

Sulliden Exploration Inc.

**Annual Information Form
for the year ended April 30, 2005**

Juillet 28, 2005

Table of Contents

| | Page |
|--|------|
| GENERAL INFORMATION..... | 2 |
| Metric Equivalents..... | 2 |
| Gold Prices..... | 2 |
| Currency Exchange Rates..... | 2 |
| NOTE REGARDING FORWARD-LOOKING INFORMATION..... | 3 |
| INCORPORATION AND CORPORATE STRUCTURE..... | 3 |
| GENERAL DEVELOPMENTS OF THE BUSINESS..... | 3 |
| PERSPECTIVES..... | 4 |
| DESCRIPTION OF THE BUSINESS..... | 6 |
| PROJECT REVIEW..... | 7 |
| General..... | 7 |
| Shahuindo financing..... | 8 |
| Shahuindo Project, Department of Cajamarca, Peru..... | 8 |
| ENVIRONMENTAL AND OTHER REGULATORY REQUIREMENTS..... | 13 |
| RISK FACTORS..... | 14 |
| Uncertainty with respect to title to properties may result in loss of mining rights..... | 14 |
| Sulliden's mining rights are contractual and may be terminated in the event of breach of the agreement..... | 14 |
| Sulliden faces significant risks, inherent in the nature of mineral exploration, in the exploration and development of its mining properties..... | 14 |
| Uncertainty of ore reserve and resource estimates could lead Sulliden to allocate its capital to deposits which may ultimately prove uneconomic..... | 14 |
| Sulliden faces potential risks resulting from the location of its properties..... | 15 |
| Sulliden requires additional funding to develop its properties..... | 15 |
| Sulliden's business depends upon a limited number of properties, the loss of any of which will negatively impact its operations..... | 15 |
| Lack of operating profits..... | 15 |
| Dependence on Key Personnel..... | 15 |
| Sulliden's operations require environmental and other permits and are subject to extensive regulations..... | 15 |
| Precious metal price volatility may negatively impact Sulliden..... | 15 |
| Currency Risk..... | 16 |
| Competitive Conditions..... | 16 |
| DIVIDENDS..... | 16 |
| CAPITAL STRUCTURE..... | 16 |

| | |
|---|----|
| MARKET FOR SECURITIES..... | 16 |
| ESCROWED SHARES..... | 16 |
| DIRECTORS AND OFFICERS..... | 17 |
| PROMOTERS..... | 18 |
| LEGAL PROCEEDINGS..... | 18 |
| TRANSFER AGENT AND REGISTRAR..... | 21 |
| MATERIAL CONTRACTS..... | 21 |
| INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS..... | 21 |
| INTEREST OF EXPERTS..... | 21 |
| AUDIT COMMITTEE INFORMATION..... | 22 |
| Charter and Composition of the Audit Committee..... | 22 |
| Reliance on Certain Exemptions..... | 22 |
| External Auditors Services Fees..... | 22 |
| ADMINISTRATIVE OFFICES..... | 22 |
| ADDITIONAL INFORMATION..... | 23 |
| SCHEDULE A - AUDIT COMMITTEE CHARTER..... | 24 |

General Information

Metric Equivalents

Conversion rates from imperial measures to metric to imperial are provided below.

| Imperial Measure | Metric Unit | Metric Measure | Imperial Unit |
|-----------------------|---------------------|----------------|-------------------------|
| 1 acre | 0.4047 hectare | 1 hectare | 2.47 acres |
| 1 foot | 0.3048 meter | 1 meter | 3.281 feet |
| 1 mile | 1.609 kilometre | 1 kilometre | 0.622 mile |
| 1 ounce (troy) | 31.1 grams | 1 gram | 0.0322 ounce (troy) |
| 1 pound | 0.4536 kilogram | 1 kilogram | 2.2048 pounds |
| 1 ton (short) (1) (2) | 0.907 metric tonne | 1 metric tonne | 1.103 ton (short) |
| 1 ounce (troy) / ton | 34.28 grams / tonne | 1 gram / tonne | 0.0292 ounce (troy)/ton |

(1) A short ton is equivalent of 2,000 pounds.

(2) A short ton is the equivalent of 32,666.67 ounces (troy).

Gold Prices

The following table sets forth the annual high, low and average prices of gold determined in the afternoon on the London Bullion Market (US dollars per ounce) for the periods indicated:

| | 2004 ⁽¹⁾ | 2003 | 2002 | 2001 | 2000 | 1999 |
|--------------------|---------------------|--------|--------|--------|--------|--------|
| High | 454.20 | 416.25 | 349.30 | 293.25 | 312.70 | 325.50 |
| Low | 375.00 | 319.90 | 277.75 | 255.95 | 263.80 | 252.80 |
| Average for period | 409.17 | 363.38 | 309.68 | 271.04 | 279.12 | 278.98 |

(1) On December 30, 2004, the price of gold determined in the afternoon on the London Bullion Market was US \$435.60 per ounce.

Currency Exchange Rates

The exchange rates of Canadian Dollars to US dollars at the end of the calendar years from 1999 through 2004, and the high, the low and the average exchange rates for each of these periods, were as follows (these rates, which are expressed in Canadian dollars, represent the noon buying rate for the US dollars at the Bank of Canada):

| | 2004 ⁽¹⁾ | 2003 | 2002 | 2001 | 2000 | 1999 |
|--------------------|---------------------|--------|--------|--------|--------|--------|
| High | 1.3968 | 1.5747 | 1.6132 | 1.6021 | 1.5593 | 1.5298 |
| Low | 1.1774 | 1.2924 | 1.5110 | 1.4936 | 1.4341 | 1.4433 |
| Average for period | 1.3015 | 1.4015 | 1.5704 | 1.5484 | 1.4850 | 1.4858 |
| End of period | 1.2036 | 1.2924 | 1.5776 | 1.5928 | 1.4995 | 1.4433 |

Except as otherwise indicated, all dollar amounts set forth herein are expressed in Canadian dollars.

Note Regarding Forward-Looking Information

This Annual Information Form and the documents incorporated by reference contain forward-looking statements which involve known and unknown risks and uncertainties. These forward-looking statements include estimates and statements as to management's expectations with respect to, among other things, the size and quality of the Company's mineral reserves and resources, progress in the development of mineral properties, future production, capital and mine development costs. You can identify forward-looking statements by the use of words such as "may", "will", "should", "plans", "anticipates", "believes", "estimates", "predicts", "intends", "potential" or the negative of such terms or other comparable terminology.

These forward-looking statements are based on current expectations and are naturally subject to uncertainty and changes in circumstances that may cause actual results to differ materially from those expressed or implied by such forward-looking statements. Factors that may cause actual results to vary include, but are not limited to, changes in commodity prices, changes in currency exchange rates, inaccurate geological and metallurgical assumptions (including with respect to the size, grade and recoverability of mineral reserves and resources), unanticipated operational difficulties, delays in receipt of governmental approvals, legal title to properties, outcome of arbitration, unanticipated events relating to environmental, health and safety matters and changes in general economic conditions or conditions in the financial markets. Our ability to predict the results of our operations or the effects of various events on our operating results is inherently uncertain. Therefore, we caution you to consider carefully the matters described under the caption "Risk Factors" and certain other matters discussed in this Annual Information Form and the documents incorporated by reference herein. Such factors and many other factors beyond our control could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by the forward-looking statements.

Incorporation and Corporate Structure

Sulliden was incorporated under the *Companies Act* (Québec), by Articles of Incorporation dated November 20, 1985 under the name 2330-6616 Québec Inc. By Articles of Amendment issued March 6, 1986, its name was changed to "Exploration Denn'Or Inc." Articles of Amendment issued July 8, 1986, allowed for a public offering. Finally, by Articles of Amendment issued November 27, 1992, its name was changed to "Sulliden Exploration Inc." and reduced its capital by changing the then issued and outstanding shares on the basis of five common shares for one common share. On June 16, 2004, the Company following the acquisition of 9129-8398 Québec Inc., merged with the latter. Sulliden's Head Office is located at 1155 University Street, Suite 812, Montreal (Québec) H3B 3A7.

The Company has two wholly-owned subsidiaries Minera Sulliden Shahuindo S.A.C. and Minera Sulliden Peru S.A., both incorporated under the laws of Peru and are located at Calle San Martin 845, Oficina 201, Miraflores, Lima 18, Peru. In addition, the Company has a 50% interest in Torrine S.A.C. under terms and conditions as described into Note 10b) to the consolidated financial statements as at April 30, 2005.

General Developments of the Business

Sulliden is a Canadian mining exploration company involved in the development of auriferous projects in the Americas. We believe our energy and strength to reside in exploration, thus, we are entirely dedicated to advancing our exploration projects at the highest level in order to explore them ourselves or in cooperation with a partner. Given our expertise, we believe this approach best maximizes value for our shareholders. In addition to our current projects, Sulliden is always on the look-out for new acquisitions with the following key selection criteria: under-explored and undervalued sites, geological potential to contain economic reserves, a relatively stable political climate, and a reasonable mining and fiscal regime.

Listed below are the major milestones in Sulliden's history over the last three completed financial years:

2005

On April 29, 2005. announced the 2005 Resource Estimate performed by Met-Chem Canada Inc. on its 100% owned Shahuindo gold/silver property in the Cajamarca department of Northern Peru.

This new resource estimate includes the latest data from the second phase, 8,500 meter drilling program completed by Sulliden in 2004. The objective of the program was to assess the property's global potential by testing the satellite extensions of the known zones and determine the continuity of the mineralization. It was successful in defining a large scale gold system extending over an area of 8 km x 4 km and vertically to a depth of 400 meters, as well as confirming the extension of mineralization for a continuous strike length of almost 6 km. This technical report is available on the System for Electronic Document Analysis and Retrieval (SEDAR), at the following address: www.sedar.com.

On April 4, 2005, the Company announced that the transaction to earn a 50% undivided interest in the Torrine gold project in Peru is expected to close on or about April 26, 2005, subject to regulatory approval.

