

VALLEY OF THE RIO DOCE CO

Form 20-F

June 10, 2004

As filed with the Securities and Exchange Commission on June 10, 2004

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

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

For the fiscal year ended: **December 31, 2003**

Commission file number: **001-15030**

COMPANHIA VALE DO RIO DOCE

(Exact name of Registrant as specified in its charter)

VALE OVERSEAS LIMITED

(Exact name of Registrant as specified in its charter)

Federative Republic of Brazil

(Jurisdiction of incorporation or organization)

Cayman Islands

**Avenida Graça Aranha, No. 26
20030-900 Rio de Janeiro, RJ, Brazil**
(Address of principal executive offices)

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

Title of Each Class	Name of Each Exchange on Which Registered
Preferred class A shares of CVRD, no par value per share	New York Stock Exchange*
American depositary shares (as evidenced by American depositary receipts) each representing one preferred class A share of CVRD	New York Stock Exchange
Common shares of CVRD, no par value per share	New York Stock Exchange*
American depositary shares (as evidenced by American depositary receipts) each representing one common share of CVRD	New York Stock Exchange

* Shares are not listed for trading, but only in connection with the registration of American depositary shares pursuant to the requirements of the New York Stock Exchange.

Securities registered or to be registered pursuant to Section 12(g) of the Act: **None**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**

The number of outstanding shares of each class of stock of CVRD as of December 31, 2003 was:

245,267,973 common shares, no par value per share
138,571,729 preferred class A shares, no par value per share
1 golden share, no par value per share

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark which financial statement item the registrant has elected to follow.

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Consent of PricewaterhouseCoopers LLP
Offer to Purchase

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You should rely only on information contained or incorporated by reference in this prospectus. We have not authorized anyone to provide you with information different from that contained or incorporated in this prospectus.

This document does not constitute an offer to sell or a solicitation of an offer to buy any securities in any jurisdiction in which such offer or solicitation is unlawful. The offer is not being made or directed to, nor is this document being mailed to, nor will deposits be accepted from or on behalf of, shareholders in any jurisdiction in which the making or acceptance of the offer would not be in compliance with the laws of such jurisdiction. However, we may, in our sole discretion, take such action as we may deem necessary to extend the offer to shareholders in any such jurisdiction.

You should not assume that the information contained or incorporated by reference in this prospectus is accurate as of any date other than the date on the front of this prospectus or the dates of the documents incorporated by reference.

ABOUT THIS PROSPECTUS

We have filed with the SEC a registration statement on Form S-4, under the Securities Act of 1933, as amended, which we refer to as the Securities Act, with respect to the securities offered by this prospectus. This prospectus, which constitutes part of the registration statement, does not contain all of the information set forth in the registration statement, certain parts of which have been omitted in accordance with the rules and regulations of the SEC. You should review the registration statement and the exhibits to the registration statement for further information with respect to us and our securities.

WHERE YOU CAN FIND MORE INFORMATION

Golden Star is subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act, and files annual, quarterly and periodic reports, proxy statements and other information with the Securities and Exchange Commission, or SEC. IAMGold is subject to the reporting requirements of the Exchange Act applicable to foreign private issuers and accordingly files or furnishes reports, including annual reports on Form 40-F, reports on Form 6-K and other information with the SEC. The SEC maintains a web site (<http://www.sec.gov>) on which these reports, proxy statements and other information are made available. Such reports, proxy statements and other information may also be inspected and copied at the public reference facilities maintained by the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference facilities.

We have filed with the SEC a statement on Schedule 14D-1F pursuant to Rule 14d-1(b) under the Exchange Act to furnish certain information about our offer. You may review the Schedule 14D-1F on the SEC's website referred to above, or read and copy the Schedule 14D-1F at the SEC's public reference room in Washington, D.C. referred to above.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC allows us to incorporate by reference certain information we and IAMGold have filed with them, which means we can disclose important information by referring you to those documents. This prospectus incorporates important business and financial information about us and IAMGold that is not included in or delivered with this prospectus. Information that we and IAMGold file with the SEC after the date of this prospectus will automatically update and supersede the information contained in this prospectus and in prior reports.

