLING

Only limited information, including incomplete drill plans for the holes drilled by TVX have been made currently available to Howe. However, drilling statistics are given in the available data packages and all assays have been made available to Howe. Because of the vast quantity of data that is available, it is impractical to include all of these results in this report. Drill traces are shown on various sections and these plans and sections were reviewed during Howe's visit to site where the core was examined. The core currently remaining is not readily accessible.

13.1. Olympias

TVX used only those holes that they had drilled themselves for resource estimation purposes as they had no means of validating those holes drilled by earlier operators. Three different categories of holes were drilled totalling 68,882.36 metres:

- Definition drilling utilising surface and underground diamond core holes. The holes tended to be fanned due to a shortage of available stations. Core diameter varied between NX (58.4 mm) and BX (42.1 mm). The Canadian contractor Morissette carried out the work. Overall recoveries of 88.9% were reportedly recorded in the geotechnical logs.
- Phase 1 infill drilling, 1996- 197 holes were drilled. The first 82 holes had a core diameter of 28 mm and the remainder had a diameter of 32 mm. The average core recovery was reportedly 70.3%.
- Phase 2 infill drilling, 1997- 150 holes were drilled with a core diameter of 32 mm.

All drillholes were assayed for gold, silver, lead, zinc and arsenic. Iron was determined in 44% of the samples. Average core recovery was reportedly 81.2%.

Excluding samples with less than 60% recovery, which were eliminated from the resource estimation, the overall recovery averaged 88.6%.

It is not known how the total metreage breaks down into the various categories.

The sections and resource block models in the available data packages usually have drill traces showing mineralisation intercepts on which the interpretations are based; these indicate that true widths have been used in the interpretations and the mineralisation dimensions given in a cross-section of the deposit (Figure 9) are accurate. Checks against the database revealed no errors in data transfer.

It is noted that all hole traces shown on available geological sections are plotted as straight lines. However the plots were preliminary in nature and designed to expedite initial interpretation. In fact,

collar positions were accurately surveyed and downhole surveys were conducted. Following discussion with TVX personnel, it has been established that positional corrections were made to the drill traces prior to finalisation of the resource estimates.

13.2. Skouries

Because of a lack of information and confidence in the earlier drilling, TVX conducted three drilling campaigns at the Skouries deposit in 1996, when 15,501 metres were drilled, 1997 for 41,971.5 metres and 1998 when 7,719 metres were drilled. Core diameter was routinely NQ (47.6 mm) size. Core recoveries were measured for each sampled interval. Samples contained within the porphyry (24% of total population) had an average recovery of 93.37%, those in the schist (75.3% of total population) averaged 89.91% recovery. The remaining 0.7% comprised a few samples from a sterile dyke that returned 92.28% recovery, giving an overall project recovery of 90.68%, which is considered more than adequate for estimation purposes.

It appears that underground development was utilised for geological control purposes. Figure 10 shows a typical section through the deposit. Figure 11 shows the location of the drill collars.

The geometry of the deposit is well established and while no summary information for individual holes is currently available for the drilling due to the sheer volume of data, Howe's inspection of the data and checks against the available abstracts from the resource estimation and independent feasibility study indicates that the drilling has been properly interpreted and the grade variations shown reflect the drill results, albeit with a little bias from high values in the copper results. Coarse gold did present a problem initially, but sufficient checking, re-assaying and statistical analysis was conducted by TVX to ensure that no bias was introduced. This is discussed in more detail in the following sections.

All TVX drill collars were accurately surveyed and Sperry Sun single shot camera surveys were conducted down the majority of holes. The remaining holes were surveyed by Maxi-Bore multi-shot camera, so intersection positions are accurate.

13.3. Stratoni Mines

Historically the surface drilling in the mine areas has been completed on approximately 100 by 50 metre centres, though holes were not surveyed. Morissette conducted some underground definition drilling at Madem Lakkos in 1996 using AQ (27 mm) and BQ (36.5 mm) size drills. Subsequently all holes were drilled at BQ size. Core recovery averages 84.9%, though in some

areas of clay alteration, zero recovery was recorded; these intervals were assigned zero grade in the resource estimation.

While underground infill drilling was drilled in the more prospective areas of the mine, assay data was very limited from these holes and such resulted in very irregular drill spacing. Prior to 1996, underground holes were rarely assayed as orebody development and grade control was based on both lithology and visual estimation of sulphide content. Subsequent to TVX's involvement, all ore intersections have been sampled and assayed. The lack of downhole surveys has led to uncertainties in intersection positions, which was reflected in the low confidence of the 1998 resource estimates, though hole collars were accurately surveyed.