The Torrine project was transferred to Torrine S.A.C. by Livia S.A.C. with the understanding that the consideration of US\$300,000 in cash and the issuance of 3,000,000 shares of Sulliden provided for under the Letter of Intent as disclosed on October 14, 2004, shall be remitted to Livia S.A.C. in three installments:

- (i) US\$25,000 and 300,000 shares of Sulliden upon closing of the option and subject to regulatory approval;
- (ii) US\$75,000 and 900,000 shares of Sulliden upon the first anniversary of the option's closing; and
- (iii) US\$200,000 and 1,800,000 shares of Sulliden upon the second anniversary of the option's closing.

Further, Sulliden shall contribute a total of US\$800,000 in exploration work during the option period over two years, i.e. US\$350,000 during the first year and US\$450,000 during the second year. Aruntani SAC, the manager of Torrine SAC, will receive a 2% NSR on the Torrine project.

In the event that Sulliden defaults on any of its obligations or commitments set out above, its shares of Torrine SAC shall be redeemed by Livia SAC for a nominal consideration of US\$1.00.

On February 22, 2005, the Company announced that it has registered title to the six Shahuindo claims that are under the jurisdiction of the National Public Registry Office (SUNARP) in Lima, Peru.

On February 1, 2005, the Company announced the conclusions of the drilling program as follows:

- A large scale gold system extending over an area of 8 km x 4 km and vertically to a depth of at least 400 meters
- A substantial increase in the calculated resource of the main zone
- New areas of exploration with excellent potential to build additional resources
- Basis for a multi-million ounce heap-leach gold project

On December 14, 2004, the Company announced that it has completed the second phase exploration drilling program as planned at its 100% owned Shahuindo gold/silver project. A total of approximately 8,500 meters of diamond drilling was completed, including the first set of results which were announced on October 5, 2004 consisting of 3,800 meters at the Moyan Alto zone in the eastern sector of the property. Drilling on this 150 to 300 meter wide structural corridor over a strike length of 600 meters outlined a new breccia zone that returned continuous mineralization ranging from 0.4 g/t to 4.83 g/t gold over widths from 12m to 121.5m, with one intersection returning 21.5m @ 2.96 g/t gold including 12 meters @ 4.83 g/t gold.

On October 14, 2004, the Company announced that it has signed a Letter of Intent with Aruntani S.A.C. ("Aruntani") for the Torrine gold project located 18 km northeast of Aruntani's Santa Rosa Mine in southern Peru. According to the terms of the agreement, Sulliden can earn a 50% interest in the Torrine project through a combination of exploration commitments totaling \$800,000, cash payments of \$300,000 and common shares in the capital of Sulliden of 3,000,000 shares over a two year period. Once Sulliden has satisfied the terms of the agreement, the property will be managed on a 50-50 joint venture basis by both Sulliden and Aruntani with the latter as the operator.

On **October 5, 2004**, the Company announced the first set of results from the second phase drilling program on its wholly-owned Shahuindo gold/silver property in the Cajamarca district of northern Peru. A total of 24 holes were completed for 3,800m in this area. Drilling commenced approximately 500m east of the last drilled section of the East zone over a 150m-to-300m-wide structural corridor at 100m intervals over a strike length of 600m. Results showed the outlining of a new breccia zone that returned continuous mineralization ranging from 0.4 g/t to 4.83 g/t gold over widths from 12m to 121.5m. The best intersection occurred in hole SH04-44 returning 21.5m @ 2.96 g/t gold including 12 meters grading 4.83 g/t gold. The widest intersection was found in hole SH04-34 with 121.5m @ 0.44g/t gold.

On **August 18, 2004**, the Company announced that it has signed a strategic and technical cooperation agreement (Scoping Study) with Aruntani S.A.C. ("Aruntani"), Peru's largest privately held gold producing company, to assist in advancing its Shahuindo gold/silver property towards the production stage.

On **June 16, 2004**, the Company closed the acquisition of the 30% interest in the Shahuindo gold, silver property held by Socrate Capital Inc. by the issuance of twelve million common shares and four million warrants exercisable at \$3 per common share expiring on December 15, 2005 and a cash consideration of \$4,000,000.

On **May 31, 2004**, the Company announced that it has exercised its option to accelerate the remaining payment for the Shahuindo gold/silver property. All payments due under the final agreement signed on November 2002, have been made.

2004

On March 8, 2004, the Company announced a "Resource Estimate" conducted by Met-Chem Canada Inc. on the Shahuindo gold/silver property (34.4 million tonnes at 1.03 g/t of gold and 23.61 g/t of silver for a total resource of 1,114,076 ounces of gold and 26,108,808 ounces of silver). The technical report is available on the System for Electronic Document Analysis and Retrieval (SEDAR), at the following address: www.sedar.com.

On February 5, 2004, the Company completed a \$17,825,000 private placement co-led by Westwind Partners Inc. and BMO Nesbitt Burns Inc. The net proceeds will be used to advance the exploration and development of the Shahuindo property.

On August 25, 2003, the Company announced the results from the first phase diamond drilling program on the Shahuindo property.

On August 1, 2003, the Company completed \$6,250,000 in private placements. The net proceeds will be used to pursue the exploration of the known gold bearing zones as well as several newly identified gold and silver bearing targets on the Shahuindo property.

On July 14, 2003, the Company announced that Socrate Capital Inc. has completed its earn-in for a 30% participating interest in the Shahuindo and Mario properties.

2003

On April 25, 2003, the Company announced the beginning of the first phase diamond drilling program on the Shahuindo property.

On March 6, 2003, the Company announced the investment in cash totalling about \$1.3 million from Socrate Capital Inc.

On February 12, 2003, the Company announced the results of geophysical surveys on the Shahuindo property.

On November 13, 2002, the Company announced the signature of the final agreements allowing it to acquire a 100% interest in the Shahuindo property.

On September 16, 2002, the Company obtained financing worth \$4,000,000 from Socrate Capital Inc. for the Shahuindo property.

On August 22, 2002, the Company announced the signature of a letter of intent with Compañía Minera Algamarca S.A. to acquire a 100% interest in the Shahuindo property.

Perspectives

During the forthcoming year, the Company will maintain a minimal exploration expenditure on the Shahuindo property pending results of the litigation and Arbitration decision. In the meantime, the Company expects to initiate work on the Vikingo property as well as fulfil the terms of the option agreement with Aruntani S.A.C. for the Torrine project by expending a minimum of US\$350,000 on exploration during the first year. The success of the foregoing will determine the financial activities for the year.

Description of the Business

As at April 30, 2005, Sulliden Exploration Inc., through its subsidiaries, owned interests in two gold exploration properties located in Peru, the Shahuindo and Vikingo properties. In addition, the Company has a 50% interest in Torrine S.A.C., the Torrine property, under terms and conditions described below. The prospecting operations are carried out through the subsidiaries in Peru and licenses are issued to them. All service agreements have been signed between the subsidiaries and the suppliers of services. The managing director in Peru, acts as a project manager and assumes responsibility for all on-site technical operations. All contracts are at arm's length and where they are not, the board of directors will review the terms and conditions of such. It is anticipated that over the next few years, further financing activities of the Company will be undertaken through project financing, joint venture or option agreements.

The following table summarizes the characteristics of the existing mining properties for which the Company holds interests.

Summary of properties as at April 30, 2005:

| Property name | | % ownership | Cost of acquisition | Exploration expenses | Total |
|-------------------|----------------|-------------|---------------------|----------------------|--------------|
| Shahuindo* | 7,982 hectares | 100 % | \$23,391,470 | \$13,583,101 | \$36,974,571 |
| Vikingo | 2,000 hectares | (A) | \$126,299 | - | \$126,299 |
| Torrine | 2,000 hectares | (B) | - | - | - |

* See Legal Proceedings Section for more details.

(A) Option Agreement – Vikingo property

Pursuant to an agreement entered into with a third party, the Company has the option to acquire an undivided interest of 66% in 2,000 hectares located in Peru, forming the Vikingo property. To acquire this interest, the Company must expend US \$350,000 in exploration work over a three year period, pay US \$120,000 and issue 90,000 common shares over the same period. The Company is the operator during the option agreement.

As at April 30, 2005, the Company paid the anticipated amounts and pursuant to the option agreement, 25,000 common shares will be issued to the third party following regulatory approval.

(B) Option Agreement – Torrine property

Pursuant to the agreement entered into with a third party, the Company has the option to acquire a 50% interest into Torrine SAC owner of the Torrine property. To acquire this interest, the Company must expend \$800,000 US in exploration work over a two-year period, pay US \$300,000 and issue 3,000,000 common shares over the same period. The Company is the operator during the option agreement.

Project Review

General

The following gives details on the properties of the Company.

a) Shahuindo Property

In November 6, 2002, the Company signed a final agreement with Compania Minera Algamarca S.A. ("Algamarca") to buy a 100% interest in the Shahuindo gold property located in the department of Cajamarca, Peru for a total amount of US \$4.13 million plus interest. The property, covering a total 7,982 hectares, lies about 80 kilometres south of the city of Cajamarca and 15 kilometres west of the city of Cajabamba.

According to work performed between 1993 and 1998 by mining companies ASARCO and its Peruvian subsidiary Southern Peru, the Shahuindo property hosts several epithermal gold occurrences, including the oxidized, high-sulfidation San Jose zone. During that period, both companies incurred almost US\$4.0 million in expenditures on the San Jose zone, including more than 198 drill holes, a detailed reserve calculation, composite metallurgical tests and a pre-feasibility study.

On the signature of the letter of interest and on the signature of the final agreement, amounts of CA \$15,583 (US \$10,000) and CA \$498,400 (US \$320,000) have been respectively paid.

The acquisition cost on this property carries an interest rate of 5% per year and is payable, as follows:

| | | |
|------------------|----------------------|-------------------|
| May 6, 2003 | US\$500,000 | plus the interest |
| November 6, 2003 | US\$800,000 | plus the interest |
| May 6, 2004 | US\$1,000,000 | plus the interest |
| November 6, 2004 | US\$1,500,000 | plus the interest |
| | <u>US\$3,800,000</u> | |

The Company may accelerate any of the further instalments, at its own discretion.