The following documents filed with the SEC are incorporated by reference in this prospectus:

Golden Star Resources Ltd.:

1. Annual Report on Form 10-K for the year ended December 31, 2003
2. Quarterly Report on Form 10-Q for the quarter ended March 31, 2004
3. Reports on Form 8-K filed on May 28 and June 3, 2004

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4. Registration Statement on Form 8-A, filed June 18, 2002, which contains a description of our capital stock

5. Any future filings made by us with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act until the earlier of the date that the offer is consummated or the date the offer is terminated

IAMGold Corporation:

1. Annual Report on Form 40-F for the year ended December 31, 2003 (except for the report of IAMGold's independent accountants contained therein which is not incorporated herein by reference because the consent of IAMGold's independent accountants has not yet been obtained)

2. Reports of a foreign issuer filed pursuant to 13a-16 and 15d-16 of the Exchange Act:

Form 6-K filed on June 3, 2004 (technical report on the Sadiola gold mine)

Form 6-K filed on June 1, 2004

Form 6-K filed on May 28, 2004

Form 6-K filed on May 17, 2004

Form 6-K filed on May 12, 2004

Form 6-K filed on May 11, 2004

Form 6-K filed on May 4, 2004

Form 6-K filed on April 26, 2004

Form 6-K filed on April 15, 2004

Form 6-K filed on April 14, 2004

Form 6-K filed on April 1, 2004

Form 6-K filed on March 11, 2004

Form 6-K filed on March 5, 2004

Form 6-K filed on February 12, 2004

Form 6-K filed on February 4, 2004

3. Registration Statement on Form 8-A filed November 27, 2002

4. Any future submissions on Form 40-F or Form 6-K pursuant to Sections 13(a), 13(c) or 15(d) of the Exchange Act made with the SEC under the Exchange Act after the date of this prospectus until the earlier of the date that the offer is consummated or the date the offer is terminated

We will furnish without charge to you, on written or oral request, a copy of any or all of the above documents, other than exhibits to such documents which are not specifically incorporated by reference therein. You should direct any requests for documents to Investor Relations,

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Golden Star Resources Ltd., 10901 West Toller Drive, Suite 300, Littleton, Colorado 80127-6312, telephone (303) 830-9000. To obtain timely delivery, you must request the information no later than July 9, 2004, which is five business days before the proposed expiration date of the offer.

The information relating to us contained in this prospectus is not comprehensive and should be read together with the information contained in the incorporated documents. Descriptions contained or incorporated by reference in this prospectus as to the contents of any contract or other document may not contain all of the information which is of interest to you. You should refer to the copy of the contract or other document filed as an exhibit to our filings.

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SUMMARY

This summary highlights information more fully described elsewhere in this prospectus and may not contain all the information that is important to you. You should read the following summary and the more detailed information about us, the offer, and the common shares provided elsewhere in this prospectus and in the documents incorporated by reference, including the Risk Factors section and our consolidated pro forma financial statements and notes. References to Golden Star, we, our, and us mean Golden Star Resources Ltd., its predecessors and consolidated subsidiaries, or any one or more of them, as the context requires.

Golden Star Resources Ltd.

We are an international gold mining and exploration company focused primarily on mining, mining development and exploration in Ghana, West Africa. We own a 90% interest in two properties in Ghana: the Bogoso/ Prestea open pit mine and related properties and the Wassa project. We also own an approximately 61% managing interest in the currently inactive Prestea underground mine in Ghana which is now being explored. We hold interests in gold exploration properties in Ghana, Sierra Leone, Mali, Suriname and French Guiana. Based in Denver, Colorado, we currently employ approximately 1,000 people. The principal executive office of Golden Star is located at 10901 W. Toller Drive, Littleton, Colorado, 80127-6312, U.S.A., telephone number (303) 830-9000. Our registered and records office is located at c/o Koffman Kalef, Suite 1900, 885 West Georgia Street, Vancouver, British Columbia, Canada V6C 3H4.

Our common shares are listed and posted for trading on the Toronto Stock Exchange, or TSX, under the symbol GSC and on the American Stock Exchange, or AMEX, under the symbol GSS .