The drillhole data used in the resource estimations of the Mavres Petres was primarily TVX data. Prior to TVX's interest in the property, 84 surface and 132 underground holes were drilled in Mavres Petres, with 19 surface and 129 underground holes drilled in Madem Lakkos. The vast majority of these holes could not be validated, and concerns regarding their true position and recorded assays resulted in their exclusion from the estimation. During 1999 the decision was taken to re-assess the potential of the Stratoni Operations, in particular the Mavres Petres mine, through an underground drilling campaign, totalling 42,000 metres; all coreholes were drilled at BQ or NQ size. Sufficient reserves were then identified to re-open the operation, and year on year production increased alongside resource-reserve base.

Only the drillholes with collar surveys, and intersections within 50m of the collar were used in resource estimation. Holes with intersections beyond 50m were used to assist interpretation. Downhole surveys by Sperry Sun camera was standard practice on all holes with spacing greater than 50m. Prior to 1999, holes were not surveyed. Collar surveys were picked up by survey. All holes in the Mavres Petres drillhole database were corrected for magnetic declination.

14.0 SAMPLING METHOD AND APPROACH

14.1. Olympias

Howe's checks on the raw drill data and review of the available drill sections indicates that sufficient drilling was conducted to ensure that true mineralisation widths were utilised in the geological interpretation and block model generation.

Following geological and geotechnical logging, the core was marked by a TVX geologist for sampling. The sampling interval was usually 1 metre throughout the ore zone, though where lithological changes occurred, the interval was adjusted so that the different rock types were sampled separately. Some 5 to 10 metres of waste were sampled in the hanging and footwalls of the mineralisation, whose boundaries were sharply defined. From the limited information available, average composite grades appear to be relatively uniform across the mineralised intervals with very few outliers; nugget effects were uniformly low and could be accounted for by slight variations in the mineralisation continuity and small sampling, sample preparation and assaying errors.

Some 1,071 samples of core, approximately 10 cm long, were also cut in the various lithologies encountered for specific gravity determinations. Both geometric and volumetric determinations were carried out. The volumetric method consistently yielded higher values than the geometric method as the former involved immersion in water and did not take into account the porosity of the rock. 82 samples were also submitted to Robertson Research Laboratories in the UK for validation; this demonstrated that the TVX on-site determinations were adequate for resource estimation purposes.

As a number of the holes were fanned, intercept spacing varied with distance from the drill site and ranged between 25 and 50 metres. The measured geological resources were initially based on a drill spacing of 25 metres, indicated resources were based on a 50 metre spacing and inferred resources were based on 200 metre spacing. Following a review of the initial categorisation, TVX decided to use kriging radii based on drillhole density to measure resource confidence. Accordingly, they determined that Measured Resources included those resources contained within solids within a 25 metre search radius. All remaining resources within the defined geological or orebody solids beyond the 25 metre search radius, including areas where geological confidence was high due to underground exposure, though drilling density was greater than 50 metres were classified as Indicated. Lower confidence resources that fell within the solids but were not block modelled were termed Inferred.

From a review of the statistical analysis of core recoveries and drill spacing, it appears that the sampling was sufficient to permit resource definition. Holes with inadequate core recovery were routinely excluded from the estimation process.

14.2. Skouries

After geological mapping and geotechnical logging, the core was split lengthwise using a diamond saw and one half was retained for reference purposes. The other half was sampled at regular 2 metre intervals in the different lithologies.

20-30cm samples were collected from every 50 metre run of core for density determinations. Both waxed and non-waxed volumetric and geometric methods were utilised, but as the rocks are very competent and non-porous, the results were very similar. Checks were also conducted at independent laboratories on samples determined by TVX and also on samples not previously measured. Lakefield Research and CIMM Laboratories in Chile were utilised to check the TVX results and CIMM and the University of Nottingham, England, were utilised to conduct additional measurements. The Lakefield checks were deemed unsatisfactory. There were good comparisons between CIMM and TVX results. It was decided therefore, that the TVX determinations should be used.

The areas of the potential open pit and underground operations have now been drilled on 50 metre or closer centres and TVX consider that this density of drilling is comparable to similar operations worldwide; Howe concurs with this view. The high core recovery and regular sampling intervals are deemed adequate for resource estimation.

