

**Report of Organizational Actions
 Affecting Basis of Securities**

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name Eldorado Gold Corporation		2 Issuer's employer identification number (EIN) None	
3 Name of contact for additional information Dawn Moss, Corporate Secretary	4 Telephone No. of contact (604) 687-4018	5 Email address of contact dawnm@eldoradogold.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 1188 - 550 Burrard Street, Bentall 5		7 City, town, or post office, state, and Zip code of contact Vancouver, BC, Canada V6C 2B5	
8 Date of action February 24, 2012	9 Classification and description Common Shares		
10 CUSIP number 284902103	11 Serial number(s)	12 Ticker symbol TSX: ELD; NYSE: EGO	13 Account number(s)

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ On February 24, 2012, Eldorado Gold Corporation ("Eldorado") acquired European Goldfields Limited ("European Goldfields") in a transaction pursuant to which the European Goldfields shareholders exchanged their European Goldfields common shares for Eldorado common shares and cash (the "Share Exchange"). Specifically, upon consummation of the Share Exchange, European Goldfields shareholders received 0.85 of one Eldorado common share and CDN \$0.0001 for each European Goldfields common share held immediately prior to the Share Exchange. Eldorado and European Goldfields planned for certain steps to occur after the Share Exchange, including a contribution by Eldorado of the European Goldfields shares to its wholly owned subsidiary ("Eldorado Holdco"), followed by the amalgamation of Eldorado Holdco and European Goldfields (the "Amalgamation," and together with the Share Exchange, the "Arrangement").

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ See the attached discussion entitled "Certain Material United States Federal Income Tax Considerations" included in the Management Information Circular, dated January 23, 2012 (available at www.SEDAR.com), for a description of the quantitative effect of the organizational action on the basis of securities.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ See attached.

For purposes of calculating fair market value, the fair market value of Eldorado common shares on February 24, 2012 is estimated at CDN \$15.05, which is the closing price for Eldorado common shares on the Toronto Stock Exchange on February 24, 2012. The exchange rate on February 24, 2012 was 1 Canadian dollar to 1.0012 U.S. dollars, as reported by the Bank of Canada. Therefore, the U.S. dollar fair market value of each Eldorado share on February 24, 2012 is estimated at U.S. \$15.07. Shareholders should consult with their own tax advisers to determine what measure of fair market value is appropriate if they are required to recognize gain.

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ Though not free from doubt and as described in the attached, Eldorado believes that the Arrangement should be treated as a single, integrated transaction, which should qualify as a reorganization within the meaning of Code Section 368(a). Consequently, the federal income tax consequences to the European Goldfields shareholders should be determined under Code Sections 354, 356, 358 and 1221.

In addition, European Goldfields has not determined whether it constituted a passive foreign investment company as defined under Code Section 1297 (a "PFIC") for any tax year prior to 2010 (it does not believe that it was a PFIC for its 2010 and 2011 taxable years). As a result, the PFIC rules and Code Sections 1291-98 could apply to shareholders who held European Goldfields shares during tax years prior to 2010 if it was classified as a PFIC.

18 Can any resulting loss be recognized? ▶ See attached.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ In general, any gain recognized should be reported by shareholders for the taxable year which includes February 24, 2012 (e.g., a calendar-year shareholder would report the transaction on his or her federal income tax return filed for the 2012 calendar year).

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ▶ [Handwritten Signature] Date ▶ March 29, 2012
 Print your name ▶ DAWIN MOSS Title ▶ CORPORATE SECRETARY

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	John D. Hollinrake Jr.	<u>[Handwritten Signature]</u>	3/14/2012		PO1568530
	Firm's name ▶ Dorsey & Whitney LLP			Firm's EIN ▶	41-0223337
	Firm's address ▶ Columbia Center, 701 Fifth Avenue, Suite 6100, Seattle, Washington 98104			Phone no.	(206) 903-8812

Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054

These materials are important and require your immediate attention. They require securityholders of European Goldfields Limited to make important decisions. If you are in doubt as to how to make such decisions, please contact your financial, legal or other professional advisers. If you have questions, you may contact European Goldfields' proxy solicitation agent, Phoenix Advisory Partners Toll Free at 1-800-243-9416 or by email at inquiries@phoenixadvisorypartners.com.