If the Company does not comply with the terms of this purchase agreement, the property will revert to Algamarca, with the Company retaining a 0.5 per-cent net smelter royalty for each US\$1 million paid. The royalty will be capped at the total amount paid by the Company.

As at April 30, 2004, the Company has paid all instalments under an escrow account. See Note 12b) into the Consolidated Financial Statements and Legal Proceedings Section for more details.

b) Vikingo Property

Pursuant to an agreement entered into with a third party, on January 13, 2004, the Company has the option to acquire an undivided interest of 66 % in 2000 hectares located in Peru forming the Vikingo property. To acquire this interest, the Company must commit to US\$350,000 of exploration work on this property over a period of three years, pay US\$120,000 and issue 90,000 common shares over the three-year period as follows:

| | <u>Amount</u> | <u>Number of shares</u> |
|--|--------------------|-------------------------|
| At the date of the agreement (January 13, 2004) | US\$ 30,000 | 15,000 |
| January 13, 2005 | US\$ 40,000 | 25,000 |
| January 13, 2006 | US\$ 50,000 | 50,000 |
| | <u>US\$120,000</u> | <u>90,000</u> |

The Company is the operator during the option agreement.

As at April 30, 2005, the Company paid the anticipated amounts and 25,000 common shares will be issued to the third party following regulatory approval.

c) Torrine Property

Since announcing the execution of a Letter of Intent for the Torrine project with Aruntani S.A.C. on October 14, 2004, the parties have agreed to establish a Joint Venture Company under the name of Torrine S.A.C. The shareholders of Torrine S.A.C. are Livia S.A.C. as to 45% and Muruhuay S.A.C. as to 5%, with Sulliden Exploration Inc. having a 50% interest. Aruntani S.A.C. is a major shareholder of Livia S.A.C. and Muruhuay S.A.C.

The Torrine project was transferred to Torrine S.A.C. by Livia S.A.C. with the understanding that the consideration of US\$300,000 in cash and the issuance of 3,000,000 shares of Sulliden provided for under the Letter of Intent as disclosed on October 14, 2004, shall be remitted to Livia S.A.C. in three installments:

- (i) US\$25,000 and 300,000 shares of Sulliden upon closing of the option and subject to regulatory approval which was received on June 8, 2005 (anniversary date);
- (ii) US\$75,000 and 900,000 shares of Sulliden upon the first anniversary of the option's closing; and
- (iii) US\$200,000 and 1,800,000 shares of Sulliden upon the second anniversary of the option's closing.

Further, Sulliden shall contribute a total of US\$800,000 in exploration work during the option period over two years, i.e. US\$350,000 during the first year and US\$450,000 during the second year. Aruntani S.A.C., the manager of Torrine S.A.C., will receive a 2% NSR on the Torrine project.

In the event that Sulliden defaults on any of its obligations or commitments set out above, its shares of Torrine S.A.C. shall be redeemed by Livia S.A.C. for a nominal consideration of US\$1.00.

The Torrine property comprises a large alteration zone of 4.5 km x 2 km trending northwest to southeast, along the same system and with similar orientation and structural setting as Aruntani's Santa Rosa and Tucari gold mines which recently commenced production. The property covers the centre of a volcanic caldera of apparently the same age as the nearby Santa Rosa-Tucari volcanic complex. Previous work by Aruntani on the property has identified similar geological and mineralogical characteristics with surface grab samples revealing anomalous gold, arsenic and mercury content.

Shahuindo Financing

In November 2002, the Company entered into an agreement to finance some of the acquisition costs and exploration activities on the Shahuindo and Mario properties located in Peru with Socrate Capital Inc. ("Socrate"), a venture capital company.

Further to this agreement, Socrate committed to invest US \$1,500,000 in the Company in exchange for a 30% interest in the Shahuindo property, as well as 100% of the interest that Sulliden may acquire in the Mario property. However, Sulliden reserves a right of redemption according to certain pre-established conditions, or a 1.5% NSR that may be redeemed by Socrate for US \$1,500,000.

Accordingly, during the year ended April 30, 2004, Socrate acquired a 30% interest in the Shahuindo property and 100% of the interest that the Company may acquire in the Mario property.

On June 16, 2004 the Company closed the acquisition of the 30 % interest in the Shahuindo property held by Socrate Capital Inc. Pursuant to the agreement, the Company issued 12,000,000 common shares, which will be released under certain terms and conditions and issued 4,000,000 warrants at \$3.00 for an eighteen-month period and paid an amount of \$4,000,000.

Shahuindo Project, Department of Cajamarca, Peru

In November 2002, the Company signed the final agreement with Compania Minera Algamarca S.A. to buy 100% interest in the Shahuindo gold/silver property located in the department of Cajamarca, Northern Peru. The property, covering a total of 7,982 hectares, lies about 80 km south of the city of Cajamarca and 15 km west of the city of Cajabamba. Geographically, the property is located roughly only 25 km to the north of the Barrick Gold Corporation's Alto Chicama project with a resource base of 7.3 million ounces of gold.

According to work performed between 1993 and 1998 by mining companies Asarco and its Peruvian affiliate Southern Peru, the Shahuindo property hosts several epithermal gold occurrences, including the oxidized, high-sulfidation San Jose zone. During that period, both companies incurred almost US\$4.0 million in expenditures on the San Jose zone, including more than 198 drill holes, a detailed reserve calculation, composite metallurgical tests and a pre-feasibility study.

In order to acquire 100% interest in the Shahuindo property, Sulliden is committed to pay a total price of US\$4,130,000 through a number of instalments over a two year period at an interest rate of 5% per year. The schedule of payments is detailed as follows:

| | | |
|---|---------------|------------------|
| At the signature of the Letter of intent | US\$10,000 | |
| At the closing of the Buying agreement | US\$320,000 | |
| After six months from the date of closing | US\$500,000 | plus 5% interest |
| After 12 months | US\$800,000 | plus 5% interest |
| After 18 months | US\$1,000,000 | plus 5% interest |
| After 24 months | US\$1,500,000 | plus 5% interest |

Failure to comply with the terms of the Purchase Agreement will see the property revert to Algamarca, with Sulliden retaining a 0.5% Net Smelter Royalty for each US\$1,000,000 paid up to that time. The royalty payments will be capped at the total amount paid by Sulliden.

As at July 14, 2003, Socrate Capital Inc. acquired a 30% participating interest in the property by investing US\$1.5 million in the project.

On June 16, 2004 the Company closed the acquisition of the 30% interest in the Shahuindo property held by Socrate Capital Inc. Pursuant to the agreement, the Company issued 12,000,000 common shares, which will be released under the specified terms and conditions, in addition to 4,000,000 warrants at \$3.00 for an eighteen-month period and an amount of \$4,000,000.

Following the acquisition of the property, Sulliden carried out a compilation of all previous work and established a 200 km grid. In addition, detailed geological mappings and surface sampling were completed. In 2003, a 3,450 metre (27 holes) diamond drilling program was undertaken and approximately 50% of the holes tested the extensions of known mineralization while the remaining holes tested new targets based on the results of geophysical sampling and mapping. The program was successful in identifying an extension in the San Jose zone as well as identifying new mineralization.

On October 5, 2004, the Company announced the first set of results from the second phase drilling program on its wholly-owned Shahuindo gold/silver property in the Cajamarca district of northern Peru.

A total of 24 holes were completed for 3,800m in this area. Drilling commenced approximately 500m east of the last drilled section of the East zone over a 150m-to-300m-wide structural corridor at 100m intervals over a strike length of 600m. Results showed the outlining of a new breccia zone that returned continuous mineralization ranging from 0.4 g/t to 4.83 g/t gold over widths from 12m to 121.5m. The best intersection occurred in hole SH04-44 returning 21.5m @ 2.96 g/t gold including 12 meters grading 4.83 g/t gold. The widest intersection was found in hole SH04-34 with 121.5m @ 0.44g/t gold.

On December 14, 2004, the Company announced that it has completed the second phase exploration drilling program as planned at its 100% owned Shahuindo gold/silver project. A total of approximately 8,500 meters of diamond drilling was completed, including the first set of results which were announced on October 5, 2004 consisting of 3,800 meters at the Moyan Alto zone in the eastern sector of the property. Drilling on this 150 to 300 meter wide structural corridor over a strike length of 600 meters outlined a new breccia zone that returned continuous mineralization ranging from 0.4 g/t to 4.83 g/t gold over widths from 12m to 121.5m, with one intersection returning 21.5m @ 2.96 g/t gold including 12 meters @ 4.83 g/t gold.

With the rise in the gold price and the anticipated developments to the nearby Alto Chicama project by Barrick Gold, Sulliden's management believes that the Shahuindo project has the potential to become the cornerstone for the Company's future growth.

Following the drilling campaign completed on December 2004, a technical report (RESOURCE ESTIMATE ON THE SHAHUINDO PROPERTY) was prepared by Mr. Guy Saucier, P. Eng. Director Corporate Development of Met-Chem Canada Inc. and dated April 29, 2005 and was filed with the regulatory authorities and is available on the System for Electronic Document Analysis and Retrieval (SEDAR), at the following address: www.sedar.com.

The Executive Summary of such report reads as follows :

Met-Chem Canada Inc (Met-Chem) have been retained by Sulliden Exploration (Sulliden) to prepare an independent resource estimate on the Shahuindo Project. Mr. Guy Saucier, Geological Engineer at Met-Chem, has prepared this report in accordance with NI 43-101 Guidelines.

The Shahuindo exploration Project is located in northern Peru in the Province of Cajabamba, approximately 80 kilometres south of Cajamarca and 15 kilometres west of the city of Cajabamba.

The gold-silver mineralization of the Shahuindo project consists in several large zones of hydrothermal alteration discovered in the 1980's. Subsequently, in the 90's, Asarco and Southern Peru conducted substantial exploration programs which led to the definition of four main mineralized zones namely: San José, South Contact, Porphyry and East Zone.