14.3. Stratoni Mines

Core sampling since TVX's involvement followed the same procedures detailed for Olympias. As a basic rule, the entire ore zone was sampled lithologically, using a regular 1 metre sample interval where possible. Sampling extended 3 metres into the adjacent waste rock as standard. Internal waste units were sampled individually provided they were greater than 0.75 metres in length. All samples were marked using permanent marker, with a numbered ticket attached to the core box at the start of each sample. Interval location, hole identification and date of sampling were recorded for each sample on the ticket books. Additionally a short description of the sample was reported indicating the main features. Where sampling core with poor recovery,

only one sample might be defined between the core interval pickets. In sectors with better recovery but less than 100%, the real recovered core was proportionally redistributed in the total metreage of the drilling run.

Underground channel sampling of production faces was implemented as standard practice, the main purpose being grade control. However, a limited number of channel samples were used in resource estimations. Samples were taken lithologically, perpendicular to the strike of the ore zone on faces or cross-cuts through the ore zones. Samples were taken 1 metre above the floor, which corresponded to the underground geological mapping elevation. Internal waste units were sampled individually providing the interval was greater than 0.75 metres in horizontal width. In cross-cuts, sampling was regularised to 1 metre intervals, extending 2 metres out into the footwall and hangingwall waste units. Internal waste units were sampled individually.

Following a specific gravity measurement programme at the Stratoni operations, involving over 600 samples by both volumetric and geometric methods, a constant density for massive sulphide of 4.2 g/cm³ was used. Waste was assigned a SG value of 2.75 g/cm³.

15.0 SAMPLE PREPARATION, ANALYSES AND SECURITY

15.1. Olympias

The core was sawn in half by a TVX technician using a diamond saw, the sampled half was placed in a plastic bag and sent to the Stratoni Mine laboratory for sample preparation. The remaining half was stored in a core shed on site. .

Following a review of sample preparation at the Stratoni laboratory, the sample facility was rebuilt in late 1996. The facility includes a drying oven, two jaw crushers, a roll crusher, a Jones riffle splitter, a 300 gm ring pulverizer, and a 2,000gm ring pulverizer. The facility was used for all TVX Hellas samples.

The sample preparation procedure was as follows: Following sample drying at 85° for 8 hours, a primary jaw crusher, which reduced 95% of each sample to -2cm, crushed the samples. A second jaw crusher further reduced this to -0.2cm. The samples were passed through a Jones splitter to produce two samples. One sample was weighed at 400 gm, pulverised to -150 mesh

and split into two portions. The second sample weighing 2 to 5 kg was placed in a coarse reject store.

All samples were routinely assayed for gold, silver, lead, zinc and arsenic. Initially SGS laboratories in Carcassonne, France were used for gold assays, while the remaining elements were determined at the TVX-Stratoni laboratory in Greece. This procedure was followed for the first 2000 in-fill samples. Approximately 12% of these were sent to Chemex Laboratories to be assayed for all five elements as part of the quality control procedure. Both assay houses used fire assay with Atomic Absorption (AAS) finish on 50 gm samples for gold determination. AAS was used for the base metals, though no details of sample size are available. Gold showed satisfactory results, but silver and lead determined at Stratoni showed a high negative bias compared to Chemex, while zinc and arsenic results showed no bias. It was decided to keep the SGS gold assays for the first 2000 samples but re-assay all ore samples for Ag-Pb-Zn-As at Chemex and use Chemex results for the remainder of the project.

Subsequently, 9% of pulps were submitted on a routine basis to ALS-Geolab in Chile for check assaying. ALS-Geolab and Chemex routinely returned 4% to 5% differences between both silver and lead results, with Chemex showing the more conservative values. Statistical analysis of check assays for zinc and arsenic were within acceptable standards. Gold assays varied by 2%, with Chemex again being the more conservative.

Some 4% of the coarse rejects were submitted, under a different name to the Stratoni sample preparation facility and following homogenisation were split using the Jones splitter producing a 400 gm sample, which was then pulverised and split into two. These samples were submitted to Chemex, an internationally accredited Canadian laboratory, together with the original splits for assay. The results from the coarse reject re-assays indicated that the Stratoni preparation facility was run to high procedural standards.

The assay facilities at Chemex, SGS and ALS-Geolab of Chile are reported to be internationally accredited, but no details are available of their certification at the time of this report.

The data viewed and the quality control procedures observed during the Howe visit indicates that the work was conducted to a high professional standard. While the logging, sampling and

sample preparation was conducted by TVX, the high attention to detail and professionalism of the senior personnel appeared to ensure adequate sample security.