NOTICE OF SPECIAL MEETING OF SECURITYHOLDERS

to be held on February 21, 2012

MANAGEMENT INFORMATION CIRCULAR

with respect to an arrangement involving

EUROPEAN GOLDFIELDS LIMITED

and

ELDORADO GOLD CORPORATION

The board of directors of European Goldfields, on the unanimous recommendation of the special committee created to consider the arrangement, and upon receipt of certain fairness opinions from BMO Nesbitt Burns Inc. and Lazard & Co., Limited, has determined that the consideration to be received by securityholders pursuant to the arrangement is fair and that the arrangement is in the best interests of European Goldfields and recommends that the securityholders vote FOR the arrangement.

January 23, 2012

Unless otherwise stated, the information herein is given as of January 19, 2012.

Dissenting Shareholders who will or may hold European Goldfields Shares as taxable Canadian property should consult their own tax advisors.

CERTAIN MATERIAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, YOU ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES IN THIS CIRCULAR IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY YOU FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON YOU UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS BEING USED IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY THE ISSUERS OF THE TRANSACTION OR MATTERS ADDRESSED HEREIN; AND (C) YOU SHOULD SEEK ADVICE BASED ON YOUR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

The following discussion summarizes certain material U.S. federal income tax considerations relating to the disposition of European Goldfields Shares pursuant to the Arrangement and the subsequent ownership and disposition of Eldorado Shares by a U.S. holder (as defined below) holding such European Goldfields or Eldorado securities as capital assets (generally, property held for investment). This summary is based on the Internal Revenue Code of 1986, as amended (the "Code"), Treasury regulations, administrative pronouncements of the United States Internal Revenue Service (the "IRS") and judicial decisions, all as in effect on the date hereof, and all of which are subject to change (possibly with retroactive effect) and to differing interpretations. This summary does not describe any state, local or non-U.S. tax law considerations, or any aspect of U.S. federal tax law other than income taxation. This summary also does not describe the U.S. tax consequences applicable to U.S. holders owning options issued by European Goldfields. U.S. holders are urged to consult their own tax advisors regarding such matters.

No legal opinion from U.S. legal counsel or ruling from the IRS has been requested, or will be obtained, regarding the U.S. federal income tax consequences of the Arrangement and the ownership and disposition of Eldorado Shares received pursuant to the Arrangement. This summary is not binding on the IRS, and the IRS is not precluded from taking a position that is different from, and contrary to, the positions taken in this summary. In addition, because the authorities on which this summary is based are subject to various interpretations, the IRS and the U.S. courts could disagree with one or more of the positions taken in this summary.

This summary does not purport to address all U.S. federal income tax consequences that may be relevant to a U.S. holder as a result of the disposition of European Goldfields Shares under the Arrangement or as a result of ownership or disposition of Eldorado Shares, and does not take into account the specific circumstances of any particular investors, some of which may be subject to special tax rules (including, but not limited to, tax-exempt entities, banks or other financial institutions, insurance companies, broker-dealers, traders in securities that elect to use a mark-to-market method of accounting for their securities holdings, regulated investment companies, real estate investment trusts, U.S. expatriates, investors liable for the alternative minimum tax, partnerships and other pass-through entities and investors in such entities, persons who are residents or have a permanent establishment in Canada, investors that own or are treated as owning (or owned or are treated as having owned) 5% or more of European Goldfields' or Eldorado's stock (by voting power or value), investors that hold a European Goldfields or Eldorado security as part of a straddle, hedge, conversion or constructive sale transaction or other integrated transaction, and U.S. holders whose functional currency is not the U.S. dollar).

As used in this summary, a "U.S. holder" is a beneficial owner of European Goldfields Shares that will receive Eldorado Shares under the Arrangement and that is, for U.S. federal income tax purposes, (i) a citizen or individual resident of the United States, (ii) a corporation (or an entity taxable as a corporation) created or organized under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate, the income of which is subject to U.S. federal income tax without regard to its source, or (iv) a trust if (1) a court within the United States is able to exercise primary supervision over the administration of the trust, and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (2) the trust has an election in effect under applicable U.S. Treasury Regulations to be treated as a U.S. person.

This summary is of a general nature only. It is not intended to constitute, and should not be construed to constitute, legal or tax advice to any particular holder. Holders should consult their own tax advisors as to the tax considerations applicable to them in their particular circumstances.