IAMGold Corporation

IAMGold is a Canadian company engaged primarily in the exploration for, the development and production of, and the creation and acquisition of royalty interests on, mineral resources properties throughout the world. The registered office and principal executive office of IAMGold is located at 220 Bay Street, 5th Floor, Toronto, Ontario, M5J 2W4, Canada, telephone number (416) 360-4710.

IAMGold s common shares are listed on the TSX under the symbol IMG and on the AMEX under the symbol IAG .

The Offer

We are offering, on the terms and subject to the conditions of the offer, to purchase all of the issued and outstanding common shares of IAMGold, on the basis of 1.15 common shares of Golden Star for each common share of IAMGold. Assuming that all of the IAMGold shares that are issued and outstanding as of June 4, 2004, and all shares issuable upon exercise of IAMGold options that are in the money on that date, are tendered to the offer and that we take up and pay for such shares under the offer, we will issue approximately 171,656,719 Golden Star common shares. We have applied to the TSX and AMEX to list the common shares of Golden Star issued in exchange for common shares of IAMGold in connection with the offer. Listing will be subject to Golden Star fulfilling all the listing requirements of the exchanges.

Based on the trading price of the Golden Star and IAMGold shares on the TSX, the offer values each IAMGold share at Cdn\$8.33, representing a premium of 12.8% to the closing trading price of the IAMGold shares on the TSX on May 27, 2004 (being the last trading day prior to our announcement of the proposed business combination with IAMGold) of Cdn\$7.38. The offer represents a premium of 12.0% based on the volume weighted average trading price of the Golden Star and IAMGold shares for the 60 trading days ended May 27, 2004 of Cdn\$7.42 and Cdn\$7.62, respectively, on the TSX.

Based on the trading price of the Golden Star and IAMGold shares on the AMEX, the offer values each IAMGold share at \$6.11, representing a premium of 12.5% to the closing trading price of the IAMGold shares on AMEX on May 27, 2004 of \$5.43. The offer represents a premium of 13.8% based on

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the volume weighted average trading price of the Golden Star and IAMGold shares for the 60 trading days ended May 27, 2004 of \$5.65 and \$5.71, respectively, on the AMEX.

We believe that the offer to IAMGold shareholders is superior to the proposed combination of IAMGold and Wheaton River Minerals Ltd. announced in March 2004.

The offer is made only for IAMGold shares and not for any options or other rights to acquire IAMGold shares. Any holder of such securities who wishes to accept the offer must, to the extent permitted by the terms thereof and applicable law, fully exercise such options or other rights before the expiry time in order to obtain a certificate representing IAMGold shares and then deposit those IAMGold shares in accordance with the terms of the offer.

Purpose of the Offer and Acquisition of Remaining Shares

The purpose of the offer is to enable us to acquire all of the outstanding IAMGold common shares. If we take up and pay for the shares validly deposited under the offer, we currently intend to exercise our statutory right, if available, to acquire all the IAMGold common shares not deposited to the offer or, if such statutory right of acquisition is not available, we currently intend to cause a meeting of IAMGold shareholders to be held to consider an amalgamation, statutory arrangement, capital reorganization or other transaction whereby we will acquire any IAMGold shares not deposited to the offer.

Conditions of the Offer

We reserve the right to withdraw the offer and not take up and pay for any IAMGold shares deposited under the offer unless all of the conditions of the offer are satisfied or, where permitted, waived. These conditions include, among others, the conditions that (i) not less than 66 2/3% of the IAMGold shares (on a fully-diluted basis) shall have been validly deposited under the offer and not withdrawn at the expiry time; (ii) we have gained access to non-public information about IAMGold and are satisfied as a result of the review thereof that such information does not contain any facts or other information that would result in a Material Adverse Effect (as defined on p. 27 of this prospectus) to IAMGold if the offer were completed or a change, event, occurrence or state of facts that is or would reasonably be expected to be material and adverse to any of the Material Interests (as defined on p. 27 of this prospectus); and (iii) the previously-announced plan of arrangement between IAMGold and Wheaton River Minerals Ltd. shall not have been completed. See "The Offer - Conditions of the Offer" in this prospectus.