In 2002, Sulliden bought a 100% interest in the Shahuindo property from Compañía Minera Algamarca S.A. The property consists of twenty-six (26) contiguous mineral titles.

In 2003 and 2004, Sulliden conducted field work (survey, soil sampling, geophysics) and two drilling programs in order to confirm the geometry and extent of the already known mineralized zones and their gold-silver contents and also to test other exploration targets.

In 2003, the drilling program consisted of twenty-seven (27) diamond drill holes totaling 3388 meters. In 2004, drilling consisted of fifty-six (56) diamond drill holes totaling 8504 m. Core samples were analysed for gold and silver at ALS-Chemex Laboratory in Lima by fire assay (50 g) with an atomic absorption finish or gravimetric finish if grade was above 10 g/t.

About 5% of the pulps of the samples analysed in 2004 were taken randomly by Sulliden's geologists and were reanalysed at ACT Lab in Lima. A fairly good correlation could be found between the original values and the reanalysis. In addition to this, Met-Chem also performed some reanalysis of core and rejects and results are consistent with the original analyses.

The present resources estimation done by Met-Chem is based on data provided by Sulliden which included data obtained during the 2003 and 2004 drilling program as well as data from Asarco, Attimisa and Southern Peru programs. The data used for the resources estimate of the zones totals 279 drill holes spaced on drill patterns from 25 to 100 m, which allow reasonable confidence in geological continuity.

Auriferous zones have been interpreted by Sulliden using geological cross-sections spaced every 50 metres. On each cross-section, 0.3 g/t Au envelopes have been drawn to delineate each of the auriferous zones.

Met-Chem's expert visited the site in February 2005 to audit relevant project data and interview project personnel. In Met-Chem's opinion, the project is well managed and the drill hole database is considered reliable for the purpose of resources estimation.

However, Met-Chem has been advised by Sulliden that there is presently some litigation related to ownership of the mineral rights. Indeed, a third party bought Algamarca in 2003 and has been claiming ownership of the property since then.

Based on the sectional geological interpretation provided by Sulliden, Met-Chem constructed three-dimensional solid bodies representing the boundaries of the mineralized zones.

Afterward, grades have been interpolated using various search ellipsoids. No data has been extrapolated beyond 90 m from any drill hole information. Tonnage calculation has been performed using specific gravity obtained from drill cores for each zone.

The mineral resources estimated by Met-Chem are reported at a cut-off grade of 0.3 g/t Au and have been classified in the Indicated and Inferred categories according to the "Canadian Institute of Mining, Metallurgy and Petroleum Standards on Mineral Resources and Reserves".

The resources are reported in the following table.

**Shahuindo Project – Classified Mineral Resources
(Cut-Off Grade 0.3 g/t Au)**

| Zone | Indicated | | | Inferred | | |
|--------------|-------------------|-------------|--------------|-------------------|-------------|--------------|
| | Tonnes | Au (g/t) | Ag (g/t) | Tonnes | Au (g/t) | Ag (g/t) |
| San José | 22,413,000 | 1.04 | 31.79 | 6,561,700 | 0.78 | 25.93 |
| Moyan Alto | | | | 6,143,200 | 0.45 | 3.95 |
| Gap | | | | 3,330,400 | 0.61 | 4.63 |
| East | 13,447,800 | 0.84 | 10.23 | 987,800 | 0.65 | 8.93 |
| Other Zones | 2,148,700 | 0.69 | 11.10 | 136,100 | 0.53 | 11.02 |
| TOTAL | 38,009,500 | 0.95 | 22.99 | 17,159,200 | 0.62 | 12.83 |

In Met-Chem's opinion, the Shahuindo deposit provides good exploration potential for increasing the current mineral resources and this project warrant further work.

During the year ended April 30, 2004, a technical report prepared by Mr. Alain Vachon, P. Eng. Geologist, and dated December 23, 2003 was filed with the regulatory authorities and is available on the System for Electronic Document Analysis and Retrieval (SEDAR), at the following address: www.sedar.com. The technical report includes the property description and location, physiography and infrastructure, history, geological settings, deposit types, mineralization, exploration, sampling methods, data verification and adjacent properties.

Mr Vachon is a qualified person independent of the Company within the meaning of National Instrument 43-101. In 2002 and 2003, Mr. Vachon has worked intermittently on the Shahuindo project, supervising geophysics, rock sampling and drilling

The executive summary of such report reads as follows:

"The Shahuindo property is located in the district of Cachachi, province of Cajabamba, department of Cajamarca, Peru. It is situated approximately 80 km southeast of the town of Cajamarca and 15 km west of Cajabamba. The property consists of 26 contiguous unsurveyed mining concessions totalling 7,982 hectares; 24 out of the 26 mineral titles are registered under the name of Sulliden at the Ministry of Energy and Mines. Access to the project site is excellent all year long.

In November 2002, Sulliden bought a 100% interest in the Shahuindo property from Compañía Minera Algamarca S.A. and Exploraciones Algamarca S.A. Sulliden agreed to pay US\$ 4,130,000 in escalating installments every 6 months over a two-year period which terminates in November 2004.

Each payment is subjected to an interest rate of 5% per year. No royalties or other payments are required or must be provided to any other parties.

The property has been the focus of more than 60 years of mining and intense exploration which led to the discovery of several zones of epithermal disseminated gold silver mineralization of possibly low sulfidation affinity.

Historically, the property was known to host copper-silver-gold mineralization associated with quartz veins invading open fractures or filling fault zones. However, Asarco and Southern Peru have drilled 191 drill holes to finally culminate in a resource calculation and an internal pre-feasibility study. They estimated that the San José Zone hosts 29.4 MT at 0.875 g/t Au and 16.2 g/t Ag, using a 0.3 g/t Au cut-off representing a metal content of 830,000 ounces of gold and 15 M ounces of silver. At a gold price of 300 US\$/oz and a silver price of 5.5 US\$/oz, Southern Peru calculated an internal rate of return of 26% and concluded that the project is considered likely to be viable.

The property geology is dominated by a sequence of mostly terrigenous sediments intruded by intermediate porphyritic bodies which are usually hydrothermally altered. The mineralization is controlled by intrusive/sediment geological contacts, the degree of porosity of the sediment host and fractures and faults which act as conduit to mineralized fluids.

Since November 2002, Sulliden carried out a systematic exploration program which has consisted of GPS grid layout, ground magnetic, induced polarisation, soil and rock sampling surveys followed by 3,388 meters of diamond drilling in 27 holes. The results confirmed and extended the mineralization of the San José Zone which is continuous over a strike length of 1.8 km. Higher grades of gold and silver were obtained in a previously poorly to untested area of brecciated sediments over a strike length of 400 metres near the centre of the San José Zone. Notably, drill holes SH03-08 and 09 have respectively returned 2.14 g/t Au and 219 g/t Ag over 45 metres and 3.27 g/t Au and 132.7 g/t Ag over 30 metres.

Drilling of exploration targets based on rock sampling and geophysics resulted in the discovery of new mineralized areas, notably the West Zone where hole SH03-16 yielded 30 metres at 0.95 g/t Au and the Cerro Redondo area where wide sub-economic gold values were cut in holes SH03-18 and 19. Three other mineralized zones are known on the property: the East, the Porphyry and the South Contact zones.

The exploration work carried out by Sulliden in 2002-2003 has greatly improved the knowledge of the geological context surrounding the known mineralized zones of the property. Taking into consideration that Southern Peru has evaluated in 1998 that the San José Zone hosted a resource totalling 29.4 MT at 0.875 g/t Au and 16.2 g/t Ag which represents a contained resource reaching 830,000 ounces of gold and 15 millions ounces of silver, the author believes that results of Sulliden's work indicate that the size of this resource should be substantially increased as most of the mineralized zones are open along strike and at depth. The potential to extend the mineralization and discover additional zones is considered excellent based on soil sampling and geophysics results. All exploration techniques, geophysics, rock and soil sampling and drilling, applied on the Shahuindo property have returned impressive results showing that the mineralized system is definitively larger than what was known before Sulliden's involvement in the project.

In consideration of the potential outlined, especially along the extensions of the known mineralized zones, it is recommended to continue and expand the exploration coverage to the entire property using the same exploration tools (geophysics, rock and soil geochemistry) that proved in phase I to be efficient for outlining any zones of interest on the property. Simultaneously, a drilling program consisting of 8,000 metres of definition and follow-up drilling and 2,000 metres of exploration drilling should be implemented. The total budget to realise this exploration phase has been estimated at \$US 2,628,900 which will require 12 months to be completed".

In addition, a technical report (Resource Estimate) prepared by Mr. Guy Saucier, P. Eng. Director Corporate Development of Met-Chem Canada Inc., and dated March 29, 2004 was filed with the regulatory authorities and is available on the System for Electronic Document Analysis and Retrieval (SEDAR), at the following address: www.sedar.com. Mr. Saucier is a qualified person independent of the Company within the meaning of National Instrument 43-101.

The entitlement of the Company to develop the Shahuindo Property in Peru is founded on an agreement dated November 6, 2002 (the "Agreement"), between the Company and Compania Minera Algamarca S.A., ("Algamarca"), pursuant to which Algamarca sold its rights in the Shahuindo Property to the Company. The

new shareholders of Algamarca has since claimed that the Agreement was invalid and has commenced legal action in Peru disputing its predecessors' act of entering into the Agreement. In view of this legal action, the transfer of the mineral claims was not completed at year-end. While it is the opinion of management that these claims are without legal merit, the Company cannot predict with certainty the outcome of the Algamarca legal actions or the impact these actions may have on the rights to the Shahuindo property under the Agreement.

Environmental and Other Regulatory Requirements

The current or future operations of the Company, including development activities and commencement of production on its properties, require licenses from various foreign, federal, state, provincial and local governmental authorities and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Companies engaged in the development and operation of mines and related facilities have to deal with increased costs and delays in production ensuing from the need to comply with applicable laws, regulations and licences.

