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**ANNUAL INFORMATION FORM  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005**

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August 10, 2006

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## GLOSSARY AND TECHNICAL TERMS

The following are definitions of certain of the geological terms and references contained in this Annual Information Form.

**"alteration"** means any physical or chemical change in a rock or mineral subsequent to its formation, and is conceptually milder and more localized than metamorphism;

**"anomaly"** means any departure from the norm which may indicate the presence of mineralization in the underlying bedrock. In geophysics and geochemistry, an area where the property being measured is significantly higher or lower than the larger, surrounding area;

**"assay"** means a chemical test performed on a sample of ores or minerals to determine the amount of valuable metals contained;

**"BQ"** means the dimensions of bits, core barrels, and drill rods in the B-size and Q-group wireline diamond drilling system having a core diameter of 36.5 millimetres and a hole diameter of 60 millimetres;

**"breccia"** means a type of rock whose components are angular in shape, as distinguished from a conglomerate, whose components are waterworn into a rounded shape;

**"CIM"** means the Canadian Institute of Mining, Metallurgy and Petroleum;

**"cut-off grade"** means the minimum metal grade at which an orebody can be economically mined;

**"dyke"** means a long and relatively thin body of igneous rock that, while in the molten state, intruded a fissure in older rocks;

**"fault"** means a break in the Earth's crust caused by tectonic forces which have moved the rock on one side with respect to the other; faults may extend for many kilometres, or be only a few centimetres in length; similarly, the movement or displacement along the fault may vary widely;

**"g/t"** means grams per tonne;

**"gossan"** means the rust-coloured oxidized capping or staining of a mineral deposit, generally formed by the oxidation or alteration of iron sulphides;

**"grab sample"** means a sample taken at random; it is assayed to determine if valuable elements are contained in the rock. A grab sample is not intended to be representative of the deposit, and usually the best-looking material is selected;

**"grade"** means the amount of valuable mineral in each tonne of ore, expressed as troy ounces per ton or grams per tonne for precious metals and as a percentage for other metals;

**"HQ"** means the dimensions of bits, core barrels, and drill rods in the H-size and Q-group wireline diamond drilling system having a core diameter of 63.5 millimetres and a hole diameter of 96 millimetres;

**"intrusive"** means a body of igneous rock formed by the consolidation of magma intruded into other rocks, in contrast to lavas, which are extruded upon the surface;

**"IP"** means Induced Polarization;

**"metamorphic rocks"** means rocks which have undergone a change in texture or composition as the result of heat and pressure;

"**metamorphism**" means the process by which the form or structure of rocks is changed by heat and pressure;

"**mineralization**" means a natural aggregate of one or more metallic minerals;

"**NI 43-101**" means National Instrument 43-101 - *Standards of Disclosure for Mineral Projects*, an instrument developed by the Canadian Securities Administrators (an umbrella group of Canada's provincial and territorial securities regulators) that governs public disclosure by mining and mineral exploration issuers; the instrument establishes certain standards for all public disclosure of scientific and technical information concerning mineral projects;

"**NQ**" means the dimensions of bits, core barrels, and drill rods in the N-size and Q-group wireline diamond drilling system having a core diameter of 47.6 millimetres and a hole diameter of 75.7 millimetres;

"**NSR**" means "net smelter royalty" which means the actual proceeds received from any independent custom smelter, mill, refinery, mint or other purchaser for the sale of all sulfides, minerals, metals or concentrates extracted or derived from the Property, after deducting, there from, all charges and penalties for smelting and refining including the cost of transportation (to the smelter and thereafter to the mint or other purchaser), insurance premiums, sampling and assaying charges incurred after the minerals, metals or concentrates have left the Property and all appropriate refinery, and if applicable, mint charges;

"**outcrop**" means an exposure of rock or mineral deposit that can be seen on surface, i.e., that is not covered by overburden or water;

"**porphyry**" means any igneous rock in which relatively large, conspicuous crystals (called phenocrysts) are set in a fine-grained groundmass;

"**ppm**" means parts per million;

"**quartz**" means common rock-forming mineral consisting of silicon and oxygen;

"**reclamation**" means the process by which lands disturbed as a result of mining activity are reclaimed back to a beneficial land use. Reclamation activity includes the removal of buildings, equipment, machinery and other physical remnants of mining, closure of tailings impoundments, leach pads and other mine features, and contouring, covering and revegetation of waste rock piles and other disturbed areas;

"**rhyolite**" means a fine-grained (extrusive) igneous rock which has the same chemical composition as granite;

"**sample**" means a small portion of rock or a mineral deposit, taken so that the metal content can be determined by assaying;

"**sampling**" means selecting a fractional but representative part of a mineral deposit for analysis;

"**schist**" means a foliated metamorphic rock the grains of which have a roughly parallel arrangement; generally developed by shearing;

"**sedimentary rocks**" means secondary rocks formed from material derived from other rocks and laid down under water. Examples are limestone, shale and sandstone;

"**shear or shearing**" means the deformation of rocks by lateral movement along innumerable parallel planes, generally resulting from pressure and producing such metamorphic structures as cleavage and schistosity;

"**shear zone**" means a zone in which shearing has occurred on a large scale;

"**siliceous**" means a rock containing an abundance of quartz;

"**stockwork**" means small veins of mineralization that have so penetrated a rock mass that the whole rock mass can be considered mineralized;

"**trench**" means a long, narrow excavation dug through overburden, or blasted out of rock, to expose a vein or ore structure;

"**tuff**" means rock composed of volcanic ash;

"**vein**" means a fissure, fault or crack in a rock filled by minerals that have traveled upwards from some deep source;

"**volcanic rocks**" means igneous rocks formed from magma that has flowed out or has been violently ejected from a volcano; and

"**volcanogenic**" means formed by processes directly connected with volcanism; specifically said of mineral deposits (such as massive sulfides and banded iron formations) considered to have been produced through volcanic agencies and demonstrably associated with volcanic phenomena.

### NI 43-101 DEFINITIONS

"**Mineral resource**" refers to a concentration or occurrence of natural, solid, inorganic or fossilized organic material in or on the Earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge. The terms "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource" used in this AIF are Canadian mining terms as defined in accordance with NI 43-101 under the guidelines set out in the CIM Standards.

"**Measured mineral resource**" refers to that part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.

"**Indicated mineral resource**" refers to that part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

"**Inferred mineral resource**" refers to that part of a mineral resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

"**Mineral reserve**" refers to the economically mineable part of a measured or indicated mineral resource demonstrated by at least a preliminary feasibility study. The study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A mineral reserve includes diluting materials and allowances for losses that might occur when the material is mined. Mineral reserves are categorized as follows on the basis of the degree of confidence in the estimate of the quantity and grade of the deposit.

"**Proven mineral reserve**" means, in accordance with CIM Standards, for the part of a deposit which is being mined, or which is being developed and for which there is a detailed mining plan, the estimated quantity and grade or quality of that part of a measured mineral resource for which the size, configuration and grade or quality and

distribution of values are so well established, and for which economic viability has been demonstrated by adequate information on engineering, operating, economic and other relevant factors, so that there is the highest degree of confidence in the estimate. This definition of proven mineral reserve differs from the standards in the United States, where proven or measured reserves are defined as reserves for which (a) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes; (b) grade and/or quality are computed from the results of detailed sampling; and (c) the sites for inspection, sampling and measurement are spaced so closely and the geographic character is so well defined that size, shape, depth and mineral content of reserves are well established.

**"Probable mineral reserve"** means, in accordance with CIM Standards, the estimated quantity and grade or quality of that part of an indicated mineral resource for which economic viability has been demonstrated by adequate information on engineering, operating, economic and other relevant factors, at a confidence level which would serve as a basis for decisions on major expenditures. This definition of probable mineral reserves differs from the standards in the United States, where probable mineral reserves are defined as reserves for which quantity and grade and/or quality are computed from information similar to that of proven reserves (under United States standards), but the sites for inspection, sampling, and measurement are further apart or are otherwise less adequately spaced, and the degree of assurance, although lower than that for proven mineral reserves, is high enough to assume continuity between points of observation.

### **SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

Certain statements contained in this document, and in certain documents incorporated by reference into this document, constitute forward-looking statements. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. GlobeStar Mining Corporation (the "**Company**" or "**GlobeStar**") believes the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that the events and results anticipated by such forward-looking statements will prove to be correct and such forward-looking statements included in, or incorporated by reference into, this document should not be unduly relied upon. These statements speak only as of the date of this document or as of the date specified in the documents incorporated by reference into this document, as the case may be.

In particular, this document, and the documents incorporated by reference contain forward-looking statements pertaining to the following:

- capital expenditures;
- projections of market prices and costs;
- anticipated exploration results;
- ability to complete work programs in the manner and timeframes contemplated; and
- treatment under governmental regulatory regimes.

Actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this document:

- liabilities and uncertainties inherent in the Company's operations;
- competition for, among other things, capital, acquisitions and skilled personnel;
- fluctuations in foreign exchange or interest rates and stock market volatility;
- risks and uncertainties relating to the interpretation of drill results, the geology, grade and continuity of mineral deposits;
- results of initial feasibility, prefeasibility and feasibility studies, and the possibility that future exploration, development or mining results will not be consistent with the Company's expectations;
- the uncertainty of profitability based upon the Company's history of losses;
- risks related to failure to obtain adequate financing on a timely basis and on acceptable terms;
- risks related to hedging activities;

- political and regulatory risks associated with mining and exploration; and
- other risks and uncertainties related to the Company's prospects, properties and business strategy.

Some of the important risks and uncertainties that could affect forward looking statements are described in this Annual Information Form ("AIF") under "Description of the Business – Risk Factors". Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward looking statements. Forward looking statements are made based on management's beliefs, estimates and opinions on the date the statements are made and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change. Investors are cautioned against attributing undue certainty to forward-looking statements.

### CURRENCY AND EXCHANGE RATES

In this document, funds are quoted in both Canadian dollars and United States dollars. In particular, financial information respecting the Company is referenced in Canadian dollars, while all monetary references in the Production Schedule Sensitivity Analysis (as defined below), the Behre Dolbear Report (as defined below) and the Datac Report (as defined below) (collectively, the "**Technical Reports**") on the Company's principal properties are quoted in United States dollars. Accordingly, throughout this document, references to "US\$" are to United States dollars and references to "\$" are to Canadian dollars. As of the date hereof, the Bank of Canada noon buying rate for the purchase of one US\$ using Cdn\$ was \$1.13. The Bank of Canada noon buying rates for the purchase of one United States dollar using Canadian dollars were as follows during the indicated periods:

	<b>Year Ended December 31</b>		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
	(Stated in Canadian dollars)		
End of period	1.1611	1.2036	1.2924
High for the period	1.2704	1.3968	1.5747
Low for the period	1.1611	1.3015	1.2924
Average for the period	1.2241	1.1774	1.4015

### CONVERSION

The following table sets forth certain standard conversions from Standard Imperial units to the International System of Units (or metric units).

<u>To Convert From</u>	<u>To</u>	<u>Multiply By</u>
Feet	Metres	0.305
Metres	Feet	3.281
Miles	Kilometres	1.609
Kilometres	Miles	0.621
Acres	Hectares	0.405
Hectares	Acres	2.471
Grams	Ounces (troy)	0.032
Ounces (troy)	Grams	31.103
Tonnes	Short tons	1.102
Short tons	Tonnes	0.907
Grams per tonne	Ounces (troy) per ton	0.029
Ounces (troy) per ton	Grams per tonne	34.438

### GENERAL MATTERS

The website of GlobeStar is located at [www.globestarmining.com](http://www.globestarmining.com). The contents of this website are expressly not incorporated by reference into this document. As well, references in this document to research reports or to articles and publications should not be construed as depicting the complete findings of the entire referenced report or article. The information in each report or article is expressly not incorporated by reference into this document.

## GLOBESTAR MINING CORPORATION

### General

The Company was incorporated as 3996671 Canada Inc. under the *Canada Business Corporations Act* on January 11, 2002. On October 29, 2002 the Company changed its name to "GlobeStar Mining Corporation".

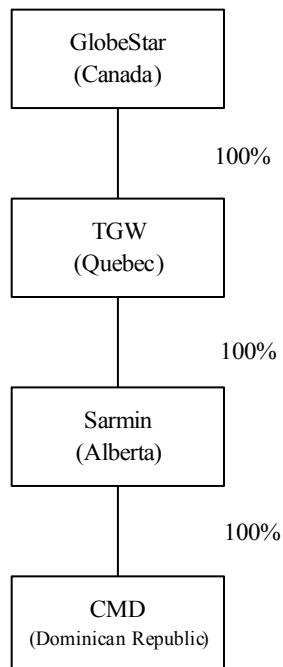
Effective December 6, 2002, the Company participated in a plan of arrangement (the "**Arrangement**") with its sole shareholder, TGW Corp. Inc. Pursuant to the terms of the Arrangement, all of the issued and outstanding shares of TGW were exchanged for common shares in the capital of the Company (the "**Common Shares**") on a one for one basis, resulting in the former shareholders of TGW becoming the shareholders of the Company and TGW becoming a wholly owned subsidiary of the Company.

The Company's registered office is located at 133 Kendall Street, Point Edward, Ontario, N7V 4G7 and its head office is located at Suite 301, 6 Adelaide Street E, Toronto, Ontario, M5C 1H6.

The Common Shares of the Company are presently listed and posted for trading on the TSX Venture Exchange under the trading symbol "GMI".

### Intercorporate Relationships

The Company has three subsidiaries: TGW Corp. Inc. ("**TGW**"), a corporation incorporated under the laws of the Province of Quebec, Sarmin Exploration Corp. ("**Sarmin**"), a corporation incorporated under the laws of the Province of Alberta, and Corporacion Minera Dominicana S.A. ("**CMD**"), a corporation incorporated under the laws of the Dominican Republic, which company is a wholly-owned subsidiary of Sarmin. The following diagram sets forth the organizational structure of GlobeStar.



References in this AIF to "GlobeStar" or the "Company" include GlobeStar and each of its subsidiaries, unless the context otherwise requires.



## GENERAL DEVELOPMENT OF THE BUSINESS

### Three Year History

GlobeStar is a mining exploration and development company which owns a portfolio of mining property assets in the Dominican Republic and Canada (Quebec), directly and through its subsidiaries. The majority of the Company's assets consist of interests in or rights to properties with the potential to host mineral deposits. Base metals (copper, zinc, silver, nickel and gold) are the principal commodities sought on the projects in which the Company is directly involved.

GlobeStar was formed on January 11, 2002 and on December 6, 2002 participated in the Arrangement involving TGW, a reporting issuer and publicly-traded company. As a result of the Arrangement, GlobeStar acquired 100% of TGW's common shares causing TGW to become a wholly-owned subsidiary of GlobeStar. In addition, GlobeStar's Common Shares were listed and posted for trading on the TSX Venture Exchange under the symbol "GMI".

In March of 2002, GlobeStar acquired the Cerro de Maimón project from Falconbridge Inc. through its subsidiary CMD for consideration consisting of:

- a cash payment of US\$350,000 at signing of the agreement;
- a second cash payment of US\$250,000 within 12 months of completion of a positive feasibility study (paid in May of 2006);
- a third and final payment of US\$250,000 due 12 months following the day when CMD has advised Falconbridge of its decision to bring the project into production; and
- a 2% NSR with an option to repurchase 1% of the NSR for US\$1.0 million prior to commencement of production.

On February 10, 2003, the Company granted Everton Resources Inc. ("Everton"), a corporation incorporated under the laws of the Province of Alberta, the option to acquire a 50% interest in the Bayaguana Group of copper concessions (Managua, Rincon Abajo and Trinidad) in consideration of:

- a cash payment of US\$50,000 at the signing of the agreement;
- a commitment to spend US\$1,500,000 in exploration work over a two year period, of which a minimum of US\$500,000 would be spent in the first year; and
- the issuance by Everton of 750,000 shares of its share capital, of which 250,000 shares were issued at the signing of the agreement, 250,000 shares were issued at the agreement's first anniversary and 250,000 shares issued on the agreement's second anniversary.