Manner and Time for Acceptance

The offer is open for acceptance until 9:00 p.m. (Toronto, Canada time) on July 16, 2004 or until such later time and date to which the offer may be extended by us at our discretion, unless withdrawn by us.

The offer may be accepted by shareholders by depositing certificates representing IAMGold shares that are being deposited, together with a duly completed and signed letter of transmittal (printed on **blue** paper), at the offices of CIBC Mellon Trust Company, as depositary, specified in the letter of transmittal at or before the expiry time of the offer. The offer will be deemed to be accepted only if the depositary has actually received these documents at or before the expiry time of the offer. Shareholders whose shares are registered in the name of a broker, dealer, bank, trust company or other nominee should request their nominee to effect the transaction.

Shareholders whose certificates for IAMGold shares are not immediately available may use the procedures for guaranteed delivery set forth in the notice of guaranteed delivery (printed on **yellow** paper).

Payment for Deposited Shares

If all of the conditions of the offer have been satisfied or, where permitted, waived by us, we will become obligated to take up and pay for the IAMGold shares validly deposited under, and not withdrawn from, the offer within the time periods prescribed by applicable securities laws. Any IAMGold shares

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deposited under the offer after the first date on which shares have been taken up and paid for by us will be taken up within 10 days of that deposit.

Right to Withdraw Deposited Shares

All deposits of IAMGold shares under the offer are irrevocable, except as provided in the offer. The offer permits withdrawal of the shares deposited under the offer at any time before the IAMGold shares are taken up by us and if such shares have not been paid for by us within three business days after having been taken up. The term "business day" means any day of the week other than a Saturday, Sunday or a statutory or civic holiday observed in Toronto, Canada or Denver, Colorado.

Certain Canadian Federal Income Tax Considerations

A Canadian resident shareholder who holds IAMGold shares as capital property and who sells such shares pursuant to the offer will generally not realize a capital gain or capital loss under the Income Tax Act (Canada), referred to as the "Tax Act", unless the shareholder elects to recognize a capital gain or capital loss.

A subsequent acquisition transaction may give rise to either a taxable event or tax deferred exchange of IAMGold shares depending upon the form of the transaction and the consideration offered.

A shareholder who is not a resident of Canada who disposes of IAMGold shares for our shares pursuant to the offer will generally not be subject to tax in Canada if the IAMGold shares are not taxable Canadian property. See "Certain Canadian Federal Income Tax Considerations."

Certain U.S. Income Tax Considerations

We will endeavour to cause the exchange of IAMGold shares pursuant to the offer to be treated as an exchange made pursuant to a reorganization for U.S. income tax purposes. If reorganization treatment applies to the exchange, a U.S. holder who exchanges IAMGold shares and owns, immediately after the exchange, less than 5% of Golden Star (by voting power and value, directly and by attribution) will generally not recognize a capital gain or capital loss for U.S. tax purposes on the receipt of our shares for IAMGold shares, except with respect to cash received in lieu of a fractional share. If reorganization treatment does not apply to the exchange, the U.S. holder will generally be required to recognize a capital gain or loss. See "Certain U.S. Income Tax Considerations."

Risk Factors

An investment in Golden Star shares and the business combination with IAMGold are subject to certain risks. Please see "Risk Factors" commencing on page 11.

Depository

CIBC Mellon Trust Company is acting as depository under the offer. The depository will be responsible for receiving certificates representing deposited IAMGold shares and accompanying letters of transmittal and other documents. The depository is also responsible for receiving notices of guaranteed delivery, giving notices, if required, and making payment for all IAMGold shares purchased by us under the terms of the offer.

Financial Advisor, Dealer Manager and Information Agent

BMO Nesbitt Burns Inc. has been retained to act as our financial advisor. In addition, BMO Nesbitt Burns Inc. and Harris Nesbitt Corp., its U.S. affiliate, have been retained to act as dealer manager in connection with the offer. In Canada, BMO Nesbitt Burns Inc. may form a soliciting dealer group comprised of members of the Investment Dealers Association of Canada and members of the stock exchanges in Canada to solicit acceptances of the offer. In addition, Innisfree M & A Incorporated has been retained to act as Information Agent in connection with the offer.