There can be no assurance that the required approvals and licences necessary for the Company to commence or continue exploration on its various properties will be obtained. Additional licenses and studies, which may include environmental impact studies conducted before licenses can be obtained, are necessary prior to operation of other properties in which the Company has interest and there can be no assurance that the Company will be able to obtain or maintain all necessary licenses that may be required to commence exploration, development or operation of mining facilities on these properties on terms which enable operations to be conducted at economically justifiable costs.

The Company's potential mining and processing operations and exploration activities are subject to various foreign federal, state, and provincial laws governing land use, protection of the environment, prospecting, development, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, mine safety and other matters. Such operations and exploration activities are also subject to substantial regulations under these laws by governmental agencies and may require that the Company obtain licenses from various governmental agencies. The Company believes it is in substantial compliance with all material laws and regulations which currently apply to its activities.

There can be no assurance, however, that all licenses which the Company may require for the conduct of mining operations will be obtainable on reasonable terms or that such laws and regulations would not have an adverse effect on any mining project which the Company might undertake.

Failure to comply with the applicable legal, regulatory and license requirements may result in proceedings being taken under the laws, regulations or licenses to obtain judicial or quasi-judicial orders compelling the Company to cease or suspend operations until the Company complies with such applicable laws, regulations or licenses. Any compliance order or request could require capital expenditures, the installation of additional equipment or other corrective measures. Parties involved in mining operations could be forced to indemnify persons having suffered damage or loss resulting from mining operations and they may be subject to civil or criminal fines or penalties for breach of laws and regulations, including environmental laws.

Amendments to current laws, regulations or licenses respecting mining companies' operations or the implementation of stricter laws or regulations could have a substantial harmful effect on the Company and could cause an increase in capital expenditure or production costs or a decrease in the levels of production on the properties in operation. It could further cause the abandonment or delay the development of new mining properties.

To the knowledge of the Company, all of its operations are in compliance with all applicable environmental regulations.

Risk Factors

An investment in the common shares in the capital of Sulliden should be considered highly speculative for a variety of reasons. The following is a general description of certain significant risk factors which should be considered:

Uncertainty with respect to title to properties may result in loss of mining rights

The rights of Sulliden to develop its Shahuindo Property in Peru are founded on an agreement dated November 2002 (the "Agreement"), between Sulliden and Compania Minera Algamarca S.A., ("Algamarca"), pursuant to which Algamarca sold its rights in the Shahuindo Property to Sulliden.

Algamarca and its new shareholders have since claimed that the Agreement was invalid and have commenced legal action in Peru disputing its predecessors' act of entering into the Agreement. Although it is the opinion of management and its legal advisors that these claims are without legal merit, Sulliden cannot predict with certainty the outcome of the Algamarca legal actions or the impact of these actions on its rights under the Agreement.

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to mineral claims may be disputed. Transfers under foreign laws are often complex. Sulliden could lose its rights to a property as a result of successful claims by a third party.

Sulliden's mining rights are contractual and may be terminated in the event of breach of the agreement

Sulliden's right to develop the Shahuindo Property was contingent upon meeting the obligations under the agreement, including the obligation to make payments totalling US\$4,130,000. A breach in the agreement, could have resulted in Algamarca having the right to terminate the agreement. As of April 30, 2004, all the commitments had been satisfied.

Sulliden faces significant risks, inherent in the nature of mineral exploration, in the exploration and development of its mining properties

Mineral exploration and development involve several risks which experience, knowledge and careful evaluation may not be sufficient to overcome. Large capital expenditures are required in advance of anticipated revenues from operations. Many exploration programs do not result in the discovery of mineralization; moreover, mineralization discovered may not be of sufficient quantity or quality to be profitably mined. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, tailings impoundment failures, cave-ins, landslides and the inability to obtain adequate machinery, equipment or labour are some of the risks involved in the conduct of exploration programs and the operation of mines. The commercial viability of exploiting any precious metal deposit is dependent on a number of factors including infrastructure and governmental regulations, in particular those respecting the environment, price, taxes, and royalties.

No assurance can be given that minerals will be discovered of sufficient quantity, quality, size and grade on any of Sulliden's properties to justify commercial operation.

Sulliden does not maintain liability insurance with respect to its exploration activities in Peru.

Uncertainty of ore reserve and resource estimates could lead Sulliden to allocate its capital to deposits which may ultimately prove uneconomic

The mining business relies upon the accuracy of determinations as to whether a given deposit has significant mineable reserves. This reliance is important in that reported mineral reserves and resources are only estimates and do not represent with certainty that estimated mineral reserves and resources will be recovered or that they will be recovered at the rates estimated. Mineral reserve and resource estimates are based on limited sampling, and inherently carry the uncertainty that samples may not be representative. Mineral reserve and resource estimates may require revision (either upward or downward) based on actual production experience. Market fluctuations in the price of metals, as well as increased production costs or reduced recovery rates, may render certain mineral reserves and resources uneconomic. Inaccurate estimates may result in a misallocation of resources such that an excess amount could be allocated to a less than economic deposit or, conversely, failure to develop a significant deposit.

Sulliden faces potential risks resulting from the location of its properties

Political and related legal and economic uncertainty exists in countries where Sulliden operates. Risks of foreign operations in these countries may include political unrest, corruption, war, civil disturbances and terrorist actions, arbitrary changes in law or policies, changes to government regulation, foreign taxation, price and currency controls, delays in obtaining, or the inability to obtain, necessary governmental permits, opposition to mining from environmental or other non-governmental organizations, limitations on foreign ownership, limitations on the repatriation of earnings, limitations on gold exports and increased financing costs. These risks may limit or disrupt Sulliden's activities.

Sulliden requires additional funding to develop its properties

Development of the Shahuindo Property will require significant financial resources. As a result, Sulliden will need to raise significant project financing, debt and additional equity.

Failure to obtain such additional funding at critical times could lead to delay or indefinite postponement in the exploration and development of the project. There is no assurance that such funding will be available or that it will be obtained on favourable terms.

Sulliden's business depends upon a limited number of properties, the loss of any of which will negatively impact its operations

Sulliden's operations at the Shahuindo property in Peru, account for essentially all of its current operations. Any adverse development affecting its Shahuindo Property could significantly impact the Company.

Lack of operating profits

Sulliden has incurred operating losses on an annual basis for a number of years arising out of the costs related to continued exploration and development of mineral resource properties. As of April 30, 2005, Sulliden had an accumulated deficit of \$26,014,731. It is anticipated that it will continue to experience operating losses for the foreseeable future. There can be no assurance that Sulliden will ever achieve significant revenues or profitable operations.

Dependence on key personnel

The development of Sulliden's business is and will continue to be dependent on its ability to attract and retain highly qualified management and mining personnel. Sulliden faces competition for personnel from other employers.

Sulliden's operations require environmental and other permits and are subject to extensive regulations

Government regulations significantly affect Sulliden's operations. Sulliden's exploration and development activities are subject to extensive laws and regulations governing protection of the environment, health and worker safety, waste disposal and other matters. Sulliden generally requires permits from authorities that relate to virtually every aspect of Sulliden's activities.

It is possible that future changes in applicable laws, regulations or changes in their enforcement or regulatory interpretation could result in changes in legal requirements or in the terms of permits applicable to Sulliden, which could significantly impact the Company's current operations or projects. Obtaining necessary permits to place a deposit into commercial production can be a complex, time-consuming and expensive process. Sulliden cannot assure whether necessary permits will be obtainable on acceptable terms and in a timely manner. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could stop, materially delay or restrict Sulliden from proceeding with the development of a project or the placing into commercial production of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in interruption or closure of operations or material fines, penalties or other liabilities.

Precious metal price volatility may negatively impact Sulliden

The price of precious metals can fluctuate widely and is affected by numerous factors including demand, inflation, strength of the U.S. dollar and other currencies, interest rates, gold sales by central banks, forward sales by producers, global or regional political or financial events, and production and cost levels in major producing regions. In addition, the gold price is sometimes subject to rapid short-term changes because of speculative activities.

Even if Sulliden discovers commercial amounts of precious metals on the Shahuindo property, it may not be able to place the property into commercial production if precious metal prices are not at sufficient levels.

Currency Risk

A substantial portion of Sulliden's activities is expected to be carried on outside of Canada. Such activities are subject to risks associated with fluctuations in the rate of exchange of the Canadian dollar and foreign currencies.

Competitive Conditions

Significant and increasing competition exists for the limited number of gold acquisition opportunities available. As a result of which, the Company may be unable to acquire additional attractive mining properties on terms it considers acceptable amid competition with larger established mining companies with substantial capabilities and greater financial and technical resources.

Dividends

The Company has paid no dividends to date on its Common Shares. The Company intends to retain its earnings, if any, to finance the growth and development of its business and does not expect to pay dividends in the near future. The Board of Directors of the Company will review this policy from time to time having regard to the Company's financing requirements, its financial condition and other factors considered to be relevant.

Capital Structure

The authorized capital of the Company consists of an unlimited number of common shares, of which 61,092,231 common shares are currently issued and outstanding. The common shares are listed and posted for trading on TSE under the symbol SUE since December 6, 1999.

Market for Securities

The following table sets forth the reported high and low closing prices and trading volume of the common shares for each month of the current year:

| | High | Low | Close | Volume |
|-----------------------------------|-------------|------------|--------------|---------------|
| Year ending April 30, 2005 | | | | |
| April | 1.00 | 0.79 | 0.79 | 1,651,000 |
| March | 1.19 | 0.69 | 0.83 | 3,493,400 |
| February | 0.95 | 0.69 | 0.70 | 1,439,500 |
| January | 0.96 | 0.70 | 0.84 | 882,300 |
| December | 1.10 | 0.87 | 0.96 | 1,241,500 |
| November | 1.18 | 0.90 | 1.02 | 1,456,000 |
| October | 1.30 | 1.05 | 1.05 | 1,465,500 |
| September | 1.45 | 0.85 | 1.18 | 3,359,300 |
| August | 1.15 | 0.87 | 0.95 | 1,333,500 |
| July | 1.74 | 1.00 | 1.15 | 1,487,000 |
| June | 1.70 | 1.05 | 1.25 | 1,273,100 |
| May | 2.15 | 1.25 | 1.47 | 1,675,500 |

Escrowed Shares

The Company has no escrowed shares.

