

ELDORADO GOLD CORP /FI  
Form 40-F  
April 03, 2006

**U.S. SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**

**FORM 40-F**

REGISTRATION STATEMENT PURSUANT TO SECTION 12 OF THE  
SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13(a) OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended: **December 31, 2005**      Commission File Number: **001-31522**

**ELDORADO GOLD CORPORATION**

(Exact name of Registrant as specified in its charter)

N/A

(Translation of Registrant's name into English)

Canada

(Province or other jurisdiction of incorporation or organization)

1040

(Primary Standard Industrial Classification Code Number)

N/A

(I.R.S. Employer Identification Number)

Suite 1188 550 Burrard Street

Vancouver, British Columbia

Canada V6C 2B5

(604) 687-4018

(Address and telephone number of Registrant's principal executive offices)

CT Corporation

111 Eighth Avenue, 13 Floor

New York, NY 10011; Telephone: (212) 894-8940

(Name, address and telephone number of agent for service in the United States)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class

Name of each exchange on which registered

**Common Shares, without par value**

**The American Stock Exchange**

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

For annual reports, indicated by check mark the information filed with this Form:

Annual information form

Audited annual financial statements

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: The registrant had 302,577,378 common shares issued and outstanding at December 31, 2005.

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Indicate by check mark whether the Registrant by filing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934 (the Exchange Act ). If Yes is marked, indicate the filing number assigned to the Registrant in connection with such Rule.

YES \_\_\_\_\_

NO

  X  

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

YES   X  

NO

\_\_\_\_\_

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## EXPLANATORY NOTE

Eldorado Gold Corporation (the Company or the Registrant ) is a Canadian issuer eligible to file its annual report pursuant to Section 13 of the Securities Exchange Act of 1934 (the 1934 Act ) on Form 40-F. The Company is a foreign private issuer as defined in Rule 3b-4 under the 1934 Act and in Rule 405 under the Securities Act of 1933. Equity securities of the Company are accordingly exempt from Sections 14(a), 14(b), 14(c), 14(f) and 16 of the 1934 Act pursuant to Rule 3a12-3.

The Company prepares its consolidated financial statements in accordance with Canadian GAAP and reconciled to U.S. GAAP. Unless otherwise indicated, all dollar amounts in this report are in United States dollars. The exchange rate of Canadian dollars into United States dollars, on December 30, 2005, based upon the noon buying rate in New York City for cable transfers payable in Canadian dollars as certified for customs purposes by the Federal Reserve Bank of New York, was U.S.\$1.00 = CDN\$1.1656.

## FORWARD-LOOKING STATEMENTS

This annual report and the exhibits attached hereto contain forward-looking statements concerning the Company's plans at its properties, plans related to its business and other matters. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

Statements concerning reserves and mineral resource estimates may also be deemed to constitute forward-looking statements to the extent that they involve estimates of the mineralization that will be encountered if the property is developed, and in the case of mineral reserves, such statements reflect the conclusion based on certain assumptions that the mineral deposit can be economically exploited. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as expects or does not expect , is expected , anticipat or does not anticipate , plans , estimates or intends , or stating that certain actions, events or results may , could might or will be taken, occur or be achieved) are not statements of historical fact and may be forward-looking statements. Forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation:

- 

The Company's ability to generate revenue from operations, or to continue to raise funds through other sources for the further exploration and development of its properties, will be highly dependent on the price of gold, which has a history of wide fluctuation.

-

The Company is in the business of exploring, developing, and operating natural resource properties, which by its nature involves a significant amount of risk. Discrepancies between actual and estimated reserves, and between estimated and actual metallurgical recoveries for the Company may have significant financial impact.

•

All of the Company's operations are subject to environmental regulation which can make operations expensive or prohibit them altogether.

•

There may be challenges to the title of the Company's properties which, if successful, could impair its development and/or operations.

•

The Company's significant properties are located in Brazil, China and Turkey and subject to risks specific to those jurisdictions, including potential political or economic instability that may affect the Company's ability to operate. Currency fluctuations may also impact the Company's profitability.

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There are a number of outstanding securities and agreements pursuant to which Common Shares of the Company may be issued in the future. This would result in dilution to the Company's shareholders.

•

The Company operates in a competitive industry and competes with other more well established companies which have greater financial resources than the Company.