The agreement provided that once Everton has acquired a 50% interest in the Bayaguana Group, a joint venture with the Company would be established. This agreement expired in February 2005 and was not renewed.

GlobeStar and Everton signed a strategic alliance in March of 2003 in the Dominican Republic to seek new properties for precious and base metal exploration, where GlobeStar and Everton would each hold a 50% interest and GlobeStar would act as the operator (the "**Strategic Alliance**").

In August of 2003, the Company entered into an option agreement with Everton pursuant to which Everton may earn up to a 70% interest in three gold exploration concessions owned by GlobeStar (the Cuanca, Los Hojanchos and Loma de Payabo concessions) covering 70.4 square kilometres in the Dominican Republic. Under this option, Everton can earn a 50% interest in each concession from GlobeStar by spending US\$390,000 per concession on exploration for a total of US\$1,170,000 within three years. Upon Everton satisfying this first requirement and earning a 50% interest in each of the concessions, it can then elect to increase its interest to 70% by completing a

bankable feasibility study within two additional years. The expiry of this option has been extended several times by mutual consent of the parties and expired on July 31, 2006 but has been subsequently renewed.

GlobeStar completed a private placement of units in November 2003 raising gross proceeds of \$4,137,050 at a price of \$0.75 per unit. Each unit consisted of one Common Share and one Common Share purchase warrant. Each warrant entitled the holder to purchase one Common Share at a price of \$1.30 per share for a period of 18 months from the closing date. These warrants expired in June of 2005.

In June of 2004, GlobeStar: (i) obtained the approval for the key environmental permit for the Cerro de Maimón project by the Secretariat of State of Environment and Natural Resources for the Dominican Republic; and (ii) received all requisite permits, subject to minor municipal regulations, for the Cerro de Maimón project.

On October 1, 2004, GlobeStar received a \$405,900 grant from the United States Trade Development Agency to help fund the pre-production evaluation of the Cerro de Maimón project.

In January of 2005, pursuant to the terms of their Strategic Alliance, GlobeStar and Everton were granted the Cercadillo nickel laterite concession in the Dominican Republic. The nickel laterite concession covers an area of 42 square kilometres of which more than 60% has been mapped as peridotite. In tropical regions, peridotite can be weathered to produce an enhanced grade nickel laterite profile.

In May of 2005, GlobeStar announced the results of an interim technical report – revised feasibility report (the "**Behre Dolbear Report**") prepared by the engineering firm Behre Dolbear & Company Ltd. on the Cerro de Maimón project. In November of 2005, GlobeStar released the results of an interim technical report - updated production schedule sensitivity analysis (the "**Production Schedule Sensitivity Analysis**") dated July 7, 2006 prepared by R.W. Jolk, P.E. on the Cerro de Maimón project. This report updates the production schedule sensitivity analysis information contained in the Behre Dolbear Report. A full copy of both the Production Schedule Sensitivity Analysis and the Behre Dolbear Report are available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com). For more information see "Description of the Business – Principal Properties".

In June of 2005, the Director General of Mining in the Dominican Republic advised GlobeStar and Everton that pursuant to the terms of their Strategic Alliance, they were granted the Corozal nickel laterite concession in the Dominican Republic. The nickel laterite concession covers an area of 18 square kilometres and abuts GlobeStar's 100% owned C1 concession which covers approximately 10 square kilometres of nickel laterite in addition to the Cerro de Maimón deposit. At the same time, the Company also announced that the option granted to Everton on February 10, 2003 had expired and 100% ownership and control of the Bayaguana Group of copper concessions had reverted to GlobeStar.

In July of 2005, GlobeStar was granted the exploration license for the Company's Citronen Fjord zinc project located in Peary Land, Northern Greenland. The licence covers 243 square kilometres. Citronen Fjord is a sediment hosted massive sulphide deposit located in the eastern part of the Palaeozoic Franklinian Basin, also host to the Polaris Mine, a zinc/lead mine on Cornwallis Island, Canada. In the second quarter of 2006, GlobeStar dropped the Citronen Fjord exploration licence in Greenland after determining that sea ice conditions could disrupt concentrate shipments from any future mining operations at this location.

In August of 2005, GlobeStar completed a \$3,500,000 private placement of units at a price of \$0.40 per unit, each unit consisting of one Common Share and one Common Share purchase warrant of the Company. Each warrant entitles the holder to purchase one Common Share at a price of \$0.50 for a period of 24 months from the closing date.

In October of 2005, the Company signed an agreement with Virginia Gold Mines Ltd. ("**Virginia**") whereby Virginia acquired the Company's 50% interest in the Poste Lemoyne Extension property located in Quebec, Canada in consideration of the issuance of 160,000 shares of Virginia to the Company. The Company retained a 1% NSR for which Virginia has a buyback right of 0.5% for a total payment of \$500,000. Upon conclusion of the agreement, the quoted market price of Virginia shares was at \$6.43.

In November 2005, SOQUEM Inc. ("**SOQUEM**") granted the Company the option to acquire a 60% interest in the West Moblan Property in consideration of \$150,000 in exploration work on the property to be carried out over a 33 month period beginning 90 days from the signing of the agreement. Once such interest has been acquired, a joint venture will be created. A reduction of a party interest under 10% will automatically require this party to withdraw from the joint venture, and the party concerned shall assign its entire interest to the other party in consideration of a 2% Gross Overriding Royalty. The non-diluted party shall have the right, at any time, to repurchase half of the royalty in consideration of \$500,000.

In November of 2005, GlobeStar released the results of the Production Schedule Sensitivity Analysis prepared and dated July 7, 2006 completed for its Cerro de Maimón project. These results update the sensitivity analysis information contained in the Behre Dolbear Report. A full copy of both the Production Schedule Sensitivity Analysis and the Behre Dolbear Report are available on SEDAR at [www.sedar.com](http://www.sedar.com). For more information see "Description of the Business – Principal Properties".

### ***Recent Developments***

In March of 2006, RMB Resources Inc. ("**RMB**"), a subsidiary of South Africa's FirstRand Financial Group, provided debt financing totalling \$4,962,300 maturing on December 2008 to fund the retirement of a net profits interest in the Cerro de Maimón project held by the 4-Star Group Inc. and thereby restore 100% control of the project to the Company.

Also in March of 2006, GlobeStar announced the results of a report (the "**Datac Report**") prepared by the engineering firm Datac Geo-Conseil Inc. dated January 2006 on seven projects (the Dona Amanda, Cerro Kiosko, Dona Loretta, Loma Pensada, Loma Barbuito, Cerro Verde and Anomaly "B" projects) in the Dominican Republic. A full copy of the Datac Report is available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com). For more information see "Description of the Business – Principal Properties".

In April of 2006, GlobeStar retained a financial advisor to assist GlobeStar in the identification and evaluation of potential business opportunities, including mergers and acquisitions. While GlobeStar continues to retain the financial advisor, as at the date hereof, there are no business opportunities currently under consideration.

In May of 2006, GlobeStar received formal credit committee approval from NEDBANK Capital of South Africa ("**NEDBANK**") to provide US\$38 million (including US\$3 million of capitalized interest) of debt financing for the Cerro de Maimón project. This approval brings the Cerro de Maimón project's approved debt financing to a total of US\$42.5 million (which includes the debt provided by RMB).

In May of 2006, the Company entered into an agreement with Everton to acquire an undivided 100% interest in both the Corozal and Cercadillo concessions held pursuant to the Strategic Alliance. In exchange, GlobeStar agreed to transfer to Everton its 100% interest in and registered title to the Mireya gold exploration concession. Under the agreement, Everton agreed to transfer registered title in the Cercadillo concession to GlobeStar, which already owns the registered title to the Corozal concession and to surrender its beneficial interest in both the Cercadillo and Corozal. Everton retained an assignable 1% NSR interest in both the Corozal and Cercadillo concessions which upon payment at any time of \$500,000 to Everton (or its assignee) can be reduced by half to a 0.5% NSR interest. Similarly, GlobeStar retains an assignable 2% NSR interest in the Mireya concession, which can be reduced by half to a 1% NSR interest upon payment at any time of US\$500,000 to GlobeStar (or its assignee). Further, the parties agreed to terminate the Strategic Alliance. On July 25, 2006, GlobeStar announced the completion of this transaction.

In May of 2006, GlobeStar signed an agreement with Energold Drilling Corporation ("**Energold**") to earn up to a 100% interest in any nickel laterite deposits within the Elsa 1, Loma Cambronral, La Parcela and Loma Bambera concessions. GlobeStar may earn an initial 75% interest by completing a US\$900,000 work program and making payments to Energold of US\$50,000 per year for three years. GlobeStar has the right to purchase Energold's remaining 25% interest for a payment of US\$500,000, converting its interest into a 2% NSR, which can be reduced to 1% for US\$1 million at any time.

In May of 2006, GlobeStar executed agreements with Everton and Energold, among others, for up to 100% control of a series of exploration concessions covering 198 square kilometres along the Dominican Republic's Falcondo nickel laterite belt, adjacent to GlobeStar's 100% owned Cerro de Maimón project. With the completion of these agreements, GlobeStar now controls virtually the entire Dominican Republic nickel laterite belt outside of the Falconbridge International (Investments) Limited ("**Falconbridge**") mining concessions.

Also in May of 2006, the Company announced the discovery of a new zone of nickel laterite mineralization during preliminary drilling at Cumpié Hill area of the Company's C1 concession in the Dominican Republic.

In July of 2006, GlobeStar closed a private placement financing on a best efforts basis led by Jennings Capital of 26,086,900 special warrants of the Company (the "**GlobeStar Offering**") at a price of \$1.15 per special warrant for aggregate gross proceeds to the Company of \$29,999,935. Each special warrant entitles the holder thereof to receive, without payment of any additional consideration, one Common Share of the Company at any time until the earlier of: (i) the third business day after a receipt is issued by the principal securities regulator, on behalf of the securities regulatory authorities in each of the jurisdictions in Canada in which purchasers of the special warrants are resident, for a (final) prospectus qualifying the distribution of the Common Shares to be issued upon the exercise of the special warrants; and (ii) the date which is four months and one day after the date of the closing of the offering of the special warrants. If each of the securities regulatory authorities in the jurisdictions in which the special warrants were sold has not issued a receipt for a prospectus within 60 days of the date of the closing of the offering, the holder of each special warrant shall be entitled to receive 1.1 Common Shares in lieu of one Common Share (the "**Penalty**").

In addition, Karr Securities Inc. ("**Karr**"), a corporation incorporated under the laws of the Province of Ontario and a major shareholder of the Company concurrently announced that it was selling 8,695,650 special warrants which entitle the holder thereof to one Common Share for no additional consideration for gross proceeds of \$9,999,997.50, such special warrants having substantially the same terms as those issued pursuant to the GlobeStar Offering, other than the Penalty. None of the proceeds of the special warrants sold by Karr were received by the Company.

## **DESCRIPTION OF THE BUSINESS**

### **General**

GlobeStar is a mining exploration and development company that owns a portfolio of mining property assets in the Dominican Republic and Canada (Quebec), directly and through its subsidiaries. The majority of the Company's assets consist of interests in or rights to properties with the potential to host mineral deposits. Base metals (copper, zinc and nickel), silver and gold are the principal commodities sought on the projects in which the Company is directly involved. See "General Development of the Business – Three Year History" and "Principal Properties".

The Company's primary focus in the next twelve months will be to aggressively pursue the development and construction of the Cerro de Maimón project, while continuing to explore the Company's other properties in the Dominican Republic. New property acquisitions will also be considered as part of an ongoing program to take advantage of the Company's extensive knowledge, experience and contacts in the Dominican Republic.

### **Risk Factors**

An investment in the Common Shares should be considered highly speculative due to the Company's present stage of development, the nature of the Company's operations and certain other factors. An investment in the Common Shares should only be made by persons who can afford the total loss of their investment. **Investments in enterprises such as the Company, whose sole undertaking is the exploration and development of mineral properties, involve a high degree of risk and investors should not invest any funds in this offering unless they can afford to lose their entire investment.** A prospective investor should consider carefully the following factors.

Management of the Company considers the following risks to be the most significant for potential investors in the Company, but such risks do not necessarily comprise all those associated with an investment in the Company. Additional risks and uncertainties not currently known to management of the Company may also have an adverse

effect on the Company's business. If any of these risks actually occur, the Company's business, financial condition, capital resources, results and/or future operations could be materially adversely affected. In such a case, the price of the Common Shares could decline and investors may lose all or part of their investment.

***Some of GlobeStar's operations involve exploration and development and there is no guarantee that any such activity will result in commercial production of mineral deposits.***

Some of the exploration properties in which GlobeStar holds an interest do not host a known body of commercial ore and proposed programs on such properties are exploratory in nature. Development of these mineral properties is contingent upon obtaining satisfactory exploration results. Mineral exploration and development involves substantial expenses and a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to adequately mitigate. There is no assurance that commercial quantities of ore will be discovered on any of GlobeStar's exploration properties. There is also no assurance that, even if commercial quantities of ore are discovered, a mineral property will be brought into commercial production. The discovery of mineral deposits is dependent upon a number of factors not the least of which is the technical skill of the exploration personnel involved. The commercial viability of a deposit, once discovered, is also dependent upon a number of factors, some of which are the particular attributes of the deposit, such as size, grade and proximity to infrastructure, mineral prices and government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection. In addition, assuming discovery of a commercial ore body, depending on the type of mining operation involved, several years can elapse from the initial phase of drilling until commercial operations are commenced. Most of the above factors are beyond the control of GlobeStar.

#### ***Cash Operating Costs and Economic Returns***

The Cerro de Maimón project has no operating history upon which to base estimates of future cash operating costs. Estimates of cash operating costs are, to a large extent, based upon the interpretation of geologic data obtained from drill holes and other sampling techniques, the Behre Dolbear Report and the Production Schedule Sensitivity Analysis, which sources derive estimates of cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, expected recovery rates of gold from the ore, estimated operating costs, expected extraction rates, and other factors. As a result, it is possible that actual cash operating costs and economic returns could differ significantly from those currently estimated for the Cerro de Maimón project in the Behre Dolbear Report and the Production Schedule Sensitivity Analysis.

***GlobeStar is exposed to risks of changing political stability and government regulation in the country in which it operates.***

GlobeStar holds mineral interests in the Dominican Republic which may be affected in varying degrees by political stability, government regulations relating to the mining industry and foreign investment therein, and the policies of other nations in respect of the Dominican Republic. Any changes in regulations or shifts in political conditions are beyond the control of GlobeStar and may adversely affect its business. GlobeStar's operations may be affected in varying degrees by government regulations, including those with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, employment, land use, water use, environmental legislation and mine safety. The regulatory environment is in a state of continuing change, and new laws, regulations and requirements may be retroactive in their effect and implementation. GlobeStar's operations may also be affected in varying degrees by political and economic instability, economic or other sanctions imposed by other nations, terrorism, military repression or adventurism, civil unrest, crime, extreme fluctuations in currency exchange rates and high inflation.

***Future amendments to the laws of the Dominican Republic could weaken, shorten or curtail GlobeStar's mineral exploration rights or make it more difficult or expensive to obtain mining rights and carry out mining.***

Future amendments to the laws or new legislation covering ostensibly unrelated matters could affect the existing laws relating to mineral exploration and development and harm GlobeStar's ability to carry on business in the Dominican Republic.

***Mineral prices are volatile.***

The mining industry is intensely competitive and there is no assurance that, even if commercial quantities of a mineral resource are discovered, a profitable market will exist or develop for the sale of same. There can be no assurance that mineral prices will be such that GlobeStar's properties can be mined at a profit. Factors beyond the control of GlobeStar may affect the marketability of any minerals discovered. Mineral prices are subject to volatile price changes due to a variety of factors including international economic and political trends, expectations of inflation, global and regional demand, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods.