15.2. Skouries

Because of time constraints, samples from the first 30,433 metres of drilling were prepared either at IGME laboratory in Xanthi, Greece, IGME laboratory in Athens and the original TVX Stratoni facility, all of which utilised the same procedures. Individual samples weighing approximately 4 kg were crushed in a jaw crusher to approximately 0.64 cm then passed through a roller crusher which reduced the material to 0,2 cm. The material then passed through a riffle splitter which collected 300 gm for pulverising to -150 mesh, while the 3.7 kg coarse reject was retained for reference. Following pulverisation, the samples were split into two, one of which was sent to Geolab for assay, while the other half was retained; 2.5% of the latter samples were sent to Chemex for check sampling. 5% of the coarse rejects were split into a 300 gm sample and a coarse reject; the 300 gm sample passed through a ring pulverizer and 50% of the resultant sample was sent to ALS-Geolab under a different label for check sampling.

The remainder of the samples were prepared at the refurbished Stratoni facility, which became available later in the programme. This utilised a jaw crusher to reduce the initial 4 kg sample to - 0.2 cm, then this was split into a 1 kg sample and a 3 kg coarse reject, stored for quality control and reference purposes. The 1 kg sample passed through a ring pulverizer and the resultant -150 mesh fraction was split into two 200 gm samples and one 600 gm sample. One 200 gm sample was sent to ALS-Geolab for assay and 2.5% of the second batch of 200 gm samples was sent to Chemex for check assaying. The 600 gm samples were retained for screen fire assaying if required. 5% of the coarse rejects were split into a 1 kg and 2 kg sample. The 1 kg samples were passed through a ring pulverizer and the resultant -150 mesh sample was split into a 200 gm and 800 gm fraction. The 200 gm sample was assayed under a different label by ALS-Geolab. Regular size fraction analysis on the coarse rejects ensured that the total sample preparation procedure was to international standards.

Copper was determined by AAS and the check assaying demonstrated that while the ALS-Geolab results were slightly higher than Chemex for samples above 1.7% copper, the overall results were well within the industry standard for the methodology used. Gold was normally assayed on a 50 gm sample utilising fire assay with an AAS finish. However, as coarse gold is

known to occur in the deposit, a study was conducted utilising screen fire assay using a 170 mesh screen and assaying the –170 mesh fraction combined with the results from the retained fraction.

The study demonstrated that samples with original assays of less than 2.8 g/t Au (approximately 97.6% of the total) could be utilised directly for estimation purposes. Those samples with original assays between 2.8 and 5.0 g/t should be re-assayed using a higher weight of sample (this comprised 1.9% of the samples), while samples with original assays above 5 g/t should be screen-fire assayed. Coarse reject checks showed a slightly higher variance than the check assays, though it was concluded that sample preparation protocols were adequate and that assay differences were due to the nugget effect of the coarse gold.

Howe considers that the checks and protocols show a good understanding of the nature of the mineralisation. The work appears to have been conducted to a high professional standard and though the sampling was conducted by staff and employees of TVX, the initial sample preparation was largely independent of the TVX operation and while the subsequent sample preparation was conducted internally, there appears to be little difference in results from both phases. This indicates that sample security was adequate.

15.3. Stratoni Mines

All samples were prepared and analysed for Pb, Zn, Ag and iron at the Stratoni laboratory by AAS. The primary laboratory used was TVX Stratoni, whilst Chemex was used for external checking.

A number of deficiencies in quality control were noted when TVX became involved in the project that could lead to uncertainties in the resource estimation process. These included:

- the lack of drillhole surveys leading to low confidence in the intercept positions.
- a lack of accurate density determinations
- low quality face sampling in mining
- lack of external assay checks
- lack of infill drilling and underground channel sampling.

Subsequent to 1999, Quality Control of assaying was undertaken by crosschecking 10% of pulps and 10% of the coarse rejects. Howe has not viewed the results of this crosschecking, which according to TVX personnel indicated that the assaying used for grade control and resource estimation was of adequate standard. Subsequent independent data verification during the preparation of the feasibility studies indicated that the procedure was satisfactory.