•

Operations in which the Company has an interest will be subject to all of the hazards and risks normally incidental to exploring, developing and operating natural resources, any of which could result in work stoppages, damage to persons or property and possible environmental damage.

•

The Company depends on a number of key employees, the loss of any one of whom could have an adverse effect on the Company.

•

The Company, where practical, maintains insurance against risks in the operations of its business. Such insurance, however, contains exclusions and limitations on coverage. There is no assurance that such insurance will continue to be available.

•

The Company has options to acquire interests in, or is party to joint ventures in respect of, certain of its properties. None of these properties are core assets of the Company. However, the Company may require additional financing to meet its obligations under these agreements and there is no guarantee that such funds will be available.

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If the Company should require additional funds for exploration and development of its properties, which is likely, it would have to seek equity and/or debt financing which may not be available.

Some of the important risks and uncertainties that could affect forward-looking statements are described further in the exhibits attached to this Registration Statement. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date the statements are made, and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change. Investors are cautioned against attributing undue certainty to forward-looking statements.

Forward-looking statements are based on the estimates and opinions of the Company's management at the time the statements were made. The Company assumes no obligation to update forward-looking statements should circumstances or management's estimates or opinion change.

**NOTE TO UNITED STATES READERS-**

**DIFFERENCES IN UNITED STATES AND CANADIAN REPORTING PRACTICES**

The Company is permitted, under a multijurisdictional disclosure system adopted by the United States, to prepare this annual report in accordance with Canadian disclosure requirements, which are different from those of the United States. The Company prepares its financial statements, which are filed with this report on Form 40-F in accordance with Canadian generally accepted accounting practices ( GAAP ), and they may be subject to Canadian auditing and auditor independence standards. They may not be comparable to financial statements of the United States companies. Significant differences between Canadian GAAP and United States GAAP are described in Note 15 of the audited consolidated financial statements of the Company.

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## RESOURCE AND RESERVE ESTIMATES

The terms Mineral Reserve, Proven Mineral Reserve and Probable Mineral Reserve are Canadian mining terms as defined in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects ( NI 43-101 ) under the guidelines set out in the Canadian Institute of Mining, Metallurgy and Petroleum (the CIM ) *CIM Standards on Mineral Resources and Mineral Reserves*, adopted by the CIM Council, as may be amended from time to time by the CIM. These definitions differ from the definitions in the United States Securities & Exchange Commission ( SEC ) Industry Guide 7 under the *Securities Act* of 1933. The definitions of proven and probable reserves used in NI 43-101 differ from the definitions in the United States Securities and Exchange Commission ( SEC ) Industry Guide 7. Under SEC Guide 7 standards, a Final or Bankable feasibility study is required to report reserves, the three year history average price is used in any reserve or cash flow analysis to designate reserves and the primary environmental analysis or report must be filed with the appropriate governmental authority.

In addition, the terms mineral resource , measured mineral resource , indicated mineral resource and inferred mineral resource are defined in and required to be disclosed by NI 43-101; however, these terms are not defined terms under SEC Industry Guide 7 and normally are not permitted to be used in reports and registration statements filed with the SEC. Investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into reserves. Inferred mineral resources have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, except in rare cases.

Accordingly, information contained in this report and the documents incorporated by reference herein containing descriptions of our mineral deposits may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations thereunder.

## ANNUAL INFORMATION FORM

The Company s Annual Information Form for the fiscal year ended December 31, 2005 is filed as Document 1 and incorporated by reference in this report on Form 40-F.

## AUDITED ANNUAL FINANCIAL STATEMENTS AND MANAGEMENT S DISCUSSION AND ANALYSIS

### *Audited Annual Financial Statements*

The audited consolidated financial statements of the Company for the years ended December 31, 2005 and 2004, including the report of the auditors with respect thereto, filed as Document 2 and incorporated by reference in this report on Form 40-F. For a reconciliation of important differences between Canadian and United States generally accepted accounting principles, see Note 15 to the Company s audited consolidated financial statements.

### *Management s Discussion and Analysis*

The Company s management s discussion and analysis ( MD&A ) is filed as Document 3 and incorporated by reference in this report on Form 40-F.