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The following tables present summary historical consolidated financial information for Golden Star and IAMGold as of and for the years ended December 31, 1999, 2000, 2001, 2002 and 2003 and consolidated financial information for Golden Star and IAMGold as of and for the three-month period ended March 31, 2004, under both U.S. GAAP and Canadian GAAP. The tables also present pro forma consolidated financial information for Golden Star as of and for the year ended December 31, 2003 and the three-month period ended March 31, 2004 after giving effect to the acquisition by Golden Star of all of the IAMGold shares pursuant to the offer, under Canadian GAAP only. This information is derived from and should be read in conjunction with the financial statements and the related notes to those financial statements incorporated by reference in this prospectus, copies of which can be found at www.sec.gov and www.sedar.com.

The historical information presented for Golden Star and IAMGold as of and for the year ended December 31, 2003 is derived from the historical consolidated financial statements of Golden Star contained in Golden Star's Annual Report on Form 10-K for the year ended December 31, 2003, and related notes thereto, which are incorporated by reference in this prospectus, and IAMGold's Annual Report on Form 40-F for the year ended December 31, 2003, and related notes thereto, which are incorporated by reference in this prospectus (except for the report of IAMGold's independent accountants contained therein which is not incorporated herein by reference because the consent of IAMGold's independent accountants has not yet been obtained). The historical information for Golden Star and IAMGold as of and for the three months ended March 31, 2004 is derived from the historical consolidated financial statements of Golden Star contained in Golden Star's Quarterly Report on Form 10-Q for the quarter ended March 31, 2004, and from IAMGold's Report on Form 6-K filed May 17, 2004 for the three months ended March 31, 2004, which are incorporated by reference in this prospectus.

You should read the information below together with the consolidated pro forma financial statements and notes thereto beginning on page F-1, IAMGold's historical financial statements and related notes, and Golden Star's historical financial statements and related notes. The pro forma data assumes that Golden Star is the accounting acquiror. The pro forma data below is presented for informational purposes. You should not rely on the pro forma amounts as being indicative of the financial position of the consolidated company that would have actually occurred had the offer been consummated at or before the periods presented or the future financial position of the consolidated company.

Golden Star Summary of Financial Condition and Pro Forma Financial Data

(Amounts in thousands except per share data)

Cdn GAAP	Pro Forma	Pro	As of	As of	As of	As of	As of	As of
	as of March 31, 2004	Forma as of December 31, 2003(1)	March 31, 2004	December 31, 2003	December 31, 2002	December 31, 2001	December 31, 2000	December 31, 1999
Cash & equivalents	\$ 125,374		\$ 86,017	\$ 89,970	\$20,016	\$ 509	\$ 991	\$ 2,905
Working capital	207,065		95,148	96,784	21,963	(5,149)	4,452	6,020
Current assets	234,932		103,829	104,935	32,843	9,636	12,960	13,957
Total assets	1,190,783		229,594	222,391	74,135	36,552	49,469	74,352
Current liabilities	27,867		8,681	8,151	10,880	14,785	8,508	7,937
Shareholders equity	1,075,050		204,187	198,362	49,384	12,342	26,040	40,501

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Cdn GAAP	Pro Forma for the Three Months Ended March 31, 2004	Pro Forma for the Year Ended December 31, 2003	For the Three Months Ended March 31, 2004	For the Year Ended December 31, 2003	For the Year Ended December 31, 2002	For the Year Ended December 31, 2001	For the Year Ended December 31, 2000	For the Year Ended December 31, 1999
	Revenue	\$ 48,399	\$ 163,827	\$ 19,857	\$ 64,370	\$ 38,802	\$ 24,658	\$ 31,171
Net income/(loss)	10,259	33,835	5,194	21,956	4,856	(20,584)	(14,881)	(24,366)
Net income/(loss) per share basic	\$ 0.034	\$ 0.120	\$ 0.039	\$ 0.198	\$ 0.070	\$ (0.488)	\$ (0.400)	\$ (0.760)