16.0 DATA VERIFICATION

16.1. Olympias and Skouries

The strict quality control procedures in place at Olympias and Skouries and the numerous statistical checks at all stages of the resource estimation processes ensured that a high standard of data verification was in place at all times. This was observed during Howe's site visit and discussions with TVX personnel. The data were verified and audited independently by Behre Dolbear of New York and SRK of the UK. The subsequent feasibility studies by Kvaerner Metals and NGL Ingenieria y Construccion S.A. involved independent auditing and verification of all data and procedures on site. Howe has conducted limited checks on the database against extracts from the feasibility studies and the resource/reserve estimates provided by TVX and is satisfied that the procedures used were sound and the results reliable.

16.2. Stratoni Operations

At the Stratoni mines, solid models of all underground excavations were generated as standard practice. Some of the remnant resources considered non-mineable were incorporated into excavation solids. Only samples that fell inside the geological solid were used in the TVX resource estimations. Prior to compositing the data for estimation purposes, to ensure that the data was representative, a review of all drillhole samples within the orebody solids was undertaken by TVX. Primarily this was to ensure that missing intervals and/or non-sampled intervals were treated correctly and this process verified the data during the estimation process. On completion of the grade models, the blocks were validated both statistically and graphically. The statistical validation involved comparing the grade distribution of the composites against the grade distribution of estimated blocks. The mean values should be similar, while the variability of the block grades should be less due to the smoothing effect of the interpolation. TVX report that a comparison of the grades showed this to be the case. The graphical validation consisted of

plotting sections and plans showing drillhole composites and block estimates using the same colour codes. They reportedly also demonstrated good agreement.

Finally, a drift analysis validation method was employed, whereby the orebody is divided into slices in different directions. A mean composite grade is then compared to the mean block grade for each slice. The results are plotted and compared. Again the block grades were reportedly close, and in each case illustrated a slight smoothing effect. From the validation work performed, TVX concluded that the block model represented satisfactorily the geology and grade distribution observed in the drillholes. Howe has not had access to the raw data, subsequent to the 2000 visit, in order to check the conclusions and it does not appear that external, independent data verification has been conducted. However, Howe was satisfied with the data verification processes that were in place in 2000.

17.0 ADJACENT PROPERTIES

Howe is not aware of any significant exploration data or resources having been reported from adjacent properties.

18.0 MINERAL PROCESSING AND METALLURGICAL TESTING

18.1. Olympias

Only limited information is available on the testwork conducted by TVX, which was audited by internationally known consultants SRK in a pre-feasibility study and by Kvaerner Metals as part of the full independent feasibility study.

Extensive knowledge was gained on the grindability and flotation of the ore during plant operations from 1974 to 1994 by earlier operators, and from TVX's early involvement in the project. Gold Fields reportedly conducted Biooxidation pilot tests, and cyanide leach tests have been conducted at Gold Fields, Mintek and Lakefield Research. Alternative scenaria involving roasting and pressure oxidation were also investigated. Lakefield conducted tests on ozone oxidation of thiocyanate for cyanide recovery.

The testwork permitted the design of a conceptual processing flowsheet during the feasibility study. This indicates that crushing, heavy mineral separation and grinding at the mineshaft site would be followed at the mill by flotation, which would produce three concentrates, namely lead/silver, zinc and pyrite. Old tailings would be floated separately for pyrite concentration. The pyrite concentrates would be fed to a biooxidation plant, which would be washed and fed to a carbon-in-leach plant for gold winning. The CIL tails would be fed to the cyanide recovery and de-tox plant. Unfortunately, the Government rejected the BIOX process, although it is well established elsewhere and expressed a preference that all material should be passed through an autoclave in order to achieve maximum gold recovery. In August 1999 Kvaerner Metals completed a feasibility study based on the use of dual technology (biooxidation followed by pressure oxidation). SNC Lavalin of Toronto was commissioned to conduct a basic engineering study shortly after the completion of the feasibility study.

18.2. Skouries

Only limited summary information is available to Howe in the form of extracts from the feasibility study conducted by Kvaerner Metals on behalf of TVX, and data included in slide presentations. While details of the testwork and analytical processes are not available to Howe, Kvaerner Metals are independent, international consultants and the commissioned testwork was carried out by internationally known consultancies. Kvaerner conducted verification and auditing of the results as part of their study.

- MacPherson and Minnovex conducted grinding testwork on behalf of TVX. The work permitted the design of the grinding circuit to be optimised.
- Flotation testwork completed by Lakefield determined plant residence times and indicated that a 26% copper concentrate would be recoverable from the sulphide ores. Much of the gold would also be recovered in the concentrate.