**DISCLOSURE CONTROLS AND PROCEDURES**

At the end of the period covered by this report, an evaluation was carried out under the supervision of and with the participation of the Company's management, including the Chief Executive Officer ( CEO ) and

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Chief Financial Officer ( CFO ), of the effectiveness of the design and operations of the Company s disclosure controls and procedures (as defined in Rule 13a 14(c) and Rule 15d 14(c) under the Securities Exchange Act of 1934. Based on that evaluation the CEO and the CFO have concluded that the design and operation of these disclosure controls and procedures were effective in ensuring that information required to be disclosed by the Company in reports that it files or submits to the Securities & Exchange Commission is recorded, processed, summarized and reported within the time periods required.

### **CHANGES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING**

During the period covered by this Annual Report on Form 40-F, no changes occurred in the Company s internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company s internal control over financial reporting.

The Company s management, including the CEO and CFO, does not expect that its disclosure controls and procedures or internal controls and procedures will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

### **CORPORATE GOVERNANCE AND BOARD COMMITTEES**

Our Board has adopted a written mandate in which it has explicitly assumed responsibility for the stewardship and overseeing the management of our business. Our Board carries out its mandate directly or through its committees described below. For further information on our corporate governance practices, see our Management Information Circular dated March 20, 2006 filed on SEDAR at [www.sedar.com](http://www.sedar.com) and on the SEC s website at [www.sec.gov](http://www.sec.gov) under the Company s name .

The Board has established three Committees of directors: the Compensation Committee, the Corporate Governance and Nominating Committee and the Audit Committee.

#### *Compensation Committee*

The Compensation Committee is currently composed of three independent directors. The Compensation Committee develops, reviews and monitors director and executive compensation and policies. This Committee is also responsible for annually reviewing the adequacy of compensation for directors and others, and the composition of the compensation packages. Terms of Reference for the Compensation Committee describe the Committee s responsibilities, powers and operations. The Terms of Reference for the Compensation Committee were approved by

the Board of Directors on February 2, 2006 and are available in the Management Information Circular dated March 20, 2006 or on our website [www.eldoradogold.com](http://www.eldoradogold.com) or by contacting our Corporate Secretary.

The Compensation Committee is composed of the following directors:

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Wayne Lenton, Chairman

Robert Gilmore

John Auston

*Corporate Governance and Nominating Committee*

The Corporate Governance and Nominating Committee was established by the Board of Directors in 2005. The Terms of Reference for the Corporate Governance and Nominating Committee were approved by the Board of Directors on February 2, 2006 and are available in the Management Information Circular dated March 20, 2006 or on our website [www.eldoradogold.com](http://www.eldoradogold.com) or by contacting our Corporate Secretary.

The Corporate Governance and Nominating Committee is composed of the following directors:

Ross Cory, Chairman

Hugh Morris

John Auston

*Audit Committee*

The Company has a separately designated standing Audit Committee established in accordance with Section 3(a)(58)(A) of the Exchange Act. The Audit Committee is currently composed of four independent directors. The Audit Committee is responsible for overseeing financial reporting, internal controls and public disclosure documents, as well as recommending the appointment of our external auditors, reviewing the annual audit plan and auditor compensation, approving non-audit services provided by the external auditor, reviewing hiring policies regarding former staff and auditors and evaluating our risk management procedures/systems.

The Audit Committee has adopted a Terms of Reference that reflects these and other responsibilities. The Audit Committee has adopted, as part of its Terms of Reference, policies that requires its pre-approval of audit, audit-related, tax and non-audit services to be provided by Eldorado's auditors. The Terms of Reference for the Audit Committee were approved by the Board of Directors on February 2, 2006 and are available in the Management Information Circular dated March 20, 2006 or on our website [www.eldoradogold.com](http://www.eldoradogold.com) or by contacting our Corporate Secretary.

*Composition of and Education and Experience of Members of the Audit Committee*

The Audit Committee is composed of the following directors:

Robert Gilmore, Chairman

Hugh Morris

Ross Cory

Donald Shumka

Each member of the Committee is independent and financially literate. For particulars on the experience and education of the members of our Audit Committee that is relevant to the performance of his responsibilities as an audit committee member, please refer to the "Directors and Officers" section within this AIF and pages 5 and 6 of our Information Circular dated March 20, 2006.

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*Audit Committee Financial Expert*

The Company's Board of Directors has determined that Robert Gilmore, a member of the Audit Committee, qualifies as an audit committee financial expert (as defined in Item 401 of Regulation S-K under the Securities Exchange Act of 1934) and is independent as defined by the American Stock Exchange Corporate Governance Rules.