Characterization of the Arrangement Transactions

This summary assumes that the exchange of the European Goldfields Shares for Eldorado Shares and nominal cash, the contribution of the European Goldfields Shares to Eldorado Holdco in exchange for common shares of Eldorado Holdco and the amalgamation of Eldorado Holdco and European Goldfields (the "Arrangement Transactions") will be treated for U.S. federal income tax purposes as a single, integrated transaction. Assuming the Arrangement Transactions are so treated and subject to the PFIC rules discussed below, European Goldfields intends, to the extent required, to report the Arrangement Transactions as a tax-deferred reorganization within the meaning of section 368(a) of the Code (a "Reorganization"). Because the determination of whether the Arrangement Transactions will qualify as a Reorganization depends on the resolution of complex issues and facts, there can be no assurance that the Arrangement Transactions will qualify as a Reorganization. In addition, since the Arrangement Transactions will be effected pursuant to applicable provisions of Canadian corporate law that are not identical to analogous provisions of U.S. corporate law, there can be no assurance that the IRS or a U.S. court would not take the view that the Arrangement Transactions do not qualify as a Reorganization. European Goldfields has not sought or obtained an opinion from a tax adviser or a ruling from the IRS regarding the U.S. federal income tax treatment of the Arrangement Transactions and there can be no assurance that the IRS will not challenge, or that the U.S. courts will uphold, the status of the Arrangement Transactions as a Reorganization in the event of such an IRS challenge. The U.S. federal income tax consequences of the Arrangement Transactions qualifying as a Reorganization are discussed below. U.S. holders should consult their own U.S. tax advisors regarding the proper tax treatment and reporting of the Arrangement Transactions.

Tax Consequences if the Arrangement Transactions Qualify as a Reorganization

If the Arrangement Transactions qualify as a Reorganization, and the PFIC rules discussed below do not apply, then the following U.S. federal income tax consequences will result for U.S. holders:

- (a) a U.S. holder of European Goldfields Shares who exchanges European Goldfields Shares for Eldorado Shares and Canadian dollars will recognize gain (but not loss) to the extent of the lesser of (i) the excess of the fair market value of the Eldorado Shares and the U.S. dollar value of the Canadian dollars on the date of receipt over the adjusted tax basis of the European Goldfields Shares surrendered, and (ii) the U.S. dollar value of the Canadian dollars on the date of receipt;

- (b) the aggregate tax basis of a U.S. holder in the Eldorado Shares acquired in exchange for European Goldfields Shares pursuant to the Arrangement Transactions will be equal to such U.S. holder's aggregate tax basis in the European Goldfields Shares surrendered in exchange therefore, increased by the amount of gain recognized and decreased by the U.S. dollar value of the Canadian dollars on the date of receipt;
- (c) the holding period of a U.S. holder for the Eldorado Shares acquired in exchange for European Goldfields Shares pursuant to the Arrangement Transactions will include such U.S. holder's holding period for European Goldfields Shares; and
- (d) U.S. holders who exchange European Goldfields Shares for Eldorado Shares pursuant to the Arrangement Transactions generally will be required to report certain information to the IRS on their U.S. federal income tax returns for the tax year in which the Arrangement Transactions occur, and to retain certain records related to the Arrangement Transactions.

Dissenting U.S. Holders

Subject to the potential application of the PFIC rules discussed below, a U.S. holder of European Goldfields Shares that exercises Dissent Rights in connection with the Arrangement and that is paid cash denominated in Canadian dollars in exchange for all of such U.S. holder's European Goldfields Shares generally will recognize gain or loss in an amount equal to the difference, if any, between (a) the U.S. dollar value of the Canadian dollars received by such U.S. holder in exchange for the European Goldfields Shares (other than amounts, if any, that are or are deemed to be interest for U.S. federal income tax purposes, which amounts would be taxed as ordinary income) and (b) the tax basis of such U.S. holder in such European Goldfields Shares surrendered (as determined in U.S. dollars). Such gain or loss generally will be capital gain or loss, which would be long-term capital gain or loss if such European Goldfields Shares were held for more than one year. For non-corporate U.S. holders, the United States income tax rate applicable to net long-term capital gain will not exceed 15% for taxable years beginning prior to January 1, 2013. The deductibility of capital losses is subject to limitations. Any gain or loss resulting from currency exchange fluctuations that occur during the period from the date on which any Canadian dollars are received to the date such Canadian dollars are actually converted into U.S. dollars would be treated as ordinary income or loss and would be U.S.-source income for foreign tax credit limitation purposes.