US GAAP	Pro Forma as of March 31, 2004(2)	Pro Forma as of December 31, 2003	As of March 31, 2004	As of December 31, 2003	As of December 31, 2002	As of December 31, 2001	As of December 31, 2000	As of December 31, 1999
Cash & equivalents	\$ 116,753	\$ 86,017	\$ 89,970	\$ 20,016	\$ 509	\$ 991	\$ 2,905	
Working capital	173,736	95,148	96,784	22,511	(5,149)	4,452	6,020	
Current assets	194,828	103,829	104,935	33,391	9,636	12,960	13,957	
Total assets	1,140,155	204,380	200,337	62,644	24,232	24,020	45,635	
Current liabilities	21,092	8,681	8,151	10,880	14,785	8,508	7,937	
Shareholders equity	1,051,280	184,443	180,417	41,069	1,533	(478)	11,146	

US GAAP	Pro Forma for the Three Months Ended March 31, 2004(2)	Pro Forma for the Year Ended December 31, 2003(3)	For the Three Months Ended March 31, 2004	For the Year Ended December 31, 2003	For the Year Ended December 31, 2002	For the Year Ended December 31, 2001	For the Year Ended December 31, 2000	For the Year Ended December 31, 1999
Revenue			\$ 19,857	\$ 64,370	\$ 38,802	\$ 24,658	\$ 31,171	\$ 11,254
Net income/(loss)		21,208	3,396	13,357	6,752	(5,302)	(12,465)	(11,335)
Net income/(loss) per share basic		\$ 0.075	\$ 0.026	\$ 0.120	\$ 0.093	\$ (0.126)	\$ (0.330)	\$ (0.350)

Golden Star has not paid any cash dividends in the last five years.

IAMGold Summary of Financial Condition

(Amounts in thousands except per share data)

Cdn GAAP	As of March 31, 2004	As of December 31, 2003	As of December 31, 2002	As of December 31, 2001	As of December 31, 2000	As of December 31, 1999
Cash & equivalents	\$ 65,745	\$ 66,675	\$ 15,835	\$ 25,332	\$ 36,800	\$ 59,665
Working capital	124,251	118,539	56,884	18,530	15,886	32,745
Current assets	143,437	145,798	73,656	43,494	49,960	65,754
Total assets	451,645	451,141	190,638	176,598	175,795	177,639
Current liabilities	19,186	27,259	16,772	24,964	34,074	33,009
Shareholders equity	393,449	386,103	152,006	127,475	118,745	107,432

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Cdn GAAP	For the Three Months Ended March 31, 2004	For the Year Ended December 31, 2003	For the Year Ended December 31, 2002	For the Year Ended December 31, 2001	For the Year Ended December 31, 2000	For the Year Ended December 31, 1999
Revenue	\$27,632	\$101,111	\$89,824	\$81,655	\$57,984	\$63,461
Net income/(loss)	5,906	15,039	5,535	10,948	10,050	14,119
Net income/(loss) per share basic	\$ 0.04	\$ 0.11	\$ 0.07	\$ 0.15	\$ 0.14	\$ 0.19

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US GAAP	As of March 31, 2004(2)	As of December 31, 2003	As of December 31, 2002	As of December 31, 2001	As of December 31, 2000(4)	As of December 31, 1999(4)
Cash & equivalents		\$ 53,171	\$ 5,783	\$ 13,988		
Working capital		90,382	28,524	9,859		
Current assets		103,323	36,714	14,300		
Total assets		421,170	161,879	134,328		
Current liabilities		12,941	8,190	4,441		
Shareholders' equity		386,804	150,379	125,747		

US GAAP	For the Three Months Ended March 31, 2004(2)	For the Year Ended December 31, 2003(3)	For the Year Ended December 31, 2002(3)	For the Year Ended December 31, 2001(3)	For the Year Ended December 31, 2000(4)	For the Year Ended December 31, 1999(4)
Revenue						
Net income/(loss)		\$ 12,802	\$ 436	\$