Flotation testwork results indicated the following recoveries for the various types of ore:

| Ore Type | Head Grades | | Recoveries | | Concentrate Grade | |
|--------------------|-------------|--------|------------|--------|-------------------|--------|
| | Au (g/t) | Cu (%) | Au (%) | Cu (%) | Au (g/t) | Cu (%) |
| Open Pit Oxides | 1.33 | 0.70 | 79.6 | 72.4 | 43.9 | 30.0 |
| Open Pit Sulphides | 0.83 | 0.51 | 82.5 | 88.7 | 25.2 | 26.0 |

| | | | | | | |
|-----------------------|------|------|------|------|-------|------|
| Underground Sulphides | 0.85 | 0.54 | 84.1 | 92.1 | 24.10 | 26.0 |
|-----------------------|------|------|------|------|-------|------|

- Testwork by SW Metallurgical Services showed that a substantial proportion (up to 30%) of the gold would be recoverable by gravity separation. The gold from the gravity circuit would be recovered as a doré product. Mineralogical investigations conducted by AMTEL demonstrated that the gold contains 6.5 to 11.4% silver.
- The proportion of oxide ore in the upper part of the deposit is too small to consider a leaching plant, though the flotation recoverability of the copper species present in the oxide zone were investigated. It was found that carbonates and sulphates such as malachite and azurite float reasonably well, while cuprite, native copper and chrysocolla do not recover well in flotation. Accordingly, geological solids were generated during the resource estimation process that could be adjusted for the various oxide species present.

18.3. Stratoni Mines

It is not known whether any metallurgical testwork has been conducted on the properties, though as the mines were working operations it is likely that the processing had been optimised over the course of the mine life. Following three stage crushing, the ore was conveyed to fine ore bins then wet ground to approximately 40%-200 mesh in a rod mill and ball mill. Lead was floated first, then zinc. The two types of concentrate from both mines were dewatered then conveyed to the shipping facility at Stratoni. In 2001, the ore averaged 7.65% Pb, 10.83% Zn and 197.2 g/t Ag. Lead concentrate grades averaged 71.6% and lead recovery was 92%. An average of 1.3 g/t Au was contained within the concentrate. Zinc concentrate grade averaged 52.1% and zinc recovery averaged 92%.

19.0 MINERAL RESOURCE AND MINERAL RESERVE ESTIMATES

The current issuer has not conducted resource estimations and Howe has not re-estimated the resources, though has reviewed the estimation procedures in detail, conducted limited data verification and is satisfied that the work was conducted to a high professional standard and meets the current requirements of NI43-101 for resource estimates. The resource estimates have also been independently audited and verified by several internationally known consultant firms during the course of feasibility studies. No material changes have occurred so as to change the resource base since Howe's visit to site. It should be noted that the reserve estimates made

during the feasibility studies were based on current costs at the time of the estimations and these require updating before the requirements for ore reserve statements under NI 43-101 can be met.

20.0 OTHER RELEVANT DATA AND INFORMATION

20.1. Socio-economic Impacts of the Project

Since the acquisition of the Kassandra mines property by TVX, the company experienced numerous problems with local anti-mining pressure groups, supported by conservationist lobbies. This included blockading and destruction of drill rigs in 1996 and 1997 at Olympias, appeals against Government approved permits on environmental, archaeological and social grounds, at both Olympias and Stratoni. The miners at Stratoni held a strike in November 2000 against proposed working practice changes, though this was resolved in December 2000. The Mines Inspector initially banned the proposed extension of mining under the village of Stratoniki on 18th October 2001, following lobbying by the villagers, though an independent technical study commissioned by TVX had demonstrated that the mining method would not affect the village. Following the invocation of Force Majeure by TVX due to the restrictions on its mining activities on 10th December 2001, the Mines Inspector lifted his ban four days later and the Force Majeure was also lifted. In February 2002 the technical study to extend the mining under the village was approved at Government level.

On March 1st, 2002, the Conseil d'Etat annulled the Olympias permits and on the same day, a local lobby group, against the decision to permit mining to continue under Stratoniki, lodged an appeal. The miners had also gone on strike in June 2002 protesting about working conditions. The full bench of the Conseil d'Etat heard the latter appeal and in October 2002 the Conseil ruled that mining was illegal and would have to be shut down. However this ruling was subsequently overturned and permission to mine under the village was granted, as decision that is the subject of a new appeal that will be heard in June 2004.