Taxation of Distributions to U.S. Holders on Eldorado Shares

In general, subject to the PFIC rules discussed below, a distribution on an Eldorado Share will constitute a dividend for U.S. federal income tax purposes to the extent that it is made from Eldorado's current or accumulated earnings and profits as determined under U.S. federal income tax principles. If a distribution exceeds the amount of Eldorado's current and accumulated earnings and profits, it will be treated as a non-taxable return of capital to the extent of the U.S. holder's tax basis in the Eldorado Share on which it is paid, and to the extent it exceeds that basis it will be treated as a capital gain. For purposes of this discussion, the term "dividend" means a distribution that constitutes a dividend for U.S. federal income tax purposes.

The gross amount of any dividend on an Eldorado Share (which will include the amount of any Canadian taxes withheld) generally will be subject to U.S. federal income tax as foreign source dividend income. The amount of a dividend paid in Canadian dollars will be its value in U.S. dollars based on the prevailing spot market exchange rate in effect on the day that the U.S. holder receives the dividend,

whether or not the dividend is converted into U.S. dollars. A U.S. holder will have a tax basis in any distributed Canadian dollars equal to its U.S. dollar amount on the date of receipt, and any gain or loss realized on a subsequent conversion or other disposition of the Canadian dollars generally will be treated as U.S. source ordinary income or loss. If dividends paid in Canadian dollars are converted into U.S. dollars on the date they are received by a U.S. holder, the U.S. holder generally should not be required to recognize foreign currency gain or loss in respect of the dividend income. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date the dividend payment is includible to the date such payment is converted into U.S. dollars will be treated as ordinary income or loss and will be income to a U.S. holder from sources within the United States for foreign tax credit limitation purposes.

Dividends will not be eligible for the dividends received deduction allowed to U.S. corporate shareholders in respect of dividends received from other U.S. corporations. Any dividend that an individual receives on an Eldorado Share in a taxable year beginning before January 1, 2013 will be subject to a maximum tax rate of 15% if the dividend is a "qualified dividend." A dividend on Eldorado Shares will be a qualified dividend if (i) (x) Eldorado is eligible for the benefits of a comprehensive income tax treaty with the United States that the IRS has approved for the purposes of the qualified dividend rules, or (y) Eldorado's stock is readily tradable on an established securities market in the United States, (ii) Eldorado was not, in the year prior to the year the dividend was paid, and is not, in the year the dividend is paid, a PFIC, as described below, and (iii) certain additional conditions are met, including certain holding period requirements, the absence of certain risk-reduction transactions and the absence of an election to treat the dividend income as "investment income" pursuant to section 163(d)(4) of the Code. There can be no assurance that dividends on the Eldorado Shares will constitute qualified dividends under the foregoing tests. If a U.S. holder receives a dividend on an Eldorado Share and the dividend is not a qualified dividend, it will be taxed at ordinary rates (subject to the PFIC rules described below).

Any Canadian withholding tax will be treated as a foreign income tax eligible for credit against a U.S. holder's U.S. federal income tax liability, subject to generally applicable limitations under U.S. federal income tax law. For purposes of computing those limitations separately for specific categories of income, a dividend generally will constitute foreign source "passive category income", or in the case of certain holders, "general category income." The rules relating to the determination of the foreign tax credit are complex, and U.S. holders are urged to consult with their own tax advisers to determine whether and to what extent they will be entitled to foreign tax credits as well as with respect to the determination of the foreign tax credit limitation.

Taxation of Capital Gains to U.S. Holders on Eldorado Shares

Subject to the PFIC rules discussed below, on a sale or other taxable disposition of an Eldorado Share, a U.S. holder will recognize capital gain or loss in an amount equal to the difference between the U.S. holder's adjusted basis in the share (determined in U.S. dollar) and the amount realized on the sale or other taxable disposition, each determined in U.S. dollars. Such capital gain or loss will be long-term capital gain or loss if at the time of the sale or other taxable disposition the share has been held for more than one year. For non-corporate U.S. holders, the United States income tax rate applicable to net long-term capital gain will not exceed 15% for taxable years beginning prior to January 1, 2013. The deductibility of capital losses is subject to limitations.

If a Canadian tax is withheld on a sale or other disposition of an Eldorado Share, the amount realized will include the gross amount of the proceeds of that sale or disposition before deduction of the Canadian tax.

Capital gains of a U.S. holder will generally constitute U.S. source income for foreign tax credit purposes (unless otherwise provided in an applicable income tax treaty and an election is properly made under the Code) and as a result of the U.S. foreign tax credit limitation, foreign taxes, if any, imposed upon capital gains in respect of Eldorado Shares may not be currently creditable. Subject to certain conditions, a capital loss recognized by a U.S. holder will generally be allocated against U.S. source income for foreign tax credit purposes. The rules relating to the determination of the foreign tax credit are complex, and U.S. holders are urged to consult their own tax advisers regarding the application of such rules.