In addition, GlobeStar may be required to undertake certain hedging activities by certain of its lenders, which may limit GlobeStar's ability to realize gains from increases in metal prices.

***Management and Key Personnel***

GlobeStar relies heavily on its existing management. Recruiting and retaining qualified personnel is critical to the Company's success. The number of persons skilled in the acquisition, exploration and development of mining properties is limited and competition for such persons is intense. The Company believes that it has been successful in recruiting excellent personnel to meet its corporate objectives but, as the Company's business activity grows, it may require additional key financial, administrative and mining personnel. Although the Company believes that it will be successful in attracting and retaining qualified personnel, there can be no assurance of such success. In the event that the Company is unable to attract additional qualified personnel, its ability to grow its business or develop its existing properties could be materially impaired.

***There can be no assurance that GlobeStar will be capable of raising the additional financing that it needs to carry out its exploration and development objectives.***

The acquisition, exploration and development of mineral properties depend upon GlobeStar's ability to obtain financing through joint ventures, debt financing, equity financing or other means. There is no assurance that GlobeStar will be successful in obtaining required financing as and when needed. Depressed markets for precious and base metals may make it difficult or impossible for GlobeStar to obtain debt financing or equity financing on favourable terms or at all. GlobeStar operates in a region of the world, which may make it more difficult for GlobeStar to raise funds. Failure to obtain additional financing on a timely basis may cause GlobeStar to postpone its exploration plans, forfeit rights in some or all of its properties or joint ventures or reduce or terminate some or all of its operations.

***There can be no assurance that the interest held by GlobeStar in its properties is free from defects nor that material contractual arrangements between GlobeStar and entities owned or controlled by foreign governments will not be unilaterally altered or revoked.***

The Company has investigated its rights to explore and exploit its various properties and, to the best of its knowledge, those rights are in good standing, but no assurance can be given that such rights will not be revoked, or significantly altered, to the detriment of GlobeStar. There can also be no assurance that GlobeStar's rights will not be challenged or impugned by third parties.

***GlobeStar is subject to substantial environmental and other regulatory requirements and such regulations are becoming more stringent. Non-compliance with such regulations, either through current or future operations or a pre-existing condition could materially adversely affect GlobeStar.***

All phases of GlobeStar's operations are subject to environmental regulations by the government of the Dominican Republic. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, will not adversely affect GlobeStar's operations.

Environmental hazards may exist on the properties in which GlobeStar holds interests which are presently unknown to GlobeStar and which have been caused by previous or existing owners or operators of the properties.

Government approvals and permits are sometimes required in connection with GlobeStar's operations. To the extent such approvals are required and not obtained, GlobeStar may be delayed or prohibited from proceeding with planned exploration or development of mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities, causing operations to cease or be curtailed, and may require corrective measures be implemented, additional equipment be installed, or other remedial actions be undertaken, any of which could result in material capital expenditures. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on GlobeStar and require increased capital expenditures or production costs or reductions in levels of production at producing properties or require abandonment or delays in development of new mining properties.

***Pre-existing environmental liabilities***

Pre-existing environmental liabilities may exist on the properties in which the Company currently holds an interest or on properties that may be subsequently acquired by the Company which are unknown to the Company and which have been caused by previous or existing owners or operators of the properties. In such event, the Company may be required to remediate these properties and the costs of remediation could be substantial. Further, in such circumstances, the Company may not be able to claim indemnification or contribution from other parties. In the event the Company is required to undertake and fund significant remediation work, such event could have a material adverse effect upon the Company and the value of its securities.

***Calculation of reserves, resources and metal recoveries is only an estimate, and there can be no assurance about the quantity and grade of minerals until reserves or resources are actually mined.***

There is a degree of uncertainty attributable to the calculation of reserves, resources and corresponding grades being mined or dedicated to future production. Until reserves or resources are actually mined and processed, the quantity of reserves or resources and grades must be considered as estimates only. In addition, the quantity of reserves or resources may vary depending on mineral prices. Any material change in the quantity of reserves, resources, grade or stripping ratio may affect the economic viability of GlobeStar's properties. In addition, there can be no assurance that mineral recoveries in small-scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production.

***Operating hazards and risks could affect GlobeStar's financial condition***

Mineral exploration, development and production are subject to many conditions that are beyond the control of the Company. These conditions include, but are not limited to, natural disasters, unexpected equipment repairs or replacements, unusual geological formations, environmental hazards and industrial accidents. The occurrence of any of these events could result in delays, work-stoppages, damage to or destruction of property, loss of life, monetary losses and legal liability, any of which could have a material adverse effect upon the Company or the value of its securities.

While it is anticipated that the Company will maintain insurance against risks, which are typical in the mining industry, insurance against certain risks to which the Company may be exposed may not be available on commercially reasonable terms, or at all. Further, in certain circumstances, the Company might elect not to insure itself against such liabilities due to high premium costs or for other reasons. Should the Company suffer a material loss or become subject to a material liability for which it was not insured, such loss or liability could have a material adverse effect upon the Company and the value of its securities.

### ***Reclamation Obligations***

Reclamation requirements may change and do vary depending on the location and the government regulatory body, but they are similar in that they aim to minimize long term effects of exploration and mining disturbance by requiring the operating company to control possible deleterious effluents and to re-establish to some degree pre-disturbance land forms and vegetation. The Cerro de Maimón project will be subject to reclamation, site restoration and closure requirements. The Company calculates its estimates of the ultimate reclamation liability based on current laws and regulations and the expected future costs to be incurred in reclaiming, restoring and closing the Cerro de Maimón project. It is possible that the Company's estimate of its ultimate reclamation liability could change in the near term due to possible changes in laws and regulations and changes in cost estimates.

### ***Competition for new mining properties by larger, more established companies may prevent GlobeStar from acquiring interests in additional properties or mining operations.***

Significant and increasing competition exists for mineral acquisition opportunities throughout the world. As a result of this competition, some of which is with large, better established mining companies with substantial capabilities and greater financial and technical resources than GlobeStar, GlobeStar may be unable to acquire rights to exploit additional attractive mining properties on terms it considers acceptable. Accordingly, there can be no assurance that GlobeStar will acquire any interest in additional operations that would yield reserves or result in commercial mining operations.

### ***Fluctuations in currency exchange rates may adversely affect the Company's financial position.***

Fluctuations in currency exchange rates, particularly operating costs denominated in currencies other than United States dollars, may significantly impact GlobeStar's financial position and results. GlobeStar faces risks mainly associated with fluctuations in Canadian currency relative to United States currency, as a significant portion of the Company's expenses are incurred in United States dollars.

### ***Certain directors of GlobeStar may become directors or officers of, or have shareholdings in, other mineral resource companies and there is the potential that such directors will encounter conflicts of interest with GlobeStar.***

Certain of the directors of the Company may become directors or officers of, or have significant shareholdings in, other mineral resource companies and, to the extent that such other companies may participate in ventures in which GlobeStar may participate, the directors of GlobeStar may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. Such other companies may also compete with GlobeStar for the acquisition of mineral property rights. These interlocking directorships and officers may make it more difficult for the Company to negotiate participation in additional ventures on satisfactory terms or may make such participation relatively more expensive.

### ***Earnings and Dividend Record***

The Company has paid no dividends on its Common Shares since incorporation and does not anticipate doing so in the foreseeable future. The Company does not generate any cash flow from operations and would not expect to do so in the foreseeable future.

### **Principal Properties**

The Company's principal properties are located within the Dominican Republic.

#### **Cerro de Maimón – Dominican Republic**

The following, other than the information under the heading "Mining Operations", represents information summarized or extracted from the Behre Dolbear Report commissioned by the Company entitled "Cerro de Maimón Project Monsenor Nouel Province, Dominican Republic – Interim Technical Report – Revised Feasibility Study"



dated May 4, 2005 and prepared by Richard W. Jolk, P.E. of Behre Dolbear & Company Ltd. of Toronto, Ontario, an independent geological and engineering consulting firm, pursuant to the provisions of NI 43-101.

The information contained under the heading "Mining Operations" represents information summarized or extracted from the Production Schedule Sensitivity Analysis commissioned by the Company entitled "GlobeStar Mining Corporation - Cerro de Maimón Project – Dominican Republic – Interim Technical Report – Production Schedule Sensitivity Analysis" dated July 7, 2006 and prepared by R.W. Jolk, P.E., which details the results from an updated production schedule sensitivity analysis for the Cerro de Maimón project in the Dominican Republic pursuant to the provisions of NI 43-101. The Production Schedule Sensitivity Analysis is based primarily on the information contained in the Behre Dolbear Report.

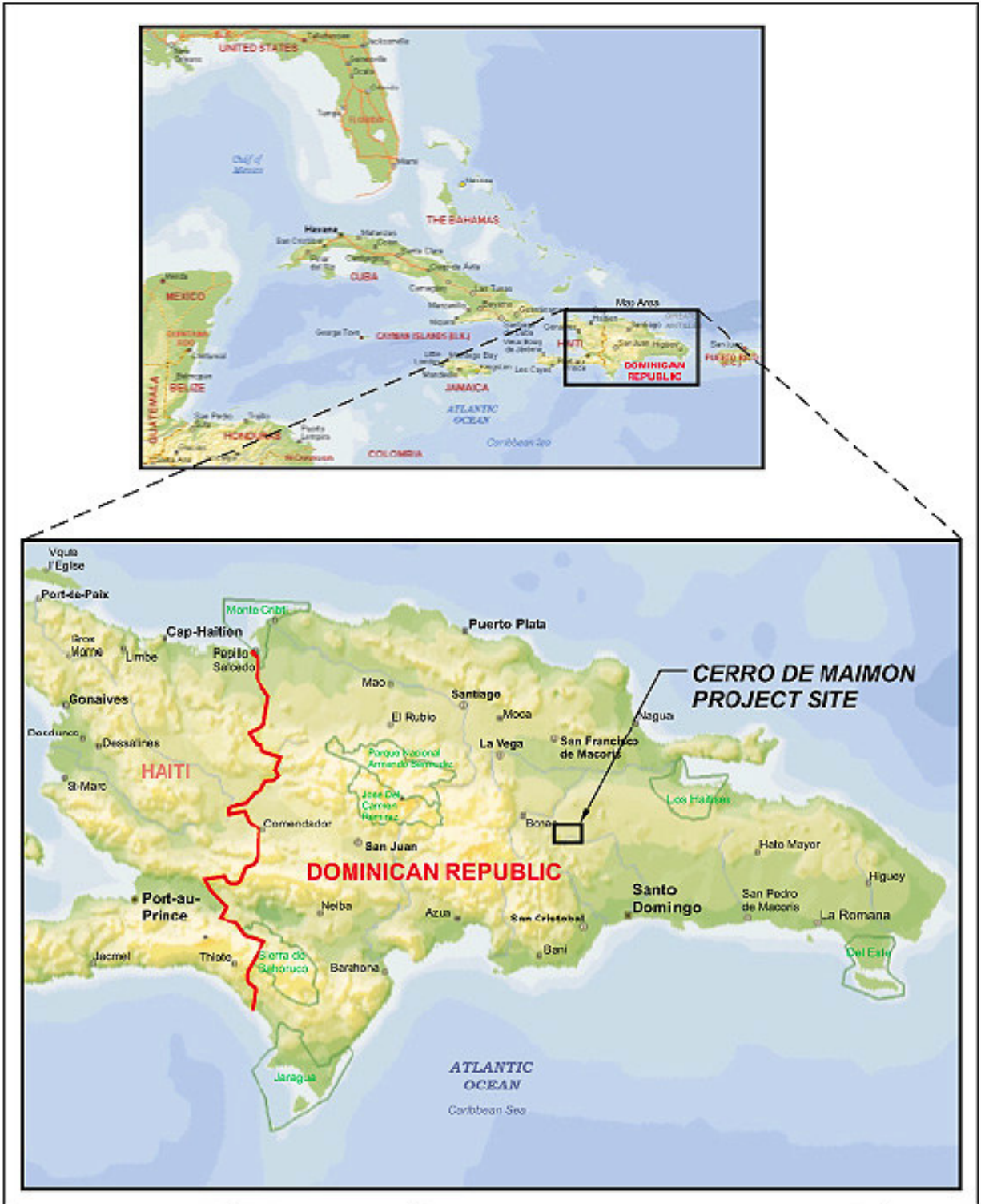
Richard W. Jolk, P.E. is a qualified person and primary author of the Behre Dolbear Report and the Production Schedule Sensitivity Analysis within the meaning of NI 43-101. Mr. Jolk is independent of the Company applying all of the tests in Section 1.4 of NI 43-101.

Both the Behre Dolbear Report and the Production Schedule Sensitivity Analysis are available under the Company's profile on [www.sedar.com](http://www.sedar.com).

### ***Project Description and Location***

The Cerro de Maimón project is located near the town of Maimón in Monsenor Nouel Province and can be accessed from Santo Domingo by Highway 1 to the town of Piedra Blanca and then by a secondary paved road north to Maimón and then to the concession by way of secondary paved and unimproved roads. The following map indicates the general location of the Cerro de Maimón project:

General Location Map for the Cerro de Maimón Project



All royalties, overrides, back-in rights, payments and/ or encumbrances affecting the Cerro de Maimón project are summarized in Table 1-1. Surface fees were calculated using an exchange rate of 30 Dominican Pesos per US\$1.

**Obligations and Encumbrances**  
**Table 1-1**

Obligation	Due to	Due when	Notes	Specified in
US \$37.00 - annual surface fees, Block C1	Dir. Gen. de Impuestos Internos	yearly	RD \$0.50 per hectare per year	Mining law (146) article 116
5% net smelter return (NSR) <sup>1</sup>	Dir. Gen. de Impuestos Internos	upon production	NSR is credited towards income tax.	Mining law (146) article 119, 120, and 121
5% net profits royalty (NPI)	Municipality of Maimón	upon production	Pending commencement of production	Environmental law (64-00) article 117
US \$350,000	Falconbridge	March 1, 2002	paid	Falconbridge - CMD sales agreement (article 3a)
US \$250,000	Falconbridge	12 months after receipt by CMD of an affirmative feasibility study.	paid	Falconbridge - CMD sales agreement (article 3b)
US \$250,000	Falconbridge	12 months after CMD decides to go ahead with production.	Pending a production decision.	Falconbridge - CMD sales agreement (article 3c)
Import taxes	Dir. Gen. de Impuestos Internos	During construction and operation	Includes value added tax of 12% plus other taxes	Tax Code - Law number 11-92
1.5% NSR, minimum income tax	Dir. Gen. de Impuestos Internos	yearly	Pending commencement of production	Tax Code - Law number 11-92 (article 297)
25% "flat" income tax	Dir. Gen. de Impuestos Internos	yearly	Pending commencement of production.	Tax Code - Law number 11-92 (article 297)
2% NSR	Falconbridge	yearly	Pending commencement of production; can be reduced to 1% prior to production for US\$1,000,000	Falconbridge – CMD royalty agreement

Note:

- (1) The 5% NSR is deductible from income tax (Mining Law (146) article 120) and is assessed on concentrates but not on smelted or refined product (Mining Law (146) article 121).

### ***Accessibility, Climate, Local Resources, Infrastructure and Physiography***

The average annual temperature at Cerro de Maimón is 26 degrees centigrade with a range from 17 to 35 degrees centigrade. Cerro de Maimón is located in a seismically active area within 100 kilometres of a major earthquake zone that parallels the north coast of the Dominican Republic.

Nearby communities include the towns of Maimón and Bonao, which would provide the majority of mining personnel. Population density at the Cerro de Maimón is sparse, and there are no permanent settlements. Terrain on the Cerro de Maimón block consists of rolling, partially cultivated hills with elevations of 100 to 500 metres. The ultimate mine could reach elevations of 30 metres or lower.