**PRINCIPAL ACCOUNTING FEES AND SERVICES    INDEPENDENT AUDITORS**

The aggregate fees billed for professional services rendered by our auditors, PricewaterhouseCoopers LLP, to us for the years ended December 31, 2005 and 2004 are as follows:

	Years ended December 31	
	2004	2005
	Cdn\$	Cdn\$
Audit:	192,000	121,000
Audit Related:	81,000	33,000
Tax:	224,000	321,000
All Other Fees:	--	--
Total	497,000	475,000

In 2005, our Audit Committee determined that non-audit services would no longer be performed by the Company's external auditors and that management was instructed to establish agreements with other service providers for such non-audit services.

"Audit Fees" are the aggregate fees billed by PricewaterhouseCoopers LLP for the audit of the Company's consolidated annual financial statements, reviews of interim financial statements and attestation services that are provided in connection with statutory and regulatory filings or engagements.

"Audit-Related Fees" are fees charged by PricewaterhouseCoopers LLP for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported under "Audit Fees." This category comprises fees billed for independent accountant review of the interim financial statements and Management Discussion and Analysis, as well as advisory services associated with the Company's financial reporting.

"Tax Fees" are fees for professional services rendered by PricewaterhouseCoopers LLP for tax compliance, tax advice on actual or contemplated transactions.

**PRE-APPROVAL OF AUDIT AND NON-AUDIT SERVICES PROVIDED BY  
INDEPENDENT AUDITORS**

The Audit Committee pre-approves all audit services to be provided to the Company by its independent auditors. The Audit Committee's policy regarding the pre-approval of non-audit services to be provided to the Company by its independent auditors is that all such services shall be pre-approved by the Audit Committee. Non-audit services that are prohibited to be provided to the Company by its independent auditors may not be pre-approved. In addition, prior to the granting of any pre-approval, the Audit Committee must be satisfied that the performance of the services in question will not compromise the independence of the independent auditors. Since the enactment of the Sarbanes-Oxley Act of 2002, all non-audit services, performed by the Company's auditor, for the fiscal year ended December 31, 2005, have been pre-approved by the Audit Committee of the Company. No non-audit services were approved pursuant to the *de minimis* exemption to the pre-approval requirement.

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## **OFF-BALANCE SHEET TRANSACTIONS**

Information regarding off-balance sheet transactions is included in Management's Discussion and Analysis of the Company, which is filed as Document 3 and incorporated by reference in this report on Form 40-F.

## **CODE OF ETHICS**

The Company has adopted a Code of Business Conduct and Ethics for all its directors, executive officers and employees, which is posted on the Company's website.

All amendments to the code, and all waivers of the code with respect to any of the officers covered by it, will be posted on the Company's web site, submitted on Form 6-K and provided in print to any shareholder who requests them. The Company's website is located at [www.eldoradogold.com](http://www.eldoradogold.com).

## **CONTRACTUAL OBLIGATIONS**

Information regarding contractual obligations of the Company is included in Note 7 to the Management's Discussion and Analysis of the Company, which is filed as Document 3 and incorporated by reference in this report on Form 40-F.

## **NOTICES PURSUANT TO REGULATION BTR**

There were no notices required by Rule 104 of Regulation BTR that the Registrant sent during the year ended December 31, 2005 concerning any equity security subject to a blackout period under Rule 101 of Regulation BTR.

## **AMEX CORPORATE GOVERNANCE**

The Company's common shares are listed on The American Stock Exchange ( AMEX ). Section 110 of the AMEX company guide permits AMEX to consider the laws, customs and practices of foreign issuers in relaxing certain AMEX listing criteria, and to grant exemptions from AMEX listing criteria based on these considerations. A company seeking relief under these provisions is required to provide written certification from independent local

counsel that the non-complying practice is not prohibited by home country law. A description of the significant ways in which the Company's governance practices differ from those followed by domestic companies pursuant to AMEX standards is as follows:

*Shareholder Meeting Quorum Requirement:* The AMEX minimum quorum requirement for a shareholder meeting is one-third of the outstanding shares of common stock. In addition, a company listed on AMEX is required to state its quorum requirement in its bylaws. The Company's quorum requirement is set forth in its Memorandum and Articles. A quorum for a meeting of members of the Company is two persons present and being, or representing by proxy, members holding not less than 5% of the issued shares entitled to be voted at such meeting.