With respect to the sale or exchange of an Eldorado Share where consideration is paid other than in U.S. dollars, the amount realized generally will be the U.S. dollar value of the payment received determined on (i) the date of receipt of payment in the case of a cash basis U.S. holder and (ii) the date of disposition in the case of an accrual basis U.S. holder. If the Eldorado Shares are treated as traded on an "established securities market", a cash basis taxpayer or, if it so elects, an accrual basis taxpayer, will determine the U.S. dollar value of the amount realized by translating the amount received at the spot rate of exchange on the settlement date of the sale. A U.S. holder will have a tax basis in the foreign currency received equal to the U.S. dollar amount realized. Any currency exchange gain or loss realized on a subsequent conversion of the foreign currency into U.S. dollars for a different amount generally will be treated as ordinary income or loss from sources within the United States. However, if such foreign currency is converted into U.S. dollars on the date received by the U.S. holder, a cash basis or electing accrual basis U.S. holder should not recognize any gain or loss on such conversion.

Passive Foreign Investment Company (PFIC) Rules

Special, generally unfavorable, U.S. federal income tax rules apply to United States persons owning shares of a passive foreign investment company ("PFIC"). A non-U.S. corporation generally will be classified as a PFIC for U.S. federal income tax purposes in any taxable year in which, after applying relevant look-through rules with respect to the income and assets of certain subsidiaries, either at least 75 percent of its gross income is "passive income," or at least 50 percent of the quarterly average value of its gross assets is attributable to assets that produce or are held for the production of "passive income." For this purpose, passive income generally includes, among other things, dividends, interest, certain rents and royalties and gains from the disposition of assets that give rise to such income. Net gains from commodities transactions generally are treated as passive income unless such gains constitute active business gains from the sale of commodities and "substantially all" of the corporation's commodities are stock in trade or inventory, depreciable property used in a trade or business, or supplies regularly used or consumed in a trade or business (the "Active Commodities Exclusion").

Based on current operations and financial projections, to the best of its knowledge European Goldfields does not believe that it was a PFIC for the 2010 and 2011 taxable years or will be a PFIC for the current taxable year. However, European Goldfields has not sought or obtained an opinion from a tax adviser or a ruling from the IRS with respect to its PFIC status. Furthermore, European Goldfields cannot confirm its PFIC status for prior years. European Goldfields has also not sought or obtained an opinion from a tax adviser or a ruling from the IRS with respect to Eldorado's PFIC status. However, the determination of whether or not European Goldfields or Eldorado is a PFIC is based on the application of complex U.S. federal income tax rules (including the Active Commodities Exclusion), which are subject to differing interpretations. Accordingly, there can be no assurance that the IRS will not challenge the determination made by European Goldfields or Eldorado concerning their PFIC status or that European Goldfields or Eldorado was not, or will not be, a PFIC for any taxable year.

Generally, if European Goldfields or Eldorado is or has been treated as a PFIC for any taxable year during a U.S. holder's holding period of either corporation's shares, unless the holder has made a mark-to-market election or a qualified electing fund election ("QEF Election") (as described below), any gain or "excess distribution" with respect to the shares of European Goldfields or Eldorado would be allocated ratably over the U.S. holder's holding period. The amounts allocated to the taxable year of the gain or "excess distribution" and to any year before the corporation became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations in such taxable year, as appropriate, and an interest charge would be imposed on the amount allocated to that taxable year. Distributions made in respect of shares during a taxable year will be "excess distributions" to the extent they exceed 125% of the average of the annual distributions on shares received by the U.S. holder during the preceding three taxable years or the U.S. holder's holding period, whichever is shorter. Rather than being subject to this tax regime, a holder of stock in a PFIC generally may make:

- a QEF Election to be taxed currently on its pro rata portion of the PFIC's ordinary earnings and net capital gain, whether or not such earnings or gain is distributed in the form of dividends or otherwise; or
- a "mark-to-market" election and thereby agree for the year of the election and each subsequent tax year to recognize ordinary gain or loss (but only to the extent of prior ordinary gain recognized) based on the increase or decrease in market value for such taxable year. The holder's tax basis in its PFIC stock would be adjusted to reflect any such income or loss amounts.