### ***History***

Falconbridge Dominicana obtained the Quisqueya No. 1 exploitation concessions under contracts from the Dominican Government in 1957. Contracts for the concession No. 8084 were published in the Official Gazette on January 23, 1957, No. 9164 published on November 15, 1969, and amendments signed May 26, 1988 and August 25, 1994. These contracts authorized Falconbridge Dominica to conduct mining operations for an unlimited period of time and also give permission to subdivide the concession and negotiate with third parties.

A regional exploration program led to the discovery of surface gossan outcrops in a number of areas, including Cerro de Maimón. The deposit was drilled and recognized as a massive sulphide deposit in 1978.

Between 1978 and 1990, Falconbridge completed 144 drill holes totalling 15,983 metres. Since acquiring the exploitation rights to the Maimón Mining Block from Falconbridge Dominica on March 1, 2002, GlobeStar through CMD, has completed a number of additional diamond drill holes totalling 3,360 metres.

### ***Geology and Mineralization***

The Cerro de Maimón deposit is hosted by the Maimón Formation, part of an early Cretaceous volcanic arc that can be traced along the entire length of the Greater Antilles. Rock types include submarine tholeiitic volcanic and volcanoclastic rocks of bimodal composition interbedded with chert, shale and limestone.

The Maimón Formation was divided into two structural provinces by Draper et al. (1996). The Ozama shear zone (southwest) consists of interlayered mafic and felsic mylonites in a ductile shear zone. The Altar zone is much less deformed and consists of interlayered mafic and felsic tuffs, breccias and flows. Both zones formed during middle Cretaceous thrust displacement (obduction) of peridotite (ocean floor and upper mantle) over the Early Cretaceous island arc represented by the Maimón and adjacent Los Ranchos Formations.

Host rocks at the Cerro de Maimón deposit consist of interbedded chlorite- and epidote-bearing schists with thin beds of graphitic and siliceous exhalite. All of the host rocks are strongly deformed, a characteristic of the Ozama shear zone.

Ore lenses occur in a distinctive sericite schist that contains disseminated pyrite and chalcopyrite. The sericite schist may have been derived from a more felsic protolith or, alternatively, could have resulted from hydrothermal alteration of the mafic host rocks.

### ***Deposit Types***

The Cerro de Maimón deposit is a volcanogenic, copper and zinc rich, exhalative massive sulphide deposit hosted in metavolcanic rocks of the early Cretaceous age Maimón Formation. It is contained within a 70-kilometre belt that is 9 kilometres in width and extends from northwest to southeast across central Dominican Republic. The Cerro de Maimón deposit consists of two parts, a copper, zinc, lead, gold, silver bearing massive sulphide and an overlying gold and silver bearing oxide deposit that formed by weathering of massive sulphide mineralization. The weathering profile at Cerro de Maimón extends to a depth of up to 35 metres but averages approximately 20 metres in thickness.

The footwall at the northwestern end of the Cerro de Maimón deposit is characterized by quartz veins. Alteration consists of quartz, sericite, and pyrite with variable chlorite. This stockwork is interpreted as a feeder structure that supplied hydrothermal solutions to submarine vents on the early Cretaceous seafloor. Exhalative massive sulphide mineralization accumulated around the vents.

Tertiary uplift and subsequent erosion of the Maimón Formation has resulted in the near surface weathering and oxidation of the exposed part of the massive sulphide body. Within approximately 30 to 40 metres of the surface, the up dip part of the massive sulphide body has been completely weathered and oxidized to an iron oxide rich gossan. The gossan is supergene enriched with regard to gold and silver, likely as micron sized electrum particles. Copper, zinc and lead have been completely leached and completely removed by the ground waters responsible for the oxidation. Some of these metals have been redeposited in the unoxidized massive sulphide zone and as a result the massive sulphide is supergene enriched with regard to copper.

Within the deposit, primary sulphides are fine grained with local well developed banding and insitu brecciation. Sulphide content is variable and ranges from massive (>50%) to semi-massive (50% - 15%) to disseminated (1% - 15%). The deposit is dominated by pyrite with quartz, lesser sericite, minor amounts of chlorite and occasional calcite. Secondary sulphide mineralization occurs regularly and chalcocite and covellite are the dominant secondary minerals. Chalcocite rims and replaces pyrite, chalcopyrite, sphalerite and occasionally bornite.

Three smaller massive sulphide deposits are known to occur in the Maimón Formation and include Loma Pesada and Loma Barbuito, which are discussed below.

### ***Exploration***

A stream sediment geochemical survey conducted in 1968 identified anomalies of copper, zinc and silver in the Cerro de Maimón area. Additional stream sediment surveys were conducted in 1970. Soil and rock samples were collected in 1973. Two surveys using magnetic and electromagnetic geophysics were also conducted in 1973, but both failed to detect the Cerro de Maimón deposit although surface outcrops of gossan were identified. The Cerro de Maimón deposit was finally physically discovered in 1978 after Falconbridge completed the first drilling campaign.

### ***Drilling***

Several drilling programs have occurred since discovery of the Cerro de Maimón deposit. Between 1978 and 2005, Falconbridge and CMD combined have completed 165 drill holes totalling 18,155 metres.

Immediately on acquiring the mineral exploitation rights to the Maimón Mining Block from Falconbridge in 2002, CMD commenced drilling with 28 holes totalling 1,577 metres placed along the length of the deposit. These holes generally corroborate the previous Falconbridge drill hole geology and grade values. In 2003, CMD completed three large bore drill holes for geotechnical sampling and investigation. In 2004, Pincock, Allen and Holt ("PAH") completed four holes as twins to validate the Falconbridge and CMD drilling to date.

In January 2005, Kluane Drilling Inc. of Canada commenced drilling 27 additional holes in the gossan toward the northwest end of the deposit. Of the 27 holes drilled, 25 intersected gossan with gold grades greater than 0.5 g/t and 19 intersected gossan with gold grades greater than 1.0 g/t.

### ***Sampling and Analysis***

Drilling has been the sampling method of preference at Cerro de Maimón. Eight surface trench samples in the oxides provided useful information for resource modeling. Falconbridge conducted geologic mapping and trenching in 1977 followed in 1978 by the first drill holes. Systematic sampling for delineation of the Cerro de Maimón project has continued since 1978 with the drilling of 161 holes totalling 17,826.

Falconbridge conducted a majority of the drilling between 1978 and 1982, with additional drilling from 1986 to 1987 and from 1989 to 1990. CMD proceeded to drill additional exploration holes in mid-2002, three geotechnical holes in early 2003, and an additional 27 oxide delineation holes in 2005. Falconbridge and CMD holes were generally drilled at high angles (-60 to -90 degrees) to better intercept the moderately dipping (-40 degrees) massive sulfide body.

Richard Jolk, P.E. viewed core from each of the diamond drill programs during the preparation of the Behre Dolbear Report. There is no physical record of the rotary air drill holes.

Both the Falconbridge and CMD core holes were generally sampled at intervals ranging from 0.5 to 2.0 meters, averaging approximately 1.5 meters. Most of the holes are NQ (47.6 mm diameter) or HQ (63.5 mm diameter) and provide an adequate amount of sample for both assay and metallurgical analysis. Early CDM core holes were drilled using thin wall NQ (58.42 mm core diameter, sometimes referred to as NTW). Later CDM core holes were also drilled using thin wall NQ. Falconbridge core was generally larger HQ (63.5 millimeter diameter); however, some NQ and smaller BQ size drill tools (36.4 millimeter diameter) were used.

The core was split after which half was sent for assaying while the remainder was retained for reference and metallurgical testwork. The older Falconbridge reference samples in the sample storage facility located at the Falconbridge nickel plant were observed to have oxidized and deteriorated in the hot and humid tropical climate and are unusable for any further metallurgical testwork other than analysis for grade.

Falconbridge drill hole samples were analysed at the Falconbridge laboratory. Chemical analysis of the CMD core samples was performed at Chemex Laboratories of Canada. The Falconbridge laboratory was found to be relatively organized, but was notably dusty. Since the sample dust originates from nickel laterite material, base and precious metal assays were probably not affected significantly. Core samples from the deposit, consisting of a ½ to ¼ split of

the core, were received by the laboratory and crushed to ½ inch size. Samples were then dried in a drying oven and crushed to ¼ inch size. A split of the sample was pulverized to minus 100 mesh in a ring and puck pulverizer. Pulp was rolled on fresh paper towels, from which two 150 gram samples were taken, one for laboratory analysis, the second for reference.

### ***Security of Samples***

All drilling, core handling, core logging, splitting, sample preparation and assaying were performed by the drillers, geologists and metallurgical technicians involved with the programs.

Routine check assays for quality control analysis were not conducted during the Falconbridge drilling program. Subsequently in 1990, a comprehensive checking program was conducted consisting of core sample duplicates run on additional core material, with samples sent to Lakefield Laboratories for check analysis. PAH conducted a statistical comparison of original Falconbridge sample results with the check Lakefield analyses. Results of the PAH comparison for gold were found to be over two times higher than the original Falconbridge results for the 1978 to 1987 drilling data, but are comparable for the 1989 to 1990 drilling data. This was due to differences in assay technique between Falcondo and Lakefield, the latter being a more accurate measure for contained gold. Copper, zinc, and silver results were comparable. PAH substituted Lakefield gold values for the original Falconbridge values, where comparable sample intervals allowed.

Routine check assays for quality control analysis were not conducted during the CMD drilling program. Subsequently, however, check samples were selected by PAH consisting of both duplicate pulp checks and duplicate core checks analyzed by Hazen Laboratories in Golden, Colorado. The results of original-duplicate pulp pairs for the CMD 2002 drill samples generally show reasonable comparisons.

### ***Mineral Resource and Reserve Estimates***

The resources contained within the Cerro de Maimón deposit were modeled by Behre Dolbear & Company Ltd.. Tonnage and grade estimates for the oxide and sulphide portions of the deposit are outlined in Table 1-2:

**Mineral Resource Estimate  
Table 1-2**

Mineral Type	Cutoff Grade	Tonnes	Copper (%)	Lead (%)	Zinc (%)	Silver (g/t)	Gold (g/t)
Total Oxide							
Measured	1.0 g/t Gold	505,501	0.187	0.041	0.021	64.085	2.568
Indicated	1.0 g/t Gold	178,656	0.189	0.039	0.021	60.630	2.393
Meas. + Ind. Total	1.0 g/t Gold	684,157	0.188	0.040	0.021	63.187	2.523
Total Sulfide							
Measured	1.0% Copper	1,909,625	3.251	0.060	1.757	35.540	1.015
Indicated	1.0% Copper	2,285,821	2.601	0.055	1.690	32.247	0.902
Meas. + Ind. Total	1.0% Copper	4,195,446	2.897	0.058	1.721	33.746	0.954
Total Oxide and Sulfide							
Measured	1.0 % Copper	2,415,126	2.607	0.056	1.392	41.545	1.342
Indicated	1.0 % Copper	2,464,477	2.426	0.054	1.569	34.304	1.010
Meas. + Ind. Total	1.0 % Copper	4,879,603	2.516	0.055	1.481	37.890	1.175

Note:

- (1) Gossan mineral resource tabulated on drilling results through the end of January 2005.
- (2) Based on rock densities as follows: massive gossan-2.45 t/m<sup>3</sup>, disseminated gossan-2.30 t/m<sup>3</sup>, massive sulfide-3.75 t/m<sup>3</sup>, disseminated sulfide-2.75 t/m<sup>3</sup>, others-2.75 t/m<sup>3</sup>.
- (3) Includes limited upgrading of gold sample values using Lakefield fire assay results.

Behre Dolbear & Company Ltd. performed a floating cone analysis with subsequent addition of a haulage road and surface water diversion to demonstrate that the deposit could be mined. Table 1-3 outlines the proven and probable reserves developed in this report:

**Mineral Reserve Estimate (included in the Resource Estimate above)**  
**Table 1-3**

Mineral Type	Tonnes	Copper (%)	Zinc (%)	Ag (g/t)	Au (g/t)
Total Oxide					
Proven	505,501	0.19	0.02	64.49	2.58
Probable	71,259	0.28	0.01	65.87	2.39
Proven + Probable Total	576,760	0.20	0.02	64.66	2.56
Total Sulfide					
Proven	1,909,625	3.25	1.76	35.54	1.02
Probable	842,392	3.84	1.34	36.81	1.03
Proven + Probable Total	2,752,017	3.43	1.63	35.93	1.02
Total Oxide & Sulfide					
Proven	2,415,126	2.61	1.39	41.60	1.34
Probable	913,641	3.56	1.24	39.08	1.14
Proven + Probable Total	3,328,767	2.87	1.35	40.91	1.28

### ***Mining Operations***

#### *Updated Production Schedule Sensitivity Analysis*

In July 2006, R.W. Jolk, P.E. completed the Production Schedule Sensitivity Analysis on the Cerro de Maimón project. The Production Schedule Sensitivity Analysis integrates the results of the Behre Dolbear Report with subsequent updating of information from the Company.

By moving copper production forward to commence at the earliest possible date, the Cerro de Maimón project NPV was increased compared to the production schedule used in the Behre Dolbear Report. Gold ore that was to be produced before commencement of copper production will now be stockpiled until after copper production commences.

Several changes in metal prices, capital costs and operating costs between April and September, 2005 were updated in the pro forma income statement concurrently with production schedule changes using the reserves reported in the Behre Dolbear Report. Project costs were updated through the end of September 2005. Metal prices are quoted as quarterly three year rolling average prices and were also updated through the end of third quarter of 2005.

The resources and reserves used in the Production Schedule Sensitivity Analysis are identical to those presented in the Behre Dolbear Report and were pre-qualified through a preliminary analysis performed on the production schedule presented in the Behre Dolbear Report to determine if the reserves would increase, or at a minimum, remain the same when increases in metal prices and project costs were incorporated into the economic analysis. This preliminary analysis indicated that the reserves would be at least as large or larger than those reported in the Behre Dolbear Report.

#### *Mining Method*

The near surface proximity of the Cerro de Maimón deposit allows it to be mined using open pit mining methods. Approximately 453,600 tonnes of sulfide ore and 175,000 tonnes of oxide ore per year are required to feed the flotation and agitated leach process plants, respectively. Oxide ore will be removed from the gossan cap of the deposit during Years -2 and -1 and stockpiled near the crusher. Oxide mining is followed by mining of the deeper sulfide ore for the remainder of the mine life. The pit as designed will cover approximately 175,000 square meters in surface area. Roads, water diversion canals, process and infrastructure facilities, mine waste dumps and ponds will cover surface area in addition to this figure.

#### *Environmental Conditions*

The General Law 64-00 on Environment and Natural Resources (Ley General Sobre Medio Ambiente y Recursos Naturales) of July 25, 2000 (promulgated August 18, 2000) establishes the procedures for the conservation, protection, improvement and restoration of the environment and natural resources assuring sustainable use in the

Dominican Republic. This law is relatively comprehensive and authorizes the creation of a Secretary of Environment and Resources. The specific aspects of the law include the evaluation process of the environmental impacts with Project: 05-008 205 public consultation of hazardous and solid waste management, water quality management, discharges to water, and the establishment of sustainable forestry and protection of the forest resources. While the Secretary of Environment and Natural Resources has only recently been appointed, procedures for the regulation of water, classification of the surface water, regulating discharges to surface water, control of air quality, control of noise and disposal of solid waste are now in place.

The Cerro de Maimón project has been reviewed by the Secretary of Environmental and Natural Resources and it was determined that under Section 41 of General Law 64-00, an environmental impact evaluation would be required. The Terms of Reference (dated October 9, 2002) for the EIS were developed by the Secretary under this basis and served as the guidelines for the EIS. The environmental impact evaluation was submitted to the Secretary for technical review and was approved on June 25, 2004.