*Proxy Delivery Requirement:* AMEX requires the solicitation of proxies and delivery of proxy statements for all shareholder meetings, and requires that these proxies shall be solicited pursuant to a proxy statement that conforms to SEC proxy rules. The Company is a foreign private issuer as defined in Rule 3b-4 under the 1934 Act, and the equity securities of the Company are accordingly exempt from the proxy rules set forth in Sections 14(a), 14(b), 14(c) and 14(f) of the Securities Exchange Act of 1934, as amended. The Company solicits proxies in accordance with applicable rules and regulations in Canada.

The foregoing are consistent with the laws, customs and practices in Canada.

In addition, we may from time-to-time seek relief under from AMEX corporate governance requires on specific transactions under Section 110 of the AMEX Company Guide by providing written certification

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from independent local counsel that the non-complying practice is not prohibited by our home country law, in which case, we shall make the disclosure of such transactions available on our website at [www.eldoradogold.com](http://www.eldoradogold.com). Information contained on our website is not part of this annual report.

### **UNDERTAKING**

Company undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to: the securities registered pursuant to Form 40-F; the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities.

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## CONSENT TO SERVICE OF PROCESS

The Company filed an Appointment of Agent for Service of Process and Undertaking on Form F-X on October 31, 2002 with respect to the class of securities in relation to which the obligation to file the Form 40-F arises, which Form F-X is incorporated herein by reference.

### DOCUMENTS FILED AS PART OF THIS REPORT

1. Annual Information Form of the Company for the year ended December 31, 2005
2. The following audited consolidated financial statements of the Company, are exhibits to and form a part of this Report:
  - Auditors Report on Consolidated Financial Statements
  - Comments by Auditors for U.S. Readers on Canada U.S. Reporting Differences
  - Consolidated Balance Sheets as of December 31, 2005 and 2004;
  - Consolidated Statements of Operations and Deficit for the years ended December 31, 2005, 2004 and 2003;
  - Consolidated Statements of Cash Flows for the years ended December 31, 2005, 2004 and 2003;
  - Notes to Consolidated Financial Statements (which include reconciliation with United States generally accepted accounting principles).
3. Management Discussion and Analysis of Financial Conditions and Results of Operations
4. Management Information Circular dated March 20, 2006

### EXHIBITS

- 99.1 Certificate of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 99.2 Certificate of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 99.3 Certificate of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 99.4 Certificate of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 99.5 Consent of PricewaterhouseCoopers LLP
- 99.6 Consent of Sergio Martins, M.Sc.
- 99.7 Consent of Gary Giroux, B.A. Sc. (Geo. Eng.)
- 99.8 Consent of Watts Griffs & McOuat



- 99.9 Consent of Norm Pitcher, P.Eng.
- 99.10 Consent of John Edward Hearne, B.Sc (Min) Maus1MM
- 99.11 Consent of Harry Warriess, M.Sc.
- 99.12 Consent of Stephen Juras, P.Geo.
- 99.13 Consent of Micon International
- 99.14\* Consent of Hatch & Associates
- 99.15 Consent of RSG Global

\*

The Registrant is in the process of obtaining this consent and intends to file the consent on Form 6-K, which will be incorporated by reference into this annual report.

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**SIGNATURES**

Pursuant to the requirements of the Exchange Act, the Registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereto duly authorized.

**ELDORADO GOLD CORPORATION**

By: *Paul N. Wright*

Name:

Paul N. Wright

Title:

President and Chief Executive Officer

Date: March 23, 2006

**Document 1 - Annual Information Form of the Company for the year ended December 31, 2005**

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**ELDORADO GOLD CORPORATION**

Suite 1188 - 550 Burrard Street

Vancouver, British Columbia V6C 2B5

Telephone: (604) 687-4018

Facsimile: (604) 687-4026

Website Address: [www.eldoradogold.com](http://www.eldoradogold.com)

**ANNUAL INFORMATION FORM**

**FOR THE YEAR ENDED DECEMBER 31, 2005**

March 23, 2006

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## **PRELIMINARY NOTES**

### **Incorporation of Financial Statements and MD&A**

Eldorado Gold Corporation (unless the context otherwise requires references to "Eldorado", the "Company", "us", "we" or "our" include Eldorado Gold Corporation and each of its subsidiaries) prepares and files its Annual Information Form ("AIF"), consolidated financial statements and Management Discussion & Analysis ("MD&A") in United States ("US") dollars and in accordance with

Canadian generally accepted accounting principles ("GAAP") and reconciled to US GAAP. Unless otherwise indicated, all dollar amounts in this AIF are expressed in US dollars. Our consolidated financial statements and MD&A are included with our Management Proxy Circular and 2005 Financial Review and filed with Canadian and United States ("U.S.") regulatory authorities. These documents are available at [www.sedar.com](http://www.sedar.com) under the Company's name. A copy of the Management Proxy Circular dated March 20, 2006 and 2005 Financial Review are available upon request.