In respect to TVX's bankruptcy, the anti-mining lobby stated on the internet that within the concession area, all economic activity other than mining was prohibited by law and so TVX was essentially the only potential employer in the area, so its failure to continue the mining operations would lead to rising unemployment in the area, which is already the poorest part of the region. In this event, TVX's bankruptcy declaration led to a sit-in by the local miners, though

the bankruptcy petition continued. Kinross took over the operation and in February 2003. The 500 local people employed at the mine formed a pro-mining lobby as their livelihoods were at stake, in direct opposition to the local anti-mining lobby. However, Kinross decided against reopening the mine. In the information available to Howe, including material posted on the internet, no mention has been made of opposition to Skouries.

It appears from the chronology of events 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 the pro-mining lobby and Howe understands from the available information that the technical and environmental studies conducted 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 stronger interaction with the local people to address and allay their fears and emphasise the potential economic benefits to the area.

21.0 INTERPRETATION AND CONCLUSIONS

- The Kassandra Mines 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.
- The Olympias deposit was estimated in 1998 to contain:

| Reserve Category** | Million Tonnes | Au g/t | Ag g/t | Pb % | Zn % |
|---------------------------|-----------------------|---------------|---------------|-------------|-------------|
| Proven Reserves | 8.649* | 7.78 | 94.2 | 3.14 | 4.06 |
| Probable Reserves | 3.148 | 8.57 | 143.2 | 4.80 | 5.81 |
| Total Reserves | 11.797 | 7.99 | 107.3 | 3.59 | 4.52 |

*Including material stockpiled at surface, arsenopyrite stockpiles and existing tailings.

**Do not meet the criteria for NI 43-101, as based on outdated economics

22.0 RECOMMENDATIONS

- The feasibility studies should be reviewed and modified to reflect current costs and to permit the re-estimation of the reserves.
- In addition to the review of the advanced targets, the exploration targets identified by TVX should be reviewed and prioritised.

The due diligence study would involve a review of all technical and economic information and would include independent appraisals of the metallurgical, mining and environmental aspects of the projects. The resources would be verified and the economic factors utilised to convert resources to reserves would be reviewed, updated and applied to make new mining reserve estimates. The geological potential of the area would be assessed and the exploration and diamond drill targets previously proposed by TVX would be reviewed and prioritised. It is estimated that this due diligence could take 40 days for a team including resource geologist, mining engineer, metallurgist and environmental expert and cost some US\$80,000.

23.0 REFERENCES

TVX-Hellas, Sept. 1997. Geological Resource and Mining Reserve, Skouries Gold-Copper Deposit.

Behre Dolbear and Company Inc, June 1998, A Resource Audit and Review of Data and Methodology Used in a Proposed Ore Reserve Estimate, Olympias Project, Stavros, Halkidiki, Greece.

Behre Dolbear and Company Inc, September 1998, A Resource Audit and Review of the Exploration Data, Skouries Project, Megali Panagia, Halkidiki, Greece.

TVX-Hellas, December 1998. Olympias Project. Geological Resource and Mining Reserves.

TVX-Hellas, December 1998. Skouries Project. Geological Resources and Mining reserves.

TVX-Hellas, December 1998. Madem Lakkos Mine. Geological Resource and Mining Reserves.

Behre Dolbear and Company Inc, June 1999, Audit of the June 1999 Resources Statement and Review of Data and Methodology Used in the June 1999 Ore Reserve Estimate, Olympias Project, Stavros, Halkidiki, Greece.

TVX-Hellas, December 2002. Geological Resource and Mining Reserve, Stratoni Operations.

A CD was provided to European Goldfields by Kinross with extracts from the feasibility studies, mainly spreadsheets showing financial models and scheduling, slide presentations and marketing information.

24.0 DATE

The effective date of this report is 15 May 2004.

25.0 ADDITIONAL TECHNICAL REPORTS

25.1. Mining operations

25.1.1. Olympias

The mine is currently developed from surface at +59 metres above mean sea level (masl) to the deepest level at -230 metres masl by means of a ramp driven in the footwall of the West orebody. A vertical shaft is in place to the -312 metre masl level; it intersects the undeveloped East orebody at the -254 crusher station. At the time of suspension of operations, material mined from the West orebody was trucked along the -173 metre masl level to a single ore pass that fed the 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.

25.1.2. Skouries

The open pit was designed using Whittle pit optimisation. The bench height is designed to be 10 metres, bench face angles are 80°, and inter-ramp slope angles are 55° between 440 to 500 masl 47° between 500 and 550 masl and 42° above 550 masl. The access ramp has a 10% gradient and has a width of 20 metres. The open pit would be mined for 4 years.