*Production Estimates and Cash Flow Projection*

The total scheduled ore to be mined and processed over the mine life of the Cerro de Maimón project is set forth in Table 1-4:





The Production Schedule Sensitivity Analysis generated a base case pre-tax cash flow projection for the Cerro de Maimón project from the life of mine production schedule and capital and operating cost estimates. The life of mine ore production is 3,328,767 tonnes, of which 576,760 tonnes are oxide ore and 2,752,017 tonnes are sulfide ore. The projection was estimated using a copper price of US\$1.15 per pound, a zinc price of US\$0.46 per pound; a gold price of US\$392 per ounce and a silver price of US\$5.98 per ounce (representing the average price on the London Metal Exchange for the three year period September 2003 through September 2005). The undiscounted base case pre-tax cash flow of the Cerro de Maimón project totals US\$46.3 million (versus US\$37.5 million in the Behre Dolbear Report) over the mine life. The net present value ("NPV") at a 5% discount rate is US\$30.0 million (versus US\$23.0 million in the Behre Dolbear Report), and the internal rate of return ("IRR") is 26.1%. The pre-tax cash flow projection for the Cerro de Maimón project was based on the key criteria and assumptions set forth in Table 1-5:

**Key Revenue and Cost Assumptions**  
**Table 1-5**

Revenue Assumption	Cost Assumption
Processing capacity is 453,600 tonnes per year for sulphide and 175,000 tonnes per year for oxide;	Two year pre-production schedule;
Oxide ore averages 2.56 grams of gold and 64.6 grams of silver per tonne;	Operating costs include contractor mining, processing oxide ore, processing sulphide ore, general and administrative, environmental and safety and ongoing and final reclamation expenses;
Sulfide ore averages 3.43% copper, 1.63% zinc, 1.02 grams of gold and 35.93 grams of silver per tonne;	Smelting charge of US\$85.00 per tonne and per pound copper refining charge of US\$0.085;
Gold recovery is 90.1% and silver recovery is 87.1% from oxide ore;	Freight charge of US\$60.00 per wet tonne based on concentrates having a 14% moisture content;
Copper recovery is 85%, zinc recovery is 90%, gold recovery is 45% and silver recovery is 55% from sulphide ore; and	Operating costs include contractor mining, processing oxide ore, processing sulphide ore, general and administrative, environmental and safety and ongoing and final reclamation expenses
1% NSR reserved by Falconbridge.	Income tax rate of 25%; minimum tax rate of 1.5% and Dominican mining royalty of 5%;
	Life of mine: 8 years;
	Life of mine production schedule as set out in Table 1-4;
	Initial Capital investment of US\$46,526,337;
	Sustaining capital cost of US\$660,000;
	Working capital of US\$626,721; and
	Total project cash requirement of US\$47,813,058.

**The Company does not as a matter of course make public projections as to future sales, earnings or other results. The projected capital expenditures, production estimates, cash flow and other projections included in this AIF have been prepared by R.W. Jolk, P.E. and have been extracted from the Production Schedule Sensitivity Analysis. These projected capital expenditures, production estimates, cash flow and other projections have been included in this AIF based on the requirements of Canadian securities regulations and were not prepared with a view toward compliance with the published guidelines of the Canadian Institute of Chartered Accountants for preparation and presentation of prospective financial information.**

The cash flow projections are subjective in many respects and thus susceptible to interpretations and periodic revisions based on actual experience and recent developments. While presented with numerical specificity, the cash flow projections contained in the Production Schedule Sensitivity Analysis are based upon a variety of estimates and hypothetical assumptions, including the specific assumptions set forth in Table 1-5, and, more generally, industry performance, general economic, market and financial conditions, sales, operating and other revenues and expenses, capital expenditures and working capital requirements of the Cerro de Maimón project, as well as other matters which may not be realized and are inherently subject to significant business, economic and competitive uncertainties

and contingencies, all of which are difficult to predict and many of which are beyond the Company's control. Accordingly, there can be no assurance that the assumptions made in preparing the cash flow projections for the Cerro de Maimón project will prove accurate, and actual results may be materially greater or less than those contained in the cash flow projections. For these reasons, as well as the bases and assumptions on which the cash flow projections were compiled, the inclusion of such cash flow projections herein should not be regarded as an indication that the Company, or any of its representatives, considers such information to be an accurate prediction of future events, and the cash flow projections should not be relied upon as such. The Company does not intend to update or otherwise revise the cash flow projections to reflect circumstances existing after the date when made or to reflect the occurrence of future events even in the event that any or all of the assumptions are shown to be in error.

#### *Production Schedule Sensitivity Analyses*

The Production Schedule Sensitivity Analysis includes the sensitivity analyses in Table 1-6 on the base case IRR for the Cerro de Maimón project:

**Updated Results of Sensitivity Analysis**  
**Table 1-6**

Variable	IRR (%)	NPV @ 5%	NPV @ 10%	Net Cash Flow
		(US\$, Millions)		
Ore grade, +5%	29.7	35.2	22.9	52.8
Ore grade	26.1	30.0	18.7	46.3
Ore grade, - 5%	22.6	24.9	14.6	39.8
Copper price, +10%	32.8	40.6	27.1	59.8
Copper price	26.1	30.0	18.7	46.3
Copper price, -10%	19.0	19.4	10.2	32.7
Opcost, +10%	24.6	27.6	16.7	43.1
Opcost	26.1	30.0	18.7	46.3
Opcost, -10%	27.7	32.5	20.6	49.4
Capex, +10%	23.0	27.1	16.0	43.2
Capex	26.1	30.0	18.7	46.3
Capex, -10%	29.8	32.9	21.4	49.4

The Production Schedule Sensitivity Analysis concluded that the Cerro de Maimón project is sensitive to production schedule, external economic criteria related to metal prices, increases in operating costs and increases in required capital expenditures. Capital and operating costs were calculated in the Production Schedule Sensitivity Analysis from first principles using price quotations and known manpower and equipment productivities. The Production Schedule Sensitivity Analysis notes that multiple studies to evaluate and verify grade and tonnage have been performed and have taken the appropriate steps to review the accuracy of the resource estimates. Further risk aversion was imposed on the resources by the three dilution factors used while preparing the resource estimate. Behre Dolbear & Company Ltd. considers the reserve estimates low to moderately-low with regard to risk. The techniques proposed to mine and process the ore and dispose of the waste are common to the industry and; therefore, are also commonly known from a cost standpoint. Engineering and design work performed by several companies, vendor quotes for major equipment, and contractor quotes for services indicate that the parameters used in reserve estimation were reasonable in comparison to industry standards.

#### ***Exploration and Development***

##### *Recommendations of the Behre Dolbear Report*

The main recommendation of the May 2005 Behre Dolbear Report was to obtain financing and move forward with the project by selecting an engineering, procurement and construction management (EPCM) contractor. As a result of these recommendations, in March and May of 2006, GlobeStar secured project debt financing totalling US\$42.5 million and in June of 2006, GlobeStar retained Jean Pierre Chauvin as Chief Operating Officer who will be responsible for the development and construction of the Cerro de Maimón project.

The Behre Dolbear Report recommended that deeper drilling of selected areas near or at the bottom of the pit may bring inferred resources into the measured or indicated categories. The specific locations where resources may be increased are down dip to the southwest, down plunge to the southeast and at several locations in the footwall. The Behre Dolbear Report notes that mine grade control will be important to deliver consistent feed grade to the plant. Process control will be important to ensure recovery of the values, especially when mining the higher-grade portions of the deposit.

Improvement of the mineral resource methodology is also recommended, which could lead to better accuracy and the potential to add reserves. Such improved methodology should be applied to reduce dilution factors that have been applied during both resource and reserve estimation. The report notes that opportunities to add reserves may include: (a) remodelling the deposit using a steeper hanging wall, narrowed haul roads and installation of the haul roads in the footwall; (b) self mining to reduce costs and ultimately enhance reserves considering how certain taxes are applied when using a contractor; and (c) obtaining and operating used warranted equipment in the mine, plant and infrastructure.

### Other Dominican Republic Concessions

The following represents information summarized or extracted from the Datac Report entitled "GlobeStar Mining and Corporación Minera Dominicana S.A. – Evaluation of Seven Projects – Dominican Republic" dated January, 2006 and prepared by Denis Chénard, Ing of Datac Géo-Conseil Inc. of Val Senneville, Quebec, an independent geological and engineering consulting firm, pursuant to the provisions of NI-43-101.

Denis Chénard, Ing is a qualified person and primary author of the Datac Report within the meaning of NI 43-101. Mr. Chénard is independent of the Company applying all of the tests in Section 1.4 of NI 43-101.

The Datac Report is available under the Company's profile on [www.sedar.com](http://www.sedar.com).

Table 2-1 outlines the concession status for the Company's concessions in the Dominican Republic discussed in the Datac Report:

**Concession Status Dominican Republic**  
**Table 2-1**

Concession Name	Bayaguana Group				
	El Anón	Maimón	Managuá	Trinidad	Rincón Abajo
General Location (prov.)	Dajabón / Montecristi	Sánchez Ramírez	Monte Plata	Monte Plata	Monte Plata
Geological Formation	Amina Schist	Mainmón Fm.	Los Ranchos Rm.	Los Ranchos Rm.	Los Ranchos Rm.
Ownership	CMD	CMD	CMD	CMD	CMD
Date Granted	2001-06-11	2001-06-11	2002-12-17	2005-01-13	2005-01-13
Date Expires	2006-06-11	2006-06-11	2007-12-17	2010-01-13	2020-01-13
Area	1,720 has	10,0790 has	1,200 has	3,701 has	2,237.50 has
Mining Resolution	V-01	VI-01	XVII-02	XXXIV-05	XLI-05
Project names within concessions	Cerro Verde Anomaly "A" Anomaly "B" Elias Gossan	Loma Pesada Arroyo Laito Doña Barbara Barbuito Loma La Mina El Atar	Cerro Kiosko	Trinidad	Doña Amanda Doña Loretta
Status	Under Re-Application	Under Re-Application	Valid (was JV-Everton)	Under Re-Application (was JV-Everton)	Under Re-Application (was JV-Everton)

The Datac Report focuses on seven projects called the Dona Amanda, Cerro Kiosko, Doña Loretta, Loma Pensada, Loma Barbuito, Cerro Verde and Anomaly "B" projects within three concessions called the Bayaguana Group (comprised of the Managuá, Trinidad and Rincón Abajo concessions), the Maimón concession and the El Anón concession.

## ***Bayaguana Group of Concessions– Dominican Republic***

### ***Project Description and Location***

Bayaguana is an advanced exploration project in the eastern Dominican Republic, covering approximately 8,096 Ha of the Los Ranchos Formation, which also hosts Placer Dome's 15 million ounce Pueblo Viejo deposit.

The project is situated some 65 kilometres northeast of the Dominican Republic's capital city, Santo Domingo, and 5 kilometres north of the town of Bayaguana (population 20,000) where GlobeStar maintains an office.

The access from Santo Domingo is by paved road to the town of Bayaguana for about 54 kilometres. From there, the access to the three project areas is by secondary paved and gravel roads from Bayaguana to other small villages. A series of unpaved and gravel covered roads give access within the concession, where 4WD vehicles are required for the internal movement in the project.

### ***Accessibility, Climate, Local Resources, Infrastructure and Physiography***

The climate of the Dominican Republic is tropical with a temperature range between 18 and 32 degrees centigrade and generally high humidity. The heaviest rainfall period is between May and November with an accumulation of, more or less, three metres of water.

The area where the concessions are is composed of an alternation of hills and valleys, part of the Central Cordillera. Terrain on the concessions consists of rolling, cultivated hills with elevations typically less than 500 metres. Improved and unimproved roads serve all of the concessions. Standard 4WD vehicles can reach the concessions throughout the year.

Nearby communities includes the town of Bayaguana which provides mining personnel and support services.

### ***History***

The Mines Department was the first to conduct exploration work in the Bayaguana District by carrying out soil geochemical surveys. Also five percussion air holes were drilled in 1982.

Falconbridge followed up in 1988 and 1989 with regional surveys that focused attention on Cerro Kiosko, Cerro Guaimarote, and Doña Loretta. A soil program was conducted on the Managua and Rincon Abajo concessions. Anomalous results for gold, arsenic, antimony, and molybdenum led to a geophysical survey and drill program in 1990 and 1991. VLF-EM and magnetics were completed (79.5 line km) along with both gradient Induced Polarization (51 line km) and dipole-dipole IP (7 line km) at Doña Loretta and Doña Amanda.

A Falconbridge drill program commenced in 1990. Eleven holes (2,506 metres) were drilled at Doña Amanda and six holes (750 metres) were drilled at Doña Loretta. The best results were 40.4 metres of 2.99% copper, 0.37 ppm silver, and 37 ppm gold at Doña Loretta. A low-grade copper deposit was identified at Doña Amanda.

Falconbridge moved over to the Managua concession in 1996 and completed a soil survey and an Induced Polarization survey. Twenty-two trenches were dug and 1,585 samples were collected for assay. The Cerro Kiosko target was drill tested in 1997 (17 holes for 3,743 metres) and again in 1998 (12 holes for 1,928 metres).

Geologic mapping and surface sampling continued in 1999. Thirty line kilometres of soil samples were collected over the Doña Amanda deposit; 22.8 line kilometres of soil samples were collected at Rincon Abajo; 50 line kilometres were completed on the Trinidad concession. Six trenches were dug (550 metres) on the Managua concession and 391 trench samples were collected and analyzed. Another IP survey was conducted (9 line kilometres) at Managua and four drill holes were completed (650 metres). One confirmation hole was drilled at Doña Loretta (87.5 metres).

IP conductors identified on the Rincon Abajo concession in 1999 were drill tested in 2002 (7 holes, 845 metres). The targets were conductors located north and west of the Doña Amanda deposit. Two additional holes drilled on the Trinidad concession (101 metres) tested the thickness of the Hatillo limestone.

### ***Geology and Mineralization***

The Bayaguana Group has three mining concessions named Managua, Rincon Abajo, and Trinidad. Three mineral deposits are presently known in the area, one on the Managua concession (Cerro Kiosko) and two on the Rincon Abajo concession (Doña Amanda and Doña Loretta).

The largest and most important high sulphidation hydrothermal system discovered in the Los Ranchos Formation to date, outside of Pueblo Viejo, is the Bayaguana district. The Bayaguana district hosts the Cerro Kiosko and Doña Amanda deposits, as well as a number of incompletely explored target areas (Doña Loretta and Guaimarote). The known deposits and targets are covered by the contiguous Trinidad, Rincon Abajo, and Managua exploration concessions.

Rock units in the Bayaguana district include olivine-bearing basalt flows and exogenous dacite domes. The basalts exhibit a porphyritic texture with phenocrysts of plagioclase, pyroxene, and olivine. Rock types include:

- locally amygdaloidal, locally flow banded, basalt porphyry flows;
- monomictic flow breccias containing a crystalline and occasionally flow-banded matrix;
- epiclastic breccias which contain a mixture of variably altered basalt clasts in a matrix of finely comminuted basalt fragments; and
- interbedded volcanoclastic sediments consisting of an immature mix of fine to medium grained basalt fragments.

Dacite domes are generally porphyritic but are locally fine-grained and equigranular. Evidence for emplacement at the surface includes columnar jointing, local flow banding, and discontinuous quartz porphyry spines with slickensided surfaces. Emplacement is thought to have been as exogenous flow-dome complexes.

Surrounding the dacite domes are argillically altered pyroclastic aprons consisting of coarsely fragmental heterolithic tuff breccias and interbedded finer grained tuffs. Clasts in the tuff breccia are a mix of variably altered basalt, dacite and tuff breccia. Some of the clasts are veined and silicified.