### **Date of Information**

All information in this AIF is as of March 23, 2006, unless otherwise indicated.

### **Forward-Looking Statements**

Some of the statements in this document may contain forward-looking statements within the meaning of Section 21E of the *Securities Exchange Act* of 1934 and forward-looking information within the meaning of the *Securities Act* (Ontario), which involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements are subject to a variety of risks and uncertainties that could cause actual events or results to differ from those reflected in the forward-looking statements. If one or more of these risks and uncertainties materializes, or if underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. We do not update forward-looking statements to reflect changing conditions, and we refer you to the full discussion of our business contained in our reports filed with securities regulatory authorities.

The terms "Mineral Reserve," "Proven Mineral Reserve" and "Probable Mineral Reserve" are Canadian mining terms as defined in accordance with National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101") under the guidelines set out in the Canadian Institute of Mining, Metallurgy and Petroleum (the "CIM") *CIM Standards on Mineral Resources and Mineral Reserves*, adopted by the CIM Council as may be amended from time to time by the CIM.

The definitions of proven and probable reserves used in NI 43-101 differ from the definitions in the United States Securities and Exchange Commission ("SEC") Industry Guide 7. Under SEC Guide 7 standards, a "Final" or "Bankable" feasibility study is required to report reserves, the three year history average price is used in any reserve or cash flow analysis to designate reserves and the primary environmental analysis or report must be filed with the appropriate governmental authority.

In addition, the terms "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource" are defined in and required to be disclosed by NI 43-101; however, these terms are not defined terms under SEC Industry Guide 7 and normally are not permitted to be used in reports and registration statements filed with the SEC. Investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into reserves. "Inferred mineral resources" have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource

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will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, except in rare cases.

Accordingly, information contained in this report and the documents incorporated by reference herein containing descriptions of our mineral deposits may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations thereunder.

## **ELDORADO GOLD CORPORATION**

### **CORPORATE STRUCTURE**

We were incorporated by Memorandum of Association on April 2, 1992 under the *Companies Act* (Bermuda) under the name "Eldorado Corporation Ltd." On April 23, 1996, Eldorado was continued under the *Company Act* (British Columbia) and changed its name to "Eldorado Gold Corporation". On June 28, 1996, Eldorado was continued under the *Canada Business Corporations Act*. On November 19, 1996, pursuant to a plan of arrangement, Eldorado and HRC Development Corporation were amalgamated under the laws of Canada under the name "Eldorado Gold Corporation".

Our head and principal office is located at Suite 1188 - 550 Burrard Street, Vancouver BC, Canada, V6C 2B5. The Company, through its subsidiaries, also maintains offices in:

Ankara, Turkey

Uşak, Turkey

Izmir, Turkey

Beijing, China

Xining, China

Haixi District, China

Santa Barbara, Brazil

Belo Horizonte, Brazil

Our registered and records office and address for service is care of our solicitors, Fasken Martineau DuMoulin LLP, Suite 2100 - 1075 West Georgia Street, Vancouver BC, Canada, V6E 3G2.

Our mining operation, the São Bento mine ("São Bento") and its late stage development projects, the Kisladag project ("Kisladag") and the Tanjianshan project ("TJS") are each managed by a general manager as decentralized business units. We centrally manage exploration and acquisition strategies, corporate financing, global tax planning and metal and currency risk management programs at our head office in Vancouver. Our risk management program is developed by senior management and monitored by the Board of Directors.

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Our material assets are owned through nine subsidiaries, as shown on the organizational chart below.

Notes:



1. Shares in the company are 100% beneficially owned by Eldorado or a wholly-owned subsidiary. 1% of the shares of the company may be held by a nominee shareholder.
2. In accordance with the laws of Brazil, 51% of property in Brazil is required to be held by a Brazilian national. Sergio Martins, our Sr. Geologist in Brazil, holds 51% of our Brazilian property, which holdings are subject to a trust agreement.