Directors and Officers

The following are the names and municipalities of residence of the directors and officers of the Company, their positions with the Company and principal occupations within the past ten years, as well as the shares owned or controlled directly or indirectly.

| Name and position | Principal Occupation | Director/Officer since | Number of shares owned or controlled directly or indirectly July 28, 2005 |
|--|--|--------------------------------|--|
| Jacques Trottier President / Director Boucherville, Quebec | President of the Company | November 1995 | 638,400 |
| Michel Rathé Vice President, Finances Secretary Brossard, Quebec | President of Sogecap Inc. | Officer since November 1996 | 330,000 |
| Charles Rondeau* Director Quebec, Quebec | Consultant, Groupe Mallette | November 2002 | 180,000 |
| Leonard Harris* Director Lona Tree, Colorado | Mining Consultant | September 2003 | 10,000 |
| James H. Coleman Director Calgary, Alberta | Senior Partner MacLeod Dixon | August 2004 | 290,500 |
| Sylvain Perreault Director Quebec, Quebec | Vice President Socrate Capital Inc. | October 2004 | 815,200 |
| John F. Kearney* Director Toronto, Ontario | Chairman, President and Chief Executive Officer of Canadian Zinc Corporation since 2003; Chairman of Conquest Resources Limited since 2001; Chairman of Anglesey Mining plc since 1994 | May 2005 | None |

*Member of the Audit Committee

- (1) The information about the principal occupations of each Director during the five preceding years is disclosed hereinafter or can be found in the previous Corporation's Proxy Circulars, which are available on the web site of the System for Electronic Document Analysis and Retrieval (SEDAR), at the following address: www.sedar.com. Such information is incorporated by reference in this Annual Information Form, as if recited at length herein.
- (2) The directors of the Corporation are appointed and elected until the next annual shareholders' meeting of the Corporation, or until their successors have been duly appointed. The directors have provided the information regarding the number of voting securities over which they exercised control.

Mr. Trottier is geologist and holds a Bachelor's degree in geology as well as a Master's degree in chemistry from Université du Québec à Montréal since 1978 and 1982, respectively and a doctorate in applied sciences from École Polytechnique de Montréal since 1988. Mr. Trottier has been President and Director of Sulliden since 1995. During the period from August 1982 to May 1987, he taught at the Earth Sciences Department of the Université du Québec à Montréal. From 1987 to 1994, he was Chief Geologist of Groupe Minier Morisco inc. and mining exploration companies affiliated with this private company. Mr. Trottier was formerly President of the "Association des prospecteurs du Québec" and of the "Association professionnelle des géologues et géophysiciens du Québec" and Manager of the Prospectors and Developers Association of Canada. He is also Chairman of the Board of Amex Exploration Inc., a mining exploration company listed on the TSX Venture.

Mr. Rathé is chartered accountant. Mr. Rathé has been President of Sogecap Inc. (consulting firm), since 1993. Prior thereto Mr. Rathé was a Senior Manager, Financial Consulting Service of PricewaterhouseCoopers. Also, Mr. Rathé is director and officer of Amex Exploration Inc. (TSX-V), an officer of Metco Ressources Inc. (TSX-V) and an officer of Birim Goldfields Inc. (TSX).

Mr. Rondeau is a chartered accountant. Mr. Rondeau has been a consultant for Groupe Malette for over 10 years.

Mr. Harris is a mining consultant. Mr. Harris' experience in the mining industry spans over five decades across continents. Known particularly for his contributions to the gold mining industry in Latin America, he has held several prominent positions with major gold companies there and has chaired industry standards organizations such as the Mining Task Force of the Chamber of the Americas and the International Committee of the SME. He is the recipient of numerous awards including the Gold Medal from the Mining & Metallurgical Society of America, the Medal of Merit from the American Hall of Fame and Engineer of the Year award from the Peruvian Society of Engineers.

Mr. James H. Coleman is senior Partner and former Chairman of Macleod Dixon LLP, Barristers & Solicitors. He has extensive experience in international law with a focus on the energy and resource sectors in addition to corporate finance, banking and securities. He is a member of the Law Society of Alberta, the Canadian Bar Association, Rocky Mountain Mineral Law Foundation, has authored numerous legal papers on resource law and banking and has chaired various independent committees of public companies relating to corporate governance and securities matters. Mr. Coleman served as a non-executive director of Q-Entertainment Inc. (TSX:QZR), a technology and entertainment company, from May 1995 to April 1996. On November 6, 1997, Q-Entertainment Inc. and its U.S. subsidiaries filed for Chapter 11 protection in the United States and subsequently filed for Chapter 7 bankruptcy in the United States Bankruptcy Court (Texas), following which a trustee in bankruptcy was appointed. Mr. Coleman also served as a non-executive director of McCarthy Corporation plc, the largest shareholder in Q-Entertainment Inc., from 1993 to March 2003. In June 2003, McCarthy Corporation plc proposed a voluntary arrangement with its creditors pursuant to the legislation of the United Kingdom.

Mr. Perreault holds an MBA from Sherbrooke University. During 2002 and 2003, Mr. Sylvain Perreault was vice president of Development Lombard Odier Darier Hentsch du Canada. From 1997 to 2002, vice president of Socrate Gestion du Patrimoine Inc., and from 1989 to 1997, director of consulting services of Groupe Mallette Maheu. In addition, Mr. Perreault is director and president of Heron Exploration Inc. listed on the TSX Venture Exchange.

Mr. Kearney is a graduate of University and Trinity Colleges in Dublin with degrees in Law, Economics and Masters in Business Administration and he is a member of the Canadian Institute of Mining and Metallurgy and the Prospectors and Developers Association of Canada. A past Director of The Mining Association of Canada and The Gold Institute in Washington from 1982 to 1995, he currently sits on the boards of Canadian resource companies. Mr. Kearney served as a non-executive director of Q-Entertainment Inc. (TSX: QZR), a technology and entertainment company, from October 1996 to October 31, 1997. On November 6, 1997, Q-Entertainment Inc. and its U.S. subsidiaries filed for Chapter 11 protection in the United States and subsequently filed for Chapter 7 bankruptcy in the United States Bankruptcy Court (Texas), following which a trustee in bankruptcy was appointed. Mr. Kearney also served as a non-executive director of McCarthy Corporation plc, the largest shareholder in Q-Entertainment Inc., from July 2000 to March 2003. In June 2003, McCarthy Corporation plc proposed a voluntary arrangement with its creditors pursuant to the legislation of the United Kingdom.

All the directors of the Company hold office until the next annual meeting of shareholders following their election until their successors are duly elected or appointed.

The percentage of voting securities of the Company or of any of its subsidiaries (common shares of the Company) beneficially owned, directly or indirectly, or over which control or direction is exercised by all Directors and Executive Officers of the Company as a group, as at July 28, 2005, is 3.48%.

Promoters

Over the last three years, no promoters have been involved with the Company.

Legal Proceedings

The Company was successful in bringing the legal challenge concerning title to the Shahuindo property to arbitration in Lima, Peru. The Company believes its legal position is irrefutable, based on opinions from prominent legal firms, and management is confident that the purchase agreement for the Shahuindo property will be declared legally binding. It is hoped that a decision will be made in the coming months.

Background:

On July 25, 2002, Sulliden Exploration Inc. ("Sulliden") signed a Letter of Intent with Compañía Minera Algamarca S.A. and its subsidiary, Compañía de Exploraciones Algamarca S.A., (the "Algamarcas") to buy 100% interest in the Shahuindo property located in the Department of Cajamarca, Peru for an acquisition price of US\$4,130,000 to be paid in cash instalments over a period of 24 months and bearing interest of 5% annually.

On July 31, 2002 the shareholders of Algamarca approved Sulliden's proposal by a majority vote and authorized the General Manager of Algamarca to sign the Final Letter of Intent dated August 15, 2002. Signature of the Final Letter of Intent was accompanied by an initial cash payment by Sulliden of US\$10,000.

Following due diligence, Sulliden, through its wholly-owned subsidiary, Minera Sulliden Shahuindo S.A.C. guaranteed by Sulliden, entered into a Transfer Contract with the Algamarcas dated November 6, 2002, which was notarized as a public deed in Lima on November 11, 2002. At that time, US\$320,000 was paid by Sulliden according to the instructions of Algamarca. On November 11, 2002 Sulliden entered into possession of the property. The mining concessions remained mortgaged in favour of Algamarca as security for payment of the balance of the purchase price.

During January 2003, the original shareholders of Algamarca sold their shares to a third party known as Atimmsa (Alta Tecnología e Inversión Minera y Metalúrgica S.A.). At a meeting of the new shareholders of Algamarca held on in February 2003, new directors and a new general manager were appointed.

Court Proceedings:

In March 2003 Atimmsa filed for an injunction in the Courts of La Esperanza in Trujillo seeking to direct the Public Registry in Trujillo to (a) register the suspension of the Transfer Agreement and (b) suspend all recording proceedings. In the following month, Atimmsa was granted an injunction and commenced a lawsuit in the Courts of La Esperanza in Trujillo against Sulliden seeking a declaration that the Transfer Agreement was null and void and an order that Algamarca remain as the holder of the property. The lawsuit alleged that the Transfer Agreement was not valid.

In response to the La Esperanza Trujillo injunction and lawsuit, Sulliden applied to the Courts in Lima to challenge the competency (jurisdiction) of the Judge in Trujillo and to move the hearing to the Courts in Lima. In November 2003, the Supreme Court confirmed Sulliden's application and ordered the transfer of the case to the Tenth District Civil Court in Lima.

In July 2004, the Tenth District Civil Court in Lima dismissed Atimmsa's lawsuit and declared the injunction granted to Atimmsa by the Courts of Trujillo to be null and void. The decision of the Tenth Civil Court was confirmed upon Appeal by the Fifth Civil Chamber of the Superior Court of Lima on September 23, 2004 which ultimately cancelled the injunction and dismissed Atimmsa's lawsuit against Sulliden.