The presence of silicified clasts in the pyroclastic apron indicates,

- the hydrothermal system was active at the time the pyroclastic blanket was emplaced; and
- the vent for the pyroclastic apron is nearby, within the limits of the hydrothermal system.

These features are also characteristic of gold mineralization in the Pueblo Viejo district.

Hydrothermal alteration related to gold mineralization in the Bayaguana district includes silicification, argillic alteration, phyllic alteration, and propylitic alteration. Silicification, containing a small percent of disseminate pyrite, is centered on dacite domes. Sulphidic silicification is also found locally in the dacite tuff breccias, especially on Loma de Managua, and in the propylitically altered basalts where they are cut by quartz veins.

Argillic alteration (quartz plus pyrite plus kaolinite) is largely confined to pyroclastic blankets that surround dacite domes. The largest dome in the area is centered on Loma de Managua. Argillic alteration becomes more widespread and more intense (pyrite content increases) towards Loma de Managua, where it grades into a silicified "cap."

Propylitic alteration consists of quartz plus pyrite plus chlorite plus calcite. Propylitic alteration is zoned around the argillized and silicified dacite domes and is largely confined to basalts. Quartz plus sulphide increase in the vicinity of veins that may run as high as 25% sulphide. Sericite also increases near veins (phyllic alteration) causing a lightening of the typical dark green propylitized basalts. Pyrophyllite (sericite without potassium) is also present as part of the phyllic assemblage.

### *Deposit Types*

Exploration on the Bayaguana Group of concessions has identified high sulphidation type gold mineralization at Cerro Kiosko and at Doña Amanda. High sulphidation gold mineralization is characterized by ore mineralogy that includes enargite and by hydrothermal alteration mineralogy that includes pyrophyllite. High sulphidation deposits account for roughly half of the total gold endowment in the Caribbean Basin, largely contained in a cluster of deposits known as the Pueblo Viejo district.

Pueblo Viejo, with over five million ounces in past production and close to 35 million ounces in remaining resources, is one of the largest gold deposit in the Caribbean basin. However, other mineral occurrences in the Los Ranchos formation are also associated with volcanic domes and thinly bedded carbonaceous sedimentary rocks.

The Cerro Kiosko deposit has individual quartz veins measuring up to 30 cm in thickness and occur as a swarm within a zone of intense hydrothermal alteration that measures up to 100 metres in thickness. The veins are discontinuous, crustiform banded, chaledonic to microcrystalline, milky quartz veins with moderate to high sulphide content.

The Doña Amanda copper deposit consists of a secondary enrichment blanket covering lower grade copper protore.

The Doña Loretta deposits are not well known but seem to be similar to the Doña Amanda deposit. Presently, the known extent of the deposit is more or less 450 metres by 200 metres with a thickness which varies from 4.5 metres to 65 metres.

### ***Exploration and Drilling***

Between 2000 and 2002 GlobeStar carried out local geophysics (IP), mapping, the drilling of 845 metres in seven drill-holes on Doña Amanda and the drilling of 101 metres in two drill-holes on Loma Guaimarote. Since 2003, several exploration programs were carried out, which includes drilling in three different campaigns: 2,051 metres in 24 drill-holes on the Trinidad concession, 1,104 metres in 11 drill-holes on Doña Loretta and 721 metres in four drill-holes on Doña Amanda. Some soil surveys, trenching and geophysical surveys (IP) were also done during this period. Finally, metallurgical tests were conducted on Doña Amanda and Doña Loretta.

### ***Sampling and Analysis***

Soil samples were dried, crushed and pulverized to minus 100 mesh at the Falcondo laboratory in the Dominican Republic. The pulverized sample was then shipped to Chemex Laboratory in Toronto for a 32 element ICP package plus gold analysis by a fire assay prep-AA finish procedure. Drill core from all the concessions was collected at the drill site and measured to estimate recovery. Generally the different drill programs experienced good core recovery and calculations based on data derived from these drill holes are considered to be reliable. Recoveries at Doña Amanda were somewhat lower, varying between 65% and 87%, but were determined to be acceptable.

Sampling was conducted in accordance with industry standards. The Datac Report indicated there were no drilling, sampling or recovery issues that could affect the accuracy and reliability of results.

The Falconbridge mine, where the samples were analysed, produces nickel from laterite ore that, in addition to nickel, contains cobalt, chromium and iron. Contamination of these elements is likely at a mine laboratory that routinely processes ore-grade samples. However, contamination of gold, silver, copper, lead or zinc is not considered likely.

### ***Security of Samples***

Sample security was assured by close monitoring of drill core during collection, logging, sample preparation and analysis. Core was collected at the drill site by a Company representative and transported to Bayaguana or Maimón for logging and sample selection. The core then went to the Falconbridge mine site where it was cut, bagged and delivered to the sample preparation laboratory by a Company representative. Prepared samples were submitted to the Falconbridge Laboratory at the mine site or shipped via DHL to ALS Chemex Laboratories in Toronto or to Lakefield Laboratories in Lakefield. Check samples were treated in the same fashion.

Datac endorses the adequacy of the sampling, sample preparation, analytical and security procedures as described above.

### ***Mineral Resource Estimates***

#### *Doña Amanda*

With a lower cutting grade of 0.30% copper, the resource is evaluated at 43.3 Mt at 0.45% copper. With a lower cutting grade of 0.15% copper, the resource is evaluated at 127.8 Mt at 0.31% copper. The category of this resource is considered as inferred due to the difficulty with the reproduction of the original assays.

#### *Cerro Kiosko*

The Cerro Kiosko calculation was done by Patrick (1998) and was reviewed by Datac for confirmation. The estimation was done using different lower cutting grades, 0.35 g/t, 0.50 g/t and 1.0 g/t gold. No upper cutting grade was used. The highest value used was 50.31 g/t gold. No dilution factor was employed in this calculation. Table 2-2 summarizes the results of this calculation:

**Kiosko Resource Calculation**  
**Table 2-2**

<b>Deposit</b>	<b>Cutting Grade</b>	<b>Method</b>	<b>Category</b>	<b>Tons (millions)</b>	<b>Copper (%)</b>	<b>Gold (g/t)</b>	<b>Silver (g/t)</b>
Kiosko	0.35 g/t gold	Block model	Indicated	0.565	1.01	1.93	4.20
			Inferred	4.360	0.98	2.01	5.17
Kiosko	0.5 g/t gold	Block model	Indicated	0.438	1.27	2.39	4.84
			Inferred	4.028	1.04	2.12	5.35
Kiosko	2.0 g/t gold	Block model	Indicated	0.126	2.89	5.63	8.88
			Inferred	1.700	1.66	3.40	7.39

#### *Doña Loretta*

The estimation was done using a lower cutting grade at 0.25% copper. No upper cutting grade was used. The highest value used was 10.1% copper. The used density was 3.10 t/m<sup>3</sup>. This density was obtained by laboratory assays, and using samples collected by Datac during its visit in the Dominican Republic. No dilution factor was employed in this calculation. With the polygonal calculation method on longitudinal section, the resource is evaluated at 7.1 Mt at 0.52% copper. With the polygonal transversal sections calculation method, the resource is evaluated at 8.2 Mt at 0.50% copper. The category of this resources is considered as inferred. This deposit needs more drilling for a better understanding.

### ***Exploration and Development***

The Datac Report recommends the preparation of an economic model of each deposit. Following the economic study, the deposits, which may show an economic potential, have to be drilled to bring inferred resources to the indicated resources category. Another calculation, using preferably the block modelling method and a feasibility study should follow. The report generally recommends additional drilling to extend and confirm the evaluation of the deposits.



The report recommends that on the Doña Amanda deposit, additional drill holes should be performed to verify the continuity of the zone to the north, to the south-west and to the south. Infilled drilling is also recommended to have at least 100 metres of spacing and to determine whether there is an indicated resource. On the Cerro Kiosko deposit, the report recommends infilling program with 50 metre spacing to attempt to define an indicated resource.

### ***Maimón Concession– Dominican Republic***

#### ***Property Description and Location***

The Maimón concession, adjacent to Cerro de Maimón, is situated in the provinces of La Vega, Monseñor Nouel and Sanchez Ramirez, about 50 kilometres northwest of Santo Domingo. The property has an elongate, irregular shape and extends some 50 kilometres in a north-western direction with a total of 10,790 hectares. In addition, GlobeStar has exposure to seven surrounding concessions held by Everton (totalling 5,821 Ha) through a 35% back-in agreement, and to the adjacent Cuance Group of concessions (totalling 4340 Ha) through a 50/50 joint venture funded by Everton.

The access from Santo Domingo is by main 4-lane highway to Piedra Blanca and from there the access is gained by secondary gravel roads where 4WD vehicles are required. In most of the concession areas the access is done by vehicle, walking or by using mules.

#### ***Accessibility, Climate, Local Resources, Infrastructure and Physiography***

The climate of the Dominican Republic is tropical with a temperature range between 18 and 32 degrees centigrade and generally high humidity. The heaviest rainfall period is between May and November with an accumulation of, more or less, three metres of water.

The area where the concessions are is composed of an alternation of hills and valleys, part of the Central Cordillera. Terrain on the concessions consists of rolling, cultivated hills with elevations typically less than 500 metres. Improved and unimproved roads serve all of the concessions. A divided highway (Carretera Duarte) from the south to the north coast runs through the Maimón concession. Standard 4WD vehicles can reach the concessions throughout the year. Nearby communities include the towns of Bonao and Maimón which provides mining personnel and support services.

#### ***History***

Exploration in the Maimón Belt began in the early 1980's with a government-sponsored program of soil geochemistry. Rosario did some airborne geophysics, stream and soil geochemistry, and drill testing (Loma Barbuito). Falconbridge continued the exploration effort through the 1990's with VLF, IP, Mag, and soil surveys at El Altar, Loma El Can, Laito, and Doña Cristina, plus drill programs at Loma Barbuito, Loma Pesada, Arroyo Laito and Doña Nieve. GlobeStar carried out additional drilling at Loma Barbuito, and at the 2J and Dona Cristina geophysical targets.

#### ***Geology and Mineralization***

The Maimón concession lies over the Maimón Formation. The Maimón Formation is a belt of Cretaceous-age metavolcanic and metasedimentary rocks that includes mafic, intermediate, and felsic volcanic rocks, minor sediments, exhalative iron formation, and gossan. Massive sulphide occurrences within this formation are known from the Maimón and the El Anon concessions and from de Cerro de Maimón deposit.

Draper et al. (1996) interpreted the Maimón Formation as the fore-arc equivalent of the Los Ranchos Formation, host to the Pueblo Viejo deposits. They divided the Maimón Formation into the El Altar zone and the Ozama Shear zone: two parallel structural-metamorphic provinces characterized by deformed, greenschist facies metamorphic rocks. Mapping at Pueblo Viejo shows that thrust faulting and metamorphism extend beyond the limits of the El Altar zone and into the Los Ranchos Formation. The Maimón Formation may simply represent sheared and metamorphosed Los Ranchos Formation, or its fore-arc equivalent.

### *Deposit Types*

Three deposits are currently known from the Maimón Concession: Cerro de Maimón, Loma Pesada and Loma Barbuito. Cerro de Maimón is a massive sulphide deposit drilled by Falconbridge in 1996. The deposit measures 800 metres along strike and is between five to 40 metres thick.

Loma Pesada is underlain by acid volcanic rocks interbedded with intermediate lavas and siliceous iron formation. The deposit is a copper-zinc rich massive sulphide type with small amounts of silver and gold. The massive sulphides lens is one to eight metres in thickness with a mean of three metres.

Loma Barbuito is a massive sulphide mineralization up to twenty metres in thickness. The dimension and the continuity of this area are presently not well defined.

### ***Exploration and Drilling***

Since 2000, GlobeStar has carried out several exploration programs in the Maimón concession area including regional reconnaissance of the airborne geophysical conductors with subsequent rock sampling, regional stream sediments surveys, linecutting and soil sampling, detailed geological mapping and rock sampling. Best intersections of the program returned 22.27 meters at 1.354 g/t Au, 7.594 g/t Ag, 0.826% Cu and 0.978% Zn. In addition, several narrow intersections returned copper, valued up to 3.00% Cu and 6.89% Zn. During the first quarter of 2005, GlobeStar completed a stream sediment sampling program over the whole Maimón concession area to evaluate potential anomalous areas related to unexplored existing airborne geophysical conductors and compare with previous stream sediments surveys completed by Rosario in part of the concession.

### ***Sampling and Analysis***

Drill core from all the concessions was collected at the drill site and measured to estimate recovery. Generally the different drill programs experienced good core recovery and calculations based on data derived from these drill holes are considered to be reliable.

Sampling was conducted in accordance with industry standards. The Datac Report indicated there were no drilling, sampling or recovery issues that could affect the accuracy and reliability of results.

Gold and silver analyses performed at the Falconbridge mine laboratory during the 1990's were analyzed using a fire assay preparation procedure on a 30-gram sample followed by atomic absorption analysis. Copper, lead and zinc were analyzed using a two-acid digestion (nitric and hydrochloric acid) followed by atomic absorption analysis. Gold was analyzed at the ALS Chemex Laboratory in Toronto, Lakefield Laboratories in Lakefield and SGS Canada in Lakefield using a fire assay preparation procedure on a 30 gram sample followed by atomic absorption analysis. Silver, copper, lead, and zinc were analyzed using aqua regia digestion, followed by inductively coupled plasma – atomic emission spectrography (ICP-AES). Samples that contained over 1% copper, 1% zinc, or 100 ppm silver were submitted for a standard assay procedure consisting of nitric acid and hydrochloric acid digestion followed by atomic absorption analysis. Laboratory certification includes ISO 9002 accreditation, a quality management system that covers all aspects of the analysis and reporting.

The Falconbridge mine, where the samples were analysed, produces nickel from laterite ore that, in addition to nickel, contains cobalt, chromium and iron. Contamination of these elements is likely at a mine laboratory that routinely processes ore-grade samples. However, contamination of gold, silver, copper, lead or zinc is not considered likely.

### ***Security of Samples***

Sample security was assured by close monitoring of drill core during collection, logging, sample preparation and analysis. Core was collected at the drill site by a Company representative and transported to Bayaguana or Maimón for logging and sample selection. The core then went to the Falconbridge mine site where it was cut, bagged and delivered to the sample preparation laboratory by a Company representative. Prepared samples were submitted to

the Falconbridge Laboratory at the mine site or shipped via DHL to ALS Chemex Laboratories in Toronto or to Lakefield Laboratories in Lakefield. Check samples were treated in the same fashion.

Datac endorses the adequacy of the sampling, sample preparation, analytical and security procedures as described above.

### ***Mineral Resource Estimates***

#### *Loma Pesada*

The following calculation was done to confirm the resource estimation done in 2000 by Datac. The estimation was done using the lower cutting grade of 1.0% copper. No upper cutting grade was used. The highest value used was 6.52% copper. The density used was 4.5 t/m<sup>3</sup>. This density was obtained by laboratory assays, using samples collected by Datac during a site visit in the Dominican Republic. No dilution factor was employed in this calculation. The resource of the Loma Pesada deposit is evaluated at 1.1 Mt at 2.22% copper, 0.16 g/t gold and 0.77% zinc. The category of this resource is considered as inferred.

### ***Exploration and Development***

For the Loma Pesada deposit, the Datac Report recommends the possibility of increasing the mineralized zone through the surface with shallow holes. The Datac Report further recommends drilling additional holes in order to have a better control on the south-eastern end of the deposit. Infill drilling with a 50 metre spacing is also recommended to establish an indicated resource on this deposit.

### ***El Anon Concession – Dominican Republic***

#### ***Property Description and Location***

The El Anon concession is located in the north-western part of the Dominican Republic, approximately 140 kilometres northwest of the town of Bonao and 5 to 10 kilometres from the border between the Dominican Republic and Haiti. CMD has exclusive rights over the El Anon concession.