In order for U.S. holders to be able to make a QEF Election after the Arrangement Transactions, Eldorado would have to provide certain information regarding pro rata shares of each entity's ordinary earnings and net capital gain. Eldorado currently does not provide and after the Arrangement Transactions does not intend to provide such information in the event that it is classified as a PFIC and, accordingly, U.S. holders will not be able to make a QEF Election in the event that Eldorado is classified as a PFIC. In order for U.S. holders to be able to make a mark-to-market election, the corporation's shares must be "marketable." Eldorado Shares will be "marketable" as long as they are traded in more than de minimis quantities on at least 15 days during each calendar quarter on a qualified exchange. There can be no assurance that the Eldorado Shares will satisfy this requirement.

Furthermore, if European Goldfields qualified as a PFIC for any taxable year during a U.S. holder's holding period, under certain circumstances, the Arrangement Transactions could be taxable to such U.S. holder. In that case, any gain existing in respect of the European Goldfields Shares would be subject to the rules set forth above.

If a U.S. holder owns Eldorado Shares during any year in which Eldorado is a PFIC, the U.S. holder must also file IRS Form 8621 regarding distributions received on Eldorado Shares, any gain realized on such shares, and any "reportable election" in accordance with the instructions to such form. In addition, under recently enacted legislation, each U.S. shareholder of a PFIC is required to file such annual information as is specified by the U.S. Treasury Department, which has not yet enacted regulations or other authority specifying what information must be filed.

U.S. holders should consult their own tax advisors with respect to European Goldfields' and Eldorado's status under the PFIC rules and their potential application to their particular situation and the Arrangement Transactions, including the availability of any elections that may mitigate the application of the PFIC rules if Eldorado is a PFIC after the Arrangement Transactions.

Information Reporting and Backup Withholding

Payments of cash made to U.S. holders under the Arrangement Transactions, including the exercise of a Dissent Right under the Arrangement, and payments of cash or property made to U.S. holders relating to dividends on, or proceeds arising from the sale or other taxable disposition of, an Eldorado Share, generally may be subject to information reporting requirements and may be subject to backup withholding (currently at the rate of 28%) unless the U.S. holder provides an accurate taxpayer identification number or otherwise demonstrates that it is exempt. The amount of any backup withholding collected from a payment to a U.S. holder will be allowed as a credit against the U.S. holder's U.S. federal income tax liability and may entitle the U.S. holder to a refund, provided that certain required information is submitted to the IRS in a timely manner.

In addition, for taxable years beginning after March 18, 2010, new legislation requires certain U.S. holders who are individuals that hold certain foreign financial assets (which may include Eldorado Shares) to report information relating to such assets, subject to certain exceptions. U.S. holders should consult their tax advisors regarding the effect, if any, of this legislation on their ownership and disposition of the Eldorado Shares.

Additional Tax on Investment Income

For taxable years beginning after December 31, 2012, U.S. holders that are individuals, estates or trusts and whose income exceeds certain thresholds will be subject to a 3.8% Medicare contribution tax on unearned income, including, among other things, dividends on, and capital gains from the sale or other taxable disposition of, an Eldorado Share, subject to certain limitations and exceptions.

CERTAIN UNITED KINGDOM INCOME TAX CONSIDERATIONS

The following paragraphs, which are intended as a general guide only, are based on current UK tax legislation and the practice of HM Revenue & Customs ("HMRC") (which may not be binding on HMRC) as at the date of this Circular, both of which are subject to change, possibly with retrospective effect.

They summarize certain limited aspects of the UK tax treatment of the Arrangement and they relate only to the position of European Goldfields Shareholders who are beneficial owners of their European Goldfields Shares, who hold their European Goldfields Shares as an investment (other than under a personal equity plan or an individual savings account) and (except insofar as express reference is made to the treatment of non-UK residents) who are resident, and if an individual, domiciled and ordinarily resident, in the United Kingdom for taxation purposes.

Also, certain categories of shareholders, such as traders, brokers, dealers, banks, financial institutions, insurance companies, investment companies, collective investment schemes, tax-exempt organizations, persons connected with European Goldfields, Eldorado or of any of their respective Subsidiaries, persons holding the shares as part of hedging or conversion transactions, shareholders who have (or are deemed to have) acquired their shares by virtue of an office or employment, shareholders who are or have been officers or employees of European Goldfields, Eldorado or of any of their respective Subsidiaries, and European Goldfields Optionholders, may be subject to special rules and this summary does not apply to such persons. This summary also does not apply to any individual shareholder who owns 10% or more of the issued share capital of European Goldfields.