Arbitration Process:

In September 2003, Sulliden invoked the arbitration clause in the Transfer Agreement which provided that any dispute between the parties would be settled by arbitration in Peru.

Algarca initially rejected the demand for Arbitration and refused to nominate an Arbitrator, which was rejected by the Arbitration panel. In January 2004 at Sulliden's petition, the Arbitration Tribunal was formally installed with three arbitrators, one proposed by Sulliden, a second proposed by the Institute of Mining, Petroleum and Energy, with these two nominating the President of the Tribunal. Thereafter, the Arbitration Proceedings continued with the active involvement of representatives of both Sulliden and Algarca.

However, in December 2004, Algarca sought and obtained a precautionary measure injunction from a Judge in San Marcos to suspend the Arbitration Proceedings. The Arbitrators rejected the demand for suspension and resolved to continue with the proceedings. In February 2005, Algarca requested the Judge of San Marcos to refer his ruling to the Supreme Court, but again the Arbitrators considered this injunction and unanimously resolved to continue with their proceedings and by May 2005, had concluded the evidence stage.

In late May 2005, Algarca obtained a second precautionary measure (injunction) from a Penal Judge from the District of Villa Maria Del Triunfo to suspend the Arbitration Proceedings. Faced with this penal injunction, the Arbitration Tribunal voted by a two to one majority to temporarily suspend the proceedings with the Arbitrators unanimously agreeing to appeal to the Superior Court of Lima.

Meanwhile, the reference to the Supreme Court of Peru from the Judge of San Marcos was heard by the Supreme Court which, on June 15, 2005, ratified the constitutional autonomy of the Arbitration Process. The Supreme Court's decision overruled the December 2004 decision of the Judge of San Marcos which had ordered the suspension of the Arbitration Proceedings. On July 12, 2005, the Supreme Court issued a Circular to the Presidents of the twenty-eight Superior Courts to uphold the sanctity and constitutional autonomy of the Institution of Arbitration.

Sulliden is pursuing an appeal to the Supreme Court seeking to remove the May 2005 Penal Injunction by the Judge of Villa Maria del Triunfo.

Transfer and Registration of Mining Claims:

Of the twenty-six mining claims comprising the Shahuindo deposit, six are registered in the National Public Registry (SUNARP) in Lima whilst twenty are registered in the District Public Registry in Trujillo pursuant to Peruvian judicial procedures.

Following conflicting injunctions issued to each of Sulliden and Atimmsa in March and April of 2003, the District Public Registry in Trujillo suspended all registrations and declined to register any further transfer of claims. Sulliden appealed this decision to the Registration Tribunal without success.

Following the decision of the Fifth Civil Chamber of the Superior Court of Lima in September 2004 to cancel the injunction granted to Atimmsa and dismiss the proceedings initiated by Atimmsa, the National Public Registry (SUNARP) in Lima registered the transfer of the six mining claims to Sulliden. Ownership of these six claims is now registered in Sulliden's name.

Sulliden has also made application to the District Public Registry in Trujillo to have the Registry abide by the decision of the Fifth Civil Chamber of the Superior Court of Lima and has requested the registration of the transfer of the remaining twenty claims to Sulliden's name.

Permits/Work Orders:

In May 2003, Sulliden received an official permit from the Ministry of Energy and Mines to initiate the first phase of drilling on the Shahuindo property. In January 2004, Sulliden received an official permit from the Ministry of Energy and Mines of Peru to initiate the second phase of drilling at Shahuindo. No permit has been granted to any other party to explore, develop or mine the Shahuindo property other than Sulliden.

In October 2003, Algarca forcibly occupied part of the mining concession areas and established a camp near Sulliden's exploration camp. Algarca attempted to execute some mining work on the property without official authorization. The Ministry of Energy and Mines ordered Algarca to cease their activities but Algarca remained physically on the property.

Legal Opinions:

Under the terms of the Agreement, Sulliden has paid the full amount of US\$4,130,000 plus interest (including payment made under judicial consignment to the Civil Court at Lima). Following execution of the Transfer Agreement, in May 2003 Sulliden tendered payment for the next required instalment to Algamarca which was rejected; consequently, Sulliden then made the payment to the Tenth Civil Court in Lima. By April 30, 2004 Sulliden had deposited the remaining final payment plus interest due for the Shahuindo property with the Courts in Lima.

Sulliden has been advised by leading law firms in Peru that the original Transfer Agreement between Sulliden and Algamarca is valid and enforceable.

Legal opinions supporting Sulliden's position have been received by Drs. Javier de Belaúnde, Marcial Rubio Correa, Alfredo Bullard, Susana Zusman, and Rodrigo, Elias & Medrano. Sulliden has acted in accordance with the principles of good faith in the negotiation, signing and execution of the Agreement and has satisfied all the criteria governing the basic articles of constitutional law protecting the freedom of two parties to enter into a contract having a legal purpose in complying with the laws of public order. Following the change in shareholding of Algamarca, which took place after the execution of the Transfer Agreement, Algamarca and its new shareholders have acted in bad faith and have refused to recognize and sought to ignore the Transfer Agreement and have sought to prevent by various means the transfer to Sulliden of the mining claims and the registration of title in Sulliden's name. Algamarca and its new shareholders have objected to the Arbitration Process and have sought various orders and injunctions from different courts and in different jurisdictions in an effort to stop the Arbitration Process.

The Company cannot predict with certainty the outcome of the various legal actions or the impact of these actions on Sulliden's rights and entitlements to the Shahuindo property.

Sulliden is hopeful that given the decision of the Supreme Court on June 15, 2005 on the autonomy of the Arbitration Process and the subsequent direction issued by the Supreme Court on July 12, the Arbitration Tribunal will resume its proceedings and come to a favourable decision.

Transfer Agent and Registrar

The Company's transfer agent and registrar is Computershare Trust Company of Canada, at its principal office in Montréal.

Material Contracts

Except as disclosed previously in this report, there is no other material contracts.

Interest of Management and Others in Material Transactions

No director or executive officer of the Company, no person that is the direct or indirect beneficial owner of, who exercises control or direction over, more than ten percent (10%); except Socrate Capital Inc. of any class or series of outstanding voting securities of the Company and no associate or affiliate of any such persons, has a material interest in any transaction that has materially affected or will materially affected the Company.

Interest of Experts

Mr. Guy Saucier, professional engineer, is a "qualified person" as defined by NI-43-101. Mr. Saucier prepared two technical reports dated April 27, 2005 and March 29, 2004, that was filed in April 2005 and March 2004 in accordance with NI-43-101 and to which this Annual Information Form refers. He is not a shareholder of the Company as of the date of this Annual Information Form.

Mr. Alain Vachon, geological engineer, was a “qualified person” as defined by N1-43-101. Mr. Vachon prepared a technical report dated December 23, 2003, that was filed in December 2003 in accordance with NI-43-101 and to which this Annual Information Form refers.

Audit Committee Information

The following information is provided in accordance with form 52-110F1 – *Audit Committee Information required in an AIF* (“**Form 52-110F1**”) of *Regulation 52-110 respecting Audit Committees* (“**Regulation 52-110**”) enacted by the Canadian Securities Authorities.

Charter and Composition of the Audit Committee

The mandate of the Company’s Audit Committee is found in schedule A of this Annual Information Form. The current members of said Committee are Mr. John f. Kearney, Mr. Charles Rondeau and Mr. Leonard Harris. Each of these members are independent, as such expression is defined in section 1.4 of Regulation 52-110, and is financially literate, which means that he has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements.

As demonstrated, all of the members of the Committee have an education and an experience which are relevant to their responsibilities.

The members of the Company’s Audit Committee have provided the information disclosed hereinabove.

Reliance on Certain Exemptions

The Company confirms that it has not relied on any exemptions identified in section 4 or 5 of Form 52-110F1 during its most recently completed financial year. The Company further confirms that it has not relied on section 3.8 of Regulation 52-110 during its most recently completed financial year.

External Auditors Services Fees

| | <u>Year ended April 30</u> | |
|-----------------------------------|----------------------------|----------|
| | 2005 | 2004 |
| Audit Fees ⁽¹⁾ | \$39,000 | \$30,000 |
| Audit-Related Fees ⁽²⁾ | none | none |
| Tax Fees | \$32,500 | none |
| All Other Fees ⁽³⁾ | none | none |

- (1) Corresponds to the aggregate fees billed by the Company’s external auditor for audit services provided to the Company.
- (2) Corresponds to the aggregate fees billed by the Company’s external auditor for assurance and related services provided to the Company that are reasonably related to the performance of the audit or review of the Company’s financial statements and are not reported under item “Audit Fees”.
- (3) Corresponds to the aggregate fees billed by the Company’s external auditor for products and services provided to the Company other than the services reported under items “Audit Fees”, “Audit-Related Fees” and “Tax Fees”.

Administrative Offices

Listed below are the addresses of the Company’s and its subsidiaries head office:
 Canada: 1155, rue University Street, Suite 812, Montreal, Quebec, H3B 3A7
 Peru: Calle San Martin 845, Oficina 201, Miraflores, Lima, Peru

Additional Information

Additional information including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and options to purchase Company securities is contained in the Proxy Circular dated July 28, 2005, prepared in connection with the Annual Meeting of Shareholders to be held on September 8, 2005. Additional financial information is also provided in the Company's consolidated

financial statements for the year ended April 30, 2005 and in the corresponding management's discussion and analysis included in the Company's 2005 Annual Report. Said Proxy Circular and Annual Report are available on the System for Electronic Document Analysis and Retrieval (SEDAR), at the following address: www.sedar.com.