The property lies 20 kilometres south of the main paved highway from Santo Domingo to Monte Cristi and is accessed by several minor roads running south from the highway. It is situated along a northwest trending ridge transected by a series of north-trending rivers, to the west of a large reservoir. Access to the property is provided by drill roads.

#### ***Accessibility, Climate, Local Resources, Infrastructure and Physiography***

The climate of the Dominican Republic is tropical with a temperature range between 18 and 32 degrees centigrade and generally high humidity. The heaviest rainfall period is between May and November with an accumulation of, more or less, three metres of water.

The area where the concessions are is composed of an alternation of hills and valleys, part of the Central Cordillera. Terrain on the concessions consists of rolling, cultivated hills with elevations typically less than 500 metres. Improved and unimproved roads serve all of the concessions. A divided highway (Carretara Duarte) from the south to the north coast runs through the Maimón concession. Standard 4WD vehicles can reach the concessions throughout the year.

Nearby communities includes the town of Dajabon which provides mining personnel and support services.

### ***History***

Recursos del Caribe explored the property from 1985 to 1987, conducting soil, VLF-EM, and standard EM surveys. Two main areas of anomaly were identified: namely the Cerro Verde prospect in the far northwest of the property, Anomaly "A", Anomaly "B", and Elias Gossan, all of which lie along the same faulted horizon.

### ***Geology and Mineralization***

The El Anon concession is underlain by rocks of the Amina/ Maimón Formation, a Late Cretaceous suite of bimodal metavolcanic rocks consisting of mafic and felsic lavas now represented by chlorite and sericite schists respectively. The rocks are interbedded with minor layers of cherts, and hematitic metasediments, possibly exhalites, together with argillic metasedimentary layers. The rocks exhibit strong foliation along a northwest trend parallel to the stratigraphy. Late dykes intersected in drilling are recognised, though no trends have been identified.

In the northwest of the concession, a sub-horizontal, regional scale synform and adjacent antiform has been identified. The whole area has been uplifted by late block faulting.

All rocks on the concession are metamorphosed to greenschist facies and the felsic members exhibit pre-metamorphic hydrothermal alteration consisting of strong to moderate silicification and sericitisation.

Several areas of gossan have been identified on the property, three of which lie at the same stratigraphic level. Soil sampling and shallow pitting has revealed elevated precious and base metal values, suggesting the presence of a disrupted horizon of felsic schist mineralised in gold-bearing polymetallics. A fourth zone of gossan proved to be enriched in gold and to overlie weak primary sulphide mineralization.

### ***Deposit Types***

Cerro Verde is an oxidized massive sulphide on the El Anon concession. No significant underlying base metal mineralization was encountered. The Cerro Verde deposit is a supergene gold deposit with a secondary enrichment in gold from an altered sericitic schist with disseminated pyrite. The mineralized zone is sub horizontal with a thickness which varies from 1.5 to 94.5 m with a mean thickness of 23 m. It is elongated with a south-west north-east axis with a long axis of 170 metre by a short axis of 60 metre.

Anomaly "A" is an area of massive sulphide mineralization underlying the Elias Gossan on the El Anon concession.

Anomaly "B" is a copper massive sulphide type with small amounts of zinc, silver and gold. The zone is stretched by sheer zone and is oriented with a south-west dip. It is followed over 350 metre in direction between 5 metre and 150 metre in depth. The thickness varies from 0.45 to 4.45 m with a mean thickness of 1.7 m. The deposit is in a quartz-feldspar schist with chlorite and sericite.

### ***Exploration and Drilling***

GlobeStar did no recent work on this concession except the resources estimations on the Cerro Verde and Anomaly "B" deposit by Chénard (2000).

### ***Sampling and Analysis***

Sampling was conducted in accordance with industry standards. The Datac Report indicated there were no drilling, sampling or recovery issues that could affect the accuracy and reliability of results. Drill core from all the concessions was collected at the drill site and measured to estimate recovery. Generally the different drill programs experienced good core recovery and calculations based on data derived from these drill holes are considered to be reliable.

Sampling was conducted in accordance with industry standards. The Datac Report indicated there were no drilling, sampling or recovery issues that could affect the accuracy and reliability of results.

The Falconbridge mine, where the samples were analysed, produces nickel from laterite ore that, in addition to nickel, contains cobalt, chromium and iron. Contamination of these elements is likely at a mine laboratory that routinely processes ore-grade samples. However, contamination of gold, silver, copper, lead or zinc is not considered likely.

### ***Security of Samples***

Sample security was assured by close monitoring of drill core during collection, logging, sample preparation and analysis. Core was collected at the drill site by a Company representative and transported to Bayaguana or Maimón for logging and sample selection. The core then went to the Falconbridge mine site where it was cut, bagged and delivered to the sample preparation laboratory by a Company representative. Prepared samples were submitted to the Falconbridge Laboratory at the mine site or shipped via DHL to ALS Chemex Laboratories in Toronto or to Lakefield Laboratories in Lakefield. Check samples were treated in the same fashion.

Datac endorses the adequacy of the sampling, sample preparation, analytical and security procedures as described above.

### ***Mineral Resource Estimates***

#### *Cerro Verde*

Assay results from 501 samples collected from 47 RC drill holes were used to establish this resource calculation. An additional 194 assay results from five diamond drill holes were also used. The estimation was done using a lower cut grade at 0.50 g/t, 1.00 g/t and 1.50 g/t gold. No upper cutting grade was used. The highest value used was 26.5 g/t Au. No dilution factor was employed in this calculation. Table 2-3 summarizes the results of this calculation:

**Cerro Verde Resource Calculation**  
**Table 2-3**

<b>Deposit</b>	<b>Cutting Grade</b>	<b>Category</b>	<b>Tons (millions)</b>	<b>Copper (%)</b>	<b>Gold (g/t)</b>	<b>Silver (g/t)</b>
Cerro Verde	0.5 g/t Gold	Indicated	0.515	0.17	1.32	3.09
Cerro Verde	1.0 g/t Gold	Indicated	0.233	0.15	2.18	3.84
Cerro Verde	1.5 g/t Gold	Indicated	0.125	0.15	2.90	4.54

#### *Anomaly "B"*

Results from 15 drill holes and 70 assay results were used to establish this resource calculation. The estimation was done using a lower cutting grade at 1.0% Copper. No upper cutting grade was used. The highest value used was 16.2% Copper. No dilution factor was employed in this calculation. The resource of the Anomaly "B" deposit is evaluated at 0.305 Mt at 1.81% copper, 1.10 g/t gold and 1.34% zinc for a cutting grade of 1.0% copper. This resource, if a 0.5 g/t gold cutting grade is used, is 0.290 Mt at 1.55% copper, 1.34 g/t gold and 1.49% zinc.

### ***Exploration and Development***

#### *Cerro Verde*

According to the Datac Report, the Cerro Verde deposit is considered to be closed, but some additional drilling is recommended specifically in the western part of the deposit, in order to clearly consider it closed. There are some mineralized intersections in drill holes where some resources can be developed (such as for hole CV-70 and hole RCH-10). The Datac Report recommends a re-interpretation of this section with a focus on extension of the mineralization and a preparation of a drilling program to verify them.

*Anomaly "B"*

The report recommends that on certain sections of Anomaly "B" the deposit is still open at a depth and/or near the surface. The Datac Report further states that after completion of the drill program, a new calculation by block modelling, which will take care of the gold and copper together, is recommended. For this deposit, certain intersections are not long enough for exploitation with only the copper, but the combination of gold and copper may be economic.

**OTHER PROPERTIES**

Information in this section of a scientific or technical nature has been prepared by or under the supervision of Tim Warman, P.Geol., Principal Geologist of the Company and a Qualified Person as defined in NI 43-101.

**Moblan-Quebec**

The Moblan Project is a highly fractionated pegmatite deposit north of Chibougamau, Quebec. Preliminary work on the deposit has demonstrated that the Moblan pegmatites contain lithium and feldspar minerals suitable for the glass and ceramic industries, as well as a number of by product minerals containing tantalum, niobium, cesium and rubidium. The extremely low iron content of the feldspars makes them particularly attractive for sale to industrial users.

GlobeStar holds 100% of the eastern portion of the property (190 Ha Moblan East claims) and has recently entered into an agreement with SOQUEM to earn a 60% interest in the 221 Ha Moblan West claims. The two claim groups cover all known pegmatite occurrences over a distance of approximately 900 x 2600 metres.

The Moblan deposit is located 106 kilometres north of Chibougamau, and 1,500 metres from the Route de Nord which is permitted for 150 tonne haulage loads. The pegmatite cluster consists of at least 16 outcrop groups, within an area of around 2,600 metres by 900 metres. A six hole, 631 meter drilling program at the Doña Fiona outcrop group in 2002 encountered pegmatite down to 140 metres in depth, with the best drill holes to date returning 69 metres grading 0.78% lithium, and 6 metres grading 272 g/t tantalum and 0.9% lithium.

Trenching over one of the sixteen outcrop groups in 2004 exposed pegmatite covering 160 metres by 60 metres, with further outcrops extending 300 metres northwards beyond a swamp. The mineralization remains open to the south.

Also in 2004, independent engineers Equapolar Resources of Ottawa completed an internal report based on the Moblan East area. The report includes the metallurgical report from SGS Lakefield, detailed mineral analyses from Carleton University, and the field evaluation carried out by IOS Geoscientifique.

IOS Geoscientifique and Equapolar Resources geologists have completed the 2005 fall exploration field program of mapping and systematic sampling over the unitized Moblan East and West claims. A 100 kilogram composite of drill core and channel samples was prepared for metallurgical testing by SGS Lakefield, who have been engaged to carry out ore beneficiation studies. Approximately 60 grab and channel samples were taken for assay and micro-probing of discrete minerals. The results of this work are pending.

**Cuance Joint Venture – Dominican Republic**

The Cuance, Los Hojanchos and Loma de Payabo concessions, collectively known as the Cuance Group, were optioned in August 2003 to Everton. Everton have the right to earn a 50% interest in the properties by making expenditures of US\$1,170,000 and a further 20% by funding a feasibility study. GlobeStar remains the project operator for the Cuance Group concessions.

The Cuance Group lies 25 kilometres east of the town of Maimón, and about 10 kilometres southeast of the Cerro de Maimón copper/gold development project.

These properties lie at the southern margin of the Los Ranchos Formation, which has been overthrust by volcanic units of the Maimón Formation. The main rock unit consists of amygdaloidal basalt with local pillow features. Several small dioritic plugs intrude the basalt along the southern edge of the concessions. Rocks to the northeast correspond with brown to black mudstone, conglomerate and limestone blocks intercalated with tuffs of Las Lagunas Formation. Extensive zones of argillic alteration and silicification affect the central part of both concessions.

The primary exploration targets on the Cuance Group are massive sulphide deposits within the Los Ranchos and Maimón Formations. Detailed mapping and sampling on the Cuance JV concession has identified a series of "kill zones" where vegetation had not developed due to high sulphide levels in the soil, pointing to the presence of sulphide minerals in the underlying rock units. These zones are co-incident with prophyllitic and argillitic alteration, and massive to semi massive bands of sulphides seen in modern road cuts and stream profiles. A number of ground geophysical surveys have been carried out across these anomalous zones in order to prioritize drill targets.

Currently, exploration at Cuance is focused on a NW-SE trending soil geochemistry and IP anomaly that is contiguous with a zone on Linear Gold's adjacent Loma el Mate property, of anomalous gold and copper values in soil and float samples. A program to follow-up results of the 2005 regional stream sediment sampling program will also be carried out on the Los Hojanchos concession.

Two previous drilling programs in 1999 and 2004 targeted geophysical anomalies identified from ground IP and resistivity surveys across the northern part of the Los Hojanchos concession. This earlier drilling intercepted short intervals of copper mineralization (up to 1.5 metre grading 1.58% copper) and minor gold mineralization, but did not identify an economic massive sulphide body.

The Cuance Group previously included the 2,700 Ha Loma de Payabo concession. In 2004 GlobeStar carried out a reconnaissance exploration program, and concluded that the potential for economic deposits was low. The Loma de Payabo concession was dropped, and exploration focused on the Cuance and Los Hojanchos areas.

### **Nickel Laterite Exploration – Dominican Republic**

GlobeStar's goal for its nickel laterite concessions in the Dominican Republic is to identify ore material that can be processed by the existing smelter facilities at Falconbridge's adjacent Falcondo Nickel Laterite Mine and Smelter Complex or other facilities that can be easily accessed given existing road and rail links to nearby port facilities. By leveraging this existing infrastructure the Company may reduce its economic grade and tonnage thresholds, giving GlobeStar an advantage over other greenfield nickel laterite projects. GlobeStar has not entered into any discussion with Falconbridge.

GlobeStar controls 198 square kilometres of nickel laterite concessions in the Dominican Republic, including two concessions located immediately adjacent to the Falcondo concessions.

GlobeStar's concessions cover the largest nickel laterite occurrence in the country outside Falcondo's mining leases, with GlobeStar's C1 Concession being immediately adjacent to Falcondo. Cumpié Hill, which was the focus of the initial exploration drilling program, is just 7 kilometres from the Falcondo smelter. GlobeStar's other six concessions extend from C1 and cover almost the entire 44 kilometres length of the nickel laterite belt.

In the Dominican Republic, nickel-laterite deposits are situated on the summits of a series of hills and ridges along a belt of alpine-type serpentinized peridotites. The peridotites extend over a distance of 95 kilometres along the eastern flank of the Cordillera Central, of which GlobeStar controls approximately 44 linear kilometres. This geological setting on GlobeStar's concessions is similar to the Dominican Republic's Falcondo mine, and other nickel laterite deposits like Minorco's Loma de Hierro mine in Venezuela and Canico's Onça Puma project in Brazil.

In the tropical climate of the Dominican Republic peridotite can weather to produce an enhanced grade nickel laterite profile. A typical nickel laterite profile in the Dominican Republic consists of an upper zone of high iron limonite with typical grades of 0.2-1.5% nickel, underlain by saprolite with typical grades of 1.5-2.0% nickel. The laterite profile over the peridotites in the Dominican Republic is approximately 30 metres thick, with the zone of

nickel enrichment ranging from 2 metres to 20 metres in thickness. A typical cross-section through any of these deposits shows the orebodies to be thickest immediately below the hilltops, becoming progressively thinner towards the hillsides, until finally pinching out and disappearing as the hills become steeper.

As nickel laterite deposits occur at relatively shallow depths, they are amenable to low-cost exploration techniques. The Company's primary exploration method will be drilling on 200 metre centres using a hand-portable diamond drill rig, which is capable of drilling either NTW or HQ core sizes. The hand-portable rig removes the need to construct drill roads and pads, which greatly reduces the environmental impact of the drilling program. Drilling is currently underway on the Cumpié Hill area of the C1 Concession, where the Cerro de Maimón mining permit allows immediate access to the land. Approximately 20 kilometres of survey lines have already been cut to facilitate systematic exploration and drill location, and a ground penetrating radar survey has been conducted to test the usefulness of this geophysical method. A number of surface samples have also been collected at both Cumpié and Cercadillo. Permitting and access is being arranged at Cercadillo and Corozal.

Subsequently, in May of 2006, GlobeStar announced that it had discovered a new zone of nickel laterite mineralization during preliminary drilling at Cumpié Hill on its 100% owned C1 nickel laterite concession in the Dominican Republic. Cumpié Hill is immediately adjacent to Falconbridge's Falcondo nickel laterite mine, and 8 km from the Falcondo smelter. In all, GlobeStar controls 198 sq km of nickel laterite concessions in the Dominican Republic.