### BUSINESS OF THE COMPANY

We are engaged in the production of, development of and exploration for gold. We are also engaged in the acquisition of gold properties. Our business is presently focused in Brazil, Turkey and China.

We are engaged in the production of gold through the mining and processing of ore. We have one mine in production, 100% owned São Bento located near Santa Barbara, Brazil. Our key development properties, which we are currently focused on, are Kisladag located near Uşak, Turkey and TJS located in Qinghai Province, China.

Our growth strategy is to actively pursue future opportunities by way of discovery of new projects by grass-roots exploration and the acquisition of advanced exploration, development or low cost production assets, preferably with sound management and potential for increased resources. At any given time, discussions and activities with respect to such possible opportunities can be in process on such initiatives, each at different stages of due diligence. We are currently engaged in discussions with respect to such possible opportunities but have no binding agreements or commitments to enter into any such transactions and there is no assurance that any potential transactions will be successfully completed.

**DESCRIPTION OF THE BUSINESS****SUMMARY REVIEW****Production and Operation**

The following table summarizes São Bento's production and operating information from 1998 through 2005:

<b>Year</b>	<b>Ore Tonnes</b>	<b>Grade (g/t)</b>	<b>Recovery (%)</b>	<b>Production (ozs.)</b>	<b>Operating Cash Costs (2)</b>	<b>Total Production Costs (2)</b>
		(1)			\$	\$
2005	310,703	7.67	89	64,298	407	564
2004	366,729	8.40	89	82,024	294	358
2003	374,130	9.13	92	95,049	234	364
2002	381,295	9.47	93	103,533	184	282
2001	417,609	9.13	91	102,841	216	306
2000	525,893	7.95	93	112,950	195	270
1999	540,014	8.18	92	126,581	184	251
1998	467,215	7.60	93	108,572	250	324

(1)

Grams of gold per metric tonne.

(2)

Calculated in accordance with the Gold Institute Production Cost Standard, under which total production costs are made up of total cash costs (operating cash costs plus royalties) plus depreciation, depletion and reclamation provisions.

**Projected 2006 Production**

<u>Mine</u>	<u>Ounces</u>	<u>Cash Cost</u>
Kisladag	120,000	\$215
TJS	40,000	\$320
<b>Total (TJS &amp; Kisladag)</b>	<b>160,000</b>	<b>\$241</b>
São Bento	71,350	\$405
<b>Grand Total</b>	<b>231,350</b>	<b>\$292</b>

We expect our cash costs in 2007 to decrease significantly as higher cost of production from São Bento is replaced by lower cost of production at Kisladag Phase II, and we realize the benefit of a full year of production at TJS with a lower strip ratio than in 2006.

## Reserves and Resources

### *Reserves*

Eldorado has estimated proven and provable mineral reserves for São Bento, Kisladag, Efemçukuru, and TJS. Except for Efemçukuru, all reserves are calculated in accordance with NI 43-101. The estimates for São Bento and TJS are as of December 31, 2005 and were based on a gold price of \$450. The December 31, 2004 estimate for Kisladag was not updated at the end of 2005 since there was no processing of ore during 2005 and the pit economics are not particularly sensitive to gold price. The Kisladag estimate was calculated using a gold price of \$350. Our estimate of reserves for Efemçukuru was calculated as of December 31, 2000 using a gold price of \$325.

The cut-off grades for the deposits are based on assumptions for plant recovery, gold value, mining dilution and recovery, along with operating and capital cost projections that are based on historical production figures. Estimated reserves and resources may have to be recalculated based on actual production or exploration results. Changes in the price of gold, increased production costs or changes in the recovery rate may make it unprofitable to develop the proven and probable reserves at a particular property or for a specific mine.

The cut-off grades used in the reserve estimations are:

<b><u>Cutoff Grades</u></b>	(Au g/t)
Kisladag	
Oxide	0.35
Sulfide	0.5
São Bento	4.5
TJS	1.5
Efemçukuru	6.0

*Proven and Probable Reserves*

<b>Property</b>		<b>Tonnes (000)</b>	<b>Grade g/t Au</b>	<b>Contained Ounces (000)</b>
São Bento	Proven	235	9.25	70
	Probable	103	7.60	25
	Total	338	8.75	95
Kisladag	Proven	54,008	1.25	2,170
	Probable	81,012	1.11	2,891
	Total	135,020	1.16	