The Company shall provide to any person, upon request to the Secretary of the Company:

- (1) when the Company's securities are in the course of a distribution pursuant to a short form prospectus or a preliminary short form prospectus has been filed in respect of a distribution of our securities,
 - a) one copy of the Company's Annual Information Form, together with one copy of any document, or the pertinent pages of any document, incorporated by reference in the Annual Information Form;
 - b) one copy of the Company's comparative consolidated financial statements for the Company's most recently completed fiscal year for which consolidated financial statements have been filed, together with the accompanying report of the auditor and one copy of the Company's most recent interim consolidated financial statements that have been filed, if any, subsequent to the consolidated financial statements for the Company's most recently completed financial year;
 - c) one copy of the Company's information circular in respect of the Company's most recent annual meeting of shareholders that involved the election of directors or one copy of any annual filing prepared in lieu of that information circular, as appropriate; and
 - d) one copy of any other documents that is incorporated by reference into the preliminary short form prospectus and is not required to be provided under above; or
- (2) at any other time, one copy of any other document referred to in (1) above, provided the Company may require payment of a reasonable charge if the request is made by a person who is not one of the Company's security holders.

SCHEDULE A
SULLIDEN EXPLORATION INC.
(the "Company")
AUDIT COMMITTEE CHARTER

Constitution, Composition and Quorum

The Board of Directors of the Company has appointed an Audit Committee of a minimum number of three (3) Directors, all of whom should be independent and financially literate in accordance with the laws, by-laws and applicable policies with respect to securities including without limitation Multilateral Instrument 52-110. Each member of the Audit Committee, amongst other things, has to be able to read and understand financial statements. The quorum of the Committee is the majority of the members. The Directors have also appointed the Chairman of the Committee.

Power and Authority

In the performance of its mandate, the Committee has the right to examine the books, registers and accounts of the Company and to discuss any question concerning the financial situation of the Company or any other question which relates to its mandate with any employee and with the external auditor or the internal audit team of the Company and its subsidiaries.

The external auditor reports directly to the Audit Committee and the Committee has the power to communicate directly with the external auditor. The external auditor is present, if requested, at all of the meetings of the Committee where reports or financial statements that it has prepared or where public communications based upon these reports or financial statements are examined or approved by the Committee. The external auditor can also be invited to other meetings. Upon the external auditor's request, the Chairman of the Committee will convene a meeting of the Audit Committee. The Audit Committee may meet privately with the external auditor, without management being present, once per quarter after the presentation of the interim financial statements if they have been reviewed by the external auditor, and following the presentation of the annual financial statements and at any time upon request.

The Audit Committee has the right to require any employee of the Company or of its subsidiaries to discuss any question concerning the financial situation of the Company or any other question which relates to its mandate.

If the Audit Committee deems it appropriate, it can retain independent counsel, accountants or others to assist the Audit Committee in fulfilling its duties and responsibilities and it has the power and authority to approve and ensure the payment of their fees and disbursements.

Delegation

The Audit Committee cannot delegate to management any of the responsibilities that are part of its mandate. However, the Audit Committee may delegate to one or more independent members of the Audit Committee the authority to pre-approve non-audit services to be rendered by the external auditor.

The pre-approval of non-audit services by any member to whom authority has been delegated must be presented to the Audit Committee at its first scheduled meeting following such a pre-approval and all of the conditions of Multilateral Instrument 52-110 and of the preapproval policy adopted by the Audit Committee must be respected.

Reports

The Audit Committee has to report to the Board of Directors on or about its work, activities and decisions at the meeting of the Board of Directors following the meeting of the Audit Committee providing all topics discussed, decisions taken, means undertaken in order to study and examine the reports, statements and documents submitted, as well as the level of satisfaction of the members of the Committee therewith, the unresolved issues, the disagreements and the decisions taken, in which case the justifying motives also have to be provided.

Compensation

The Board of Directors determines the compensation to be received by the members of the Audit Committee for their services.

Mandate

The mandate of the Audit Committee comprises the following:

General

1. to monitor the audit process and the integrity of the Company's financial reporting with a view to enhance the accuracy of the information provided and the quality of the Corporation's financial reporting;
2. to establish, monitor and verify the accounting standards and policies adopted;
3. to monitor and adopt new accounting pronouncements that could affect the Company and to ensure they are respected;
4. to follow the evolution of best practices with respect to accounting principles, standards and rules and to incorporate such best practices to the practices of the Company, where applicable;
5. to ensure the respect of the rules applicable to the Company in accordance with the laws, by-laws, instruments and policies relating to financial information in general and in particular to audits and to audit committees including Multilateral Instrument 52-110 pertaining to the audit committee;
6. to review the Audit Committee Charter and membership annually and make recommendations for modifications, where applicable, to the Board of Directors;

Risk Management

7. to monitor and adopt risk management systems and to ensure the monitoring of these systems;

Financial Results

8. to examine the Consolidated Annual Audited Financial Statements, the consolidated unaudited interim financial statements and the Management's Discussion and Analysis as well as all other statements and financial reports including press releases dealing with financial information which require an examination by the Audit Committee in accordance with the applicable laws or when the Board of Directors requires such examination and to recommend their adoption by the Board of Directors;
9. to ensure that the financial information is in compliance with the applicable securities laws, regulations and policies;
10. to review together with the external auditor of the Company the methods used for and the extent of their respective auditing processes and to report to the Board of Directors any material reservation that the Audit Committee has or that the external auditor have expressed with respect to their work;

External auditors

11. to recommend the external auditor to the Board of Directors as well as its compensation in connection with the audit services;
12. to ensure that the external auditor remains ultimately accountable to the Board of Directors through the Audit Committee as a representative of the shareholders and, amongst other things, to provide and establish processes allowing independent and direct communication links between the Board of Directors, the internal audit team and the external auditor;
13. to monitor the independence of the external auditor including:
 - (i) the prior approval of all non-audit services to be provided to the Company by the external auditor;
 - (ii) to adopt detailed prior approval policies and processes with respect to the services mentioned in sub-paragraph (i) hereinabove including the obligation imposed upon management and the external auditor to inform the Audit Committee of any projected services unrelated to the audit and of the rendering of such a service;
 - (iii) to examine the existing or potential relationship of the Company with the external auditor including between the employees of the Company and the partners, employees, former partners and employees of the former or present external auditor and without limiting the generality of the foregoing

to review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor;
14. to receive and study the external auditor's report following its final audit as well as the recommendations relating thereto, to the management of the Company;

15. to monitor once a year and on occasion during the year the skills, the quality of the services and the independence of the external auditor within the exercise of its duties and to recommend to the Board of Directors, if appropriate, the convening of a shareholders' meeting in order to consider the dismissal of the external auditor;
16. to review with the external auditor the extent of its audit and to examine the conclusions resulting from such audit and the actions undertaken by management to implement the recommendations derived from its conclusions;
17. to ensure the resolution of disagreements between management and the external auditor regarding financial reports;

Internal Controls

18. to review the important items of the reports that follow up as well as the recommendations given to management;
19. to review with the external auditor:
 - 19.1 the efficiency of the books and of the accounting systems of internal control and of the Company's information and if those books are maintained in an appropriate manner and if those systems are applied evenly; and
 - 19.2 the efficiency and skills of the employees involved in internal accounting and the control of the activities of the Company;

in order to evaluate the efficiency and adequacy of the internal control systems and to report to the Board of Directors on such matters;

Capital Expenditures

20. to monitor the financial aspects of capital expenditures projects, including compliance with budgets or cost projections and of the actual return on investment of the projects in comparison with the projected return on investment;

Reception and Revision of Reports

21. to prescribe the form and the content of the certificates to be executed by the Chief Executive Officer and the Vice President, finance of the Company, to ensure that they are provided in good time and to review such certificate following their receipt;
22. to receive and review the reports from the Chief Executive Officer and the Vice President, finance with respect to the financial provisions made, the purchase and sale of assets, the risk elements that could have an effect on the financial results or on the financial structure of the enterprise, the redemption of shares of the Company, financial derivatives and other similar matters;
23. to receive and review the status reports on capital expenditures;
24. to receive and review the report pertaining to potential or current litigation involving the Company;

Continuous Disclosure

25. to review annual shareholders meeting notice, proxy circular and Annual Information Form unless they are directly submitted to the Board of Directors;

Complaints

26. to establish procedures for:
 - (i) the treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and
 - (ii) the confidential anonymous submission by employees of concerns regarding questionable accounting or auditing of the Company and its subsidiaries; and

Other questions

27. to study any other questions and rendering any other work that the Board of Directors considers useful.

GUIDELINES

1. Reviews the annual financial statements

Obtains an assurance from the Chief Financial Officer with regard to:

- The reliability and integrity of the financial information used to prepare the financial statements and, more specifically, the declared results
- Compliance with requirements imposed on the Company and with industry standards when the financial statements were prepared
- Changes made to the accounting principles or their application, which might have a serious impact on the financial statements
- Compliance with all loan agreements and trust deeds, as the case may be, and the related financial disclosure
- Controversial accounting policies or accounting policies affecting a new field for which no guidelines yet exist
- The fulfillment of all obligations for which the directors are personally responsible (including tax remittances to the government)
- The establishment and reliability of the internal control systems.

Obtains an assurance from the Chief Executive Officer with regard to:

- Compliance by employees reporting to him or her with the laws and regulations of the country concerned
- Compliance by employees reporting to him or her with the code of ethics
- Observance by the exploration manager and the employees they supervise with the environmental policy
- The reliability and integrity of the financial information forwarded for consolidation purposes by the sites
- The reliability and integrity of the geological information (resources and reserves) forwarded for the preparation of press releases and messages to shareholders.

Reviews the accounting treatment and financial disclosure of the following:

- Events or operations occurring during the financial year, which are out of the ordinary
- Transactions between related parties
- Unusual gains or losses
- Financing needs.

2. Reasonable Diligence

- Annual review of the evaluation of properties and decisions regarding the write-off of expenditures relating to mining properties, when appropriate
- Review of corrections to the financial statements, litigation or potential losses
- Comparison of results with budgets or forecasts, and review of major discrepancies
- Verification to determine whether management or the external auditors have become aware of any illegal or unethical activities
- Review of the risks or uncertainties to which the Company is exposed and report to the Board
- Review of the implementation of the environmental policy
- Review of any contract which was not entered into in the normal course of business or contracts with related persons or affiliated companies