Twenty-two of twenty-five diamond drill holes returned intercepts of nickel bearing laterite exceeding a 1% nickel cut-off, including:

- 19.81 m at 1.7% nickel in hole CM-LATD-02;
- 16.76 m at 2.0% nickel in hole CM-LATD-09;
- 18.28 m at 1.7% nickel in hole CM-LATD-11;
- 16.78 m at 2.0% nickel in hole CM-LATD-12; and
- 19.41 m at 1.7% nickel in hole CM-LATD-21.

This first round of drilling tested an area 1000 m by 450 m along the crest of Cumpié Hill. The total length of the prospective ridge areas on Cumpié Hill is approximately 4.5 km, while GlobeStar's entire nickel laterite land package extends for approximately 44 km along the Falcondo nickel belt and covers an area of 198 square kilometres. Drilling on the nickel laterite concessions is continuing in 2006.

## **DOMINICAN REPUBLIC**

### **Introduction**

#### ***General Information***

The Dominican Republic is located in the Caribbean, in the eastern two-thirds of the island of Hispaniola, between the Caribbean Sea and the North Atlantic ocean, east of Haiti, and comprising a total area of approximately 49,000 square kilometres. The country has a tropical maritime climate with little seasonal temperature variation although there is somewhat of a seasonal variation in rainfall. The country's legal system is based on the French Civil Codes, and the country's government has implemented a number of policies with a view to increasing economic growth, including devaluation of the peso, income tax cuts and reduced import tariffs, in an attempt to create a market orientated economy that can compete internationally. The country's industries are tourism, sugar processing, ferronickel and gold mining, textiles, cement and tobacco. The top export commodities include ferronickel, sugar, gold and silver. (Source: CIA – The World Factbook - <http://www.cia.gov/cia/publications/factbook/index.html>)



## ***Government***

The Dominican Republic has moved towards a democratic system of government after 35 years of authoritarian rule ended in 1961. The Constitution of the Dominican Republic is similar to the Constitution of the United States in that it calls for a representative democracy governed by a President and a Congress. A directly elected President who is the head of state and commander of the armed forces exercises power. A Presidentially-appointed Governor heads each of the 30 provinces in the Dominican Republic. Legislative power is vested in a two chamber Congress, composed of a House of Representatives and the Senate. The Senate consists of one elected senator from each of the provinces while the House consists of 120 elected representatives allotted according to the number of inhabitants in each province. Elections for both the executive and the legislative branches are held every four years. (Source: Behre Dolbear Report)

## ***Economy***

The Dominican Republic is a Caribbean representative democracy that enjoyed strong GDP growth until 2003. Although the country has long been viewed primarily as an exporter of sugar, coffee, and tobacco, in recent years the service sector has overtaken agriculture as the economy's largest employer due to growth in tourism and free trade zones. Growth turned negative in 2003 with reduced tourism, a major bank fraud, and limited growth in the US economy (the source of about 80% of export revenues), but recovered in 2004 and 2005. With the help of strict fiscal targets agreed in the 2004 renegotiation of an IMF standby loan, President Fernandez has stabilized the country's financial situation. Although the economy continues to grow at a respectable rate, unemployment remains an important challenge. The country suffers from marked income inequality; the poorest half of the population receives less than one-fifth of GNP, while the richest 10% enjoys nearly 40% of national income. The Dominican Republic's development prospects improved with the ratification of the Central America-Dominican Republic Free Trade Agreement in September 2005. (Source: CIA – The World Factbook - <http://www.cia.gov/cia/publications/factbook/index.html>)

## ***Mining Industry***

Management views the future of the Dominican Republic's mining industry as quite favourable. According to the General Directorate of Mining of the Ministry of Industry and Commerce, the country still has many unexploited mineral deposits, especially in the country's southern region. There are presently many foreign companies carrying out exploration works in different areas of the territory.

Mineral exploration is also expected to grow in the future, particularly since the government has started to open up to private investment in some areas of the country containing gold reserves that previously could only be exploited by the Dominican State.

The principal minerals found in the Dominican Republic are gold, silver, nickel, marble, limestone and granite. Dominican law permits any local or foreign person to file an acknowledgement of having discovered mineral deposits in any specific territory without requiring any special permits.

There are two kinds of concessions for businesses interested in mining metallic or non-metallic resources: one for exploration and one for exploitation of minerals located within a specific area.

An exploration concession authorizes a company to perform technical and scientific investigations on the soil and inner layers of the soil to find, limit and define the areas that contain mineral deposits. Exploitation concessions, which are granted for a period of 75 years, permit a beneficiary to prepare and extract minerals found in the area as well as to exploit, benefit, melt, refine and use the extracted material in any commercial manner over an area up to 20,000 hectares.

## ***Mining Law***

The Direccion General de Minería ("DGM") is the government agency charged with the development of programs for the promotion of mining in the Dominican Republic. DGM is under the direction of the Secretary of Industry

and Commerce. DGM promotes the investment by foreign companies in the exploration and exploitation of mineral resources and petroleum products. (Source: Behre Dolbear Report)

### ***Ownership***

Mining Law No. 146 states that all minerals found in the soil or subsoil of the Dominican Republic belong to the Government. Decree No. 13-87 opened up most of the Dominican Republic to exploration by private companies and joint ventures with the Dominican Government. Rights to explore or develop mineral deposits must be obtained through contract concessions from the Direccion General de Minería. A concession for exploration confers exclusive rights to the designated area for a period of three years. Exploitation concessions for development are granted for a period of 75 years. The granted concession is entitled to build the required infrastructure for development of the mining operation. Additionally the granted concession can request the expropriation of lands considered indispensable to the mining project after paying the appropriate indemnity.

The Dominican Republic has four areas designated "fiscal reserves" which are reserved for development by the Dominican Government. Public auction and the subsequent signing of special contracts with the Dominican Republic Government shall grant any mining exploitation within a fiscal reserve. No private entity may apply for a mining concession within the area of a fiscal reserve. (Source: Behre Dolbear Report)

### ***Royalties***

A mining license holder must pay royalties to the government equal to 5% of the freight-on-board price of mineral exports. Minerals exported by metal refineries and smelters are exempt from royalties. Moreover, royalties paid by a mining company may be deducted from the income tax due in the same fiscal year in which they were paid. No refund is available if the royalties paid exceed the income tax owed in a given year. (Source: Behre Dolbear Report)

### ***Employment Obligations***

Mine workers are entitled to receive the basic minimum wage applicable to other employees and mining companies must comply with all of the legal provisions set forth in the Dominican Labour Code as well as the country's social security legislation, including those provisions applicable to occupations deemed to be of a dangerous nature. (Source: Behre Dolbear Report)

## **DIVIDENDS**

The Company has not paid any dividends to date on its Common Shares and does not intend to pay dividends on the Common Shares in the foreseeable future. The future payment of dividends will be dependent upon the financial requirements of GlobeStar to fund future growth, the financial condition of GlobeStar and other factors the board of directors of GlobeStar may consider appropriate in the circumstances.

## **DESCRIPTION OF CAPITAL STRUCTURE**

The Company is authorized to issue an unlimited number of Common Shares. As at August 10, 2006, there were 50,802,145 Common Shares issued and outstanding.

The following is a summary of the rights, privileges, restrictions and conditions attaching to the Common Shares of the Company. Documents affecting the rights of securityholders, including the Company's Articles of Incorporation have been filed in accordance with National Instrument 51-102 and are available on the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com).

### **Common Shares**

The holders of Common Shares have the right to vote at any meeting of the Shareholders of the Company, to receive any dividend declared by the Company, and to receive the remaining property of the Company upon dissolution.

### MARKET FOR SECURITIES

The Common Shares are listed and posted for trading on the TSX Venture Exchange under the symbol "GMI". The following table sets out the monthly high and low closing prices and the total monthly trading volumes for the indicated periods:

	High	Low	Volume
<b>2005</b>			
January	0.65	0.51	36,575
February	0.70	0.50	48,035
March	0.60	0.49	17,659
April	0.61	0.38	130,100
May	0.58	0.32	184,933
June	0.45	0.37	18,840
July	0.48	0.38	47,890
August	0.58	0.41	18,890
September	0.58	0.50	19,042
October	0.57	0.50	11,970
November	0.57	0.45	9,659
December	0.59	0.43	18,160

### DIRECTORS AND OFFICERS

All directors of the Company were elected to their offices at the previous annual meeting of shareholders of the Company and will continue to hold office until the next annual meeting of the Company, unless they resign prior to the date of such meeting.

The names, jurisdictions of residence, and the offices held by each in the Company and the principal occupation of the directors and officers in the period served as director and the number of securities of the Company owned by such individuals is as follows:

Name and Jurisdiction of Residence	Position Held	Year Became Director or Officer	Number of Common Shares Held	Principal Occupation and Positions for the Past Five Years
William Fisher Ontario, Canada	President, Chief Executive Officer and Director	September 2002	124,100 (.25%)	President and Chief Executive Officer of GlobeStar since September 2002, and Chief Executive Officer of Karmin Exploration (TSX-V) since August 2001. Vice President Exploration of Boliden Limited from September 1997 to July 2001. President of Karmin Exploration Inc. (formerly Ambrex Mining Corp.) from 1995 to 1997.
Larry Ciccarelli <sup>(2)(3)(4)</sup> Ontario, Canada	Director and Executive Chairman	September 2002	229,000 (.45%)	Chairman of the Board of GlobeStar since September 2002. Vice-President of Karr, a private investment firm, since 1990.
John Iannozzi <sup>(1)(3)(4)</sup> Ontario, Canada	Chief Financial Officer and Director	September 2002	200,000 (.39%)	Chief Financial Officer of GlobeStar since September 2002 and Treasurer of Karmin Exploration (TSX-V) since August 1998. Vice-President of Finance at Karr Securities Inc. since 1994. From 1987 to 1994, Manager at BDO Dunwoody and Coopers & Lybrand.

<b>Name and Jurisdiction of Residence</b>	<b>Position Held</b>	<b>Year Became Director or Officer</b>	<b>Number of Common Shares Held</b>	<b>Principal Occupation and Positions for the Past Five Years</b>
Terence S. Ortslan <sup>(1)(2)</sup> Quebec, Canada	Director	October 2004	Nil	Managing Director of TSO & Associates, an independent mining research firm since 1995; prior thereto, a mining engineer with faculty appointments at McGill University and a financial mining analyst with many brokerage firms in Montreal and New York.
Richard R. Faucher <sup>(1)(2)</sup> Quebec, Canada	Director	July 2005	Nil	Chief Executive Officer of Canadian Royalties Inc. (TSX) since 2005; prior thereto, held management positions in several mining companies including Falconbridge and former President and General Manager of Falconbridge Dominicana.
Jean Pierre Chauvin Ontario, Canada	Chief Operating Officer	June 2006	Nil	President and CEO of Patricia Mining Corporation from May, 2004 to March, 2006 President of Chauvin Engineering from January 2001 to Present, General Manager of Newmont Canada Ltd. from January 2001 to March, 2001 and General Manager, Canadian Operations Battle Mountain Gold from May, 2000 to January, 2001.

## Notes:

- (1) Member of the Audit Committee.
- (2) Member of the Compensation Committee.
- (3) Karr Securities Inc. holds 24,772,002 Common Shares of the Company, representing 48% of the issued and outstanding shares of the Company.
- (4) Joranco Company holds approximately 17% of the securities of Karr and John Iannozzi and Rosanne Iannozzi are the shareholders of Joranco Company, holding an undivided 50% interest each therein. Larry Ciccarelli holds 25% of the issued and outstanding shares of Karr. Mr. Robert Ciccarelli, a relative of Larry Ciccarelli, holds the balance of the issued and outstanding shares of Karr.

As at the date hereof, the directors and senior officers of the Company, as a group, beneficially owned, directly or indirectly, or over which control or direction is exercised, 25,325,102 Common Shares representing approximately 48.8% of the issued and outstanding Common Shares.

### **Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

No current director or officer or securityholder holding a sufficient number of securities of the Company to effect the material control of the Company has, within the last ten years prior to the date of this document, been a director or executive officer of any issuer (including the Company) that, while such person was acting in that capacity, (i) was the subject of a cease trade or similar order or an order that denied the company access to any statutory exemption for a period of more than 30 consecutive days; or (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, and the issuer being the subject of a cease trade or similar order or an order that denied the relevant issuer access to any exemption under securities legislation, for a period of more than thirty (30) consecutive days; or (iii) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement for compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold its assets.

### **Personal Bankruptcies**

No director, officer or promoter of the Company, or a shareholder holding sufficient securities of the Company to affect materially the control of the Company, or a personal holding company of any such persons, has, within the 10 years preceding the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or being subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the individual.

### **Conflicts of Interest**

Circumstances may arise where members of our board of directors or our officers are directors or officers of corporations or other entities which are in competition to our interests. No assurances can be given that opportunities identified by such board members or officers will be provided to us. Pursuant to the *Canada Business Corporations Act*, a director or officer of a corporation who is a party to a material contract or proposed material contract with that corporation or is a director or an officer of or has a material interest in any person who is a party to a material contract or proposed material contract with that corporation shall disclose to the corporation the nature and extent of the director's or officer's interest. In addition, a director shall not vote on any resolution to approve a contract of the nature described except in limited circumstances.

The Company's management is not aware of any existing or potential material conflicts of interest between it or a subsidiary and one of its directors or officers or of one of its subsidiaries.

### **LEGAL PROCEEDINGS**

There are no outstanding legal proceedings material to the Company to which the Company is a party or in respect of which any of its properties are subject, nor are there any such proceedings known to be contemplated.

### **INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Management of the Company is not aware of any material interests, direct or indirect, of any director or executive officer of the Company, any person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10% of any class or securities of the outstanding Common Shares, or any associate or affiliate of the foregoing persons or companies, in any transaction within the three most recently completed financial years or during the current financial year to present date that has materially effected or will materially affect the Company.

### **TRANSFER AGENT AND REGISTRAR**

CIBC Mellon Trust, at its principal offices in Montreal, Quebec, is the transfer agent and registrar of the Common Shares of the Company.

### **MATERIAL CONTRACTS**

Other than contracts entered into in the ordinary course of business, as described in this AIF, the Company is not a party to any material contracts entered into since January 1, 2002.

### **INTEREST OF EXPERTS**

#### **Names of Experts**

To the knowledge of management of the Company, as of the date hereof, set forth below is the name of each person or company who is named as having prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing, made under National Instrument 51-102 by the Company during, or relating to, the Company's most recently completed financial year, and whose profession or business gives authority to the statement, report or valuation made by the person or company.

PricewaterhouseCoopers LLP, Chartered Accountants, have performed the external audit of financial statements of the Company for the year ended December 31, 2005, as set forth in the Company's financial statements. PricewaterhouseCoopers LLP has advised the Company that they are independent with respect to the Company within the meaning of the Code of Ethics of the Ordre des comptables agréés du Québec.

In addition, Denis Chénard, Ing. of Datac Geo-Conseil Inc., independent geologists, prepared the Datac Report in accordance with NI 43-101, Richard W. Jolk, P.E. Associate Engineer of Behre Dolbear & Company Ltd., independent geologists, prepared the Behre Dolbear Report in accordance with NI 43-101 and Richard W. Jolk, P.E., independent consultant, prepared the Production Schedule Sensitivity Analysis in accordance with NI 43-101.

### **Interests of Experts**

The Company has been advised that, at the time of the provision of such services, Denis Chénard, Datac Geo-Conseil Inc., Behre Dolbear & Company Inc. and R.W. Jolk, or principals thereof, beneficially owned, directly or indirectly, less than one percent of the outstanding Common Shares of GlobeStar.

### **ADDITIONAL INFORMATION**

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, is contained in the Company's information circular for the most recent annual meeting of shareholders that involve the election of directors of the Company. Additional financial information is provided in our audited annual financial statements and management's discussion and analysis for the year ended December 31, 2005. Documents affecting the rights of securityholders, along with other information relating to the Company, may be found on SEDAR at [www.sedar.com](http://www.sedar.com).