Beneath the pit, ore would be extracted from 8 sublevel/front cave horizons, developed at 30 metre intervals from 110masl to 320masl. The two lowest levels would be used as final recovery levels to draw out the ore.

Cross-cuts would access the sublevels from a ramp and development would connect the ventilation and provide access to ore passes. The ore would be transported by electric LHDs to an ore pass, to a truck loading chute from where it would be trucked to a crusher and conveyed to surface. This phase would overlap the last two years of open pit operation and continue for a further 7 years.

Block caving would be conducted deeper in the mine. Caved ore from between -70masl and -110masl, together with remnant ore from the sublevel cave area and the open pit would be extracted on the -80masl production level. Ore would be hauled to a central crusher. This phase would run concurrently with the sub-level caving for the first two years, then continue for a further 8 years.

Projected production is around 20,000 to 25,000 tonnes per day.

25.1.3. Stratoni Mines

In 1998, the method used at Madem Lakkos was a combination of cut and fill and undercut and fill, which replaced the earlier sub-level caving. Two shafts access the mine; the first was used as an up-cast airway, carried the backfill lines and provided emergency access. The main shaft is 329 metre deep, extending from surface at +200 masl to -129 masl and has a hoisting capacity of 1,200 tonnes per day. Rock was hoisted to a rail haulage at +65 masl and was transferred to the +53 masl rail haulage level. The latter extends 2.3 kilometres to the ore and waste bins at surface at Stratoni. These are located 0.6 kilometres by road from Stratoni mill.

Access to mining blocks was by 3.5 by 3 metre ramps with a maximum gradient of 17%, (though most ramps were at 15%), using LHDs. A surface backfill plant was situated at the main shaft and slime-free tailings were trucked here from the mill; slimes were pumped direct to the tailings pond.

The ore zones at the Mavres Petres mine are reportedly quite variable in ore geometry and ground conditions. The ore contacts, whilst quite sharp are often irregular. The high grades associated with these types of ore dictate that a selective mining method is used. Historically, bulk methods such as caving and longhole stoping were utilised, however, excessive dilution made these methods uneconomic. The method subsequently employed by TVX was a combination of transverse and longitudinal cut-and-fill. The method was reasonably flexible, allowing headings to change direction with changing ore geometry, as dictated by in-stope sampling by channels and infill drillholes. The Government's Ministry of Industry had approved this mining method.

Production in ore commenced after a crosscut from the ramp reached the footwall of the orebody, usually midway along the strike length. The crosscut was driven almost to the hangingwall in order to gain full ore exposure. In the longitudinal stopes, only single headings would be mined longitudinally, usually closer to the footwall for stability reasons. Once the strike extents of the ore were reached, the advancing stage stopped. The advance heading size was usually 4.0 x 4.0 metres. Following completion of the advancing drift, the retreating phase commenced. In the retreating phase, the sidewalls were stripped up to 3 metres width either side. A combination of ground conditions and drilling capability limited the width of the retreat to 10 metres horizontal, so in areas greater than 10 metres, a single retreat had to be backfilled before the remaining ground could be mined. When the orebody reached a horizontal width of 10 metres, the transverse method was used, whereby a drift was driven along the footwall in ore, and transverse drifts were mined to the hangingwall on 10 metre centres. These were then side retreated as above. The transverse method had the advantages of increased stability due to limited exposure of the hanging wall, and increased productivity due to more working faces at any one time. With the transverse method, barricades for backfilling would be placed every 10 metres along strike. Due to the variable width of the Mavres Petres orebody, a combination of transversal and longitudinal methods was usually required. Hydraulic cemented backfill consisting of the fine fraction of tailings with an average of 12% cement was utilised.

Production at Madem Lakkos was being run down in 2002 and was scheduled to finish at the end of June. At the same time, production at Mavres Petres was building up to about 1,200 tonnes per day at the end of 2002. This was scheduled to continue through to 2007.

25.1.4. Recoverability

This production aspect is covered in Section 18.

25.1.5. Markets

At the time of closure, TVX had sales contracts with Glencore, Trafigura, Newco, Mytilineos, Euromin, Brandeis and ENI for both lead and zinc concentrates from the Stratoni mines and these were scheduled to continue beyond the closure date to at least 2003. No further details are available to Howe, these aspects would be covered in the proposed due diligence study.

No details are available to Howe on the marketing of the ores from Olympias or Skouries.

25.1.6. Environmental Considerations

Environmental Impact Studies have been completed on the properties, but their initial acceptance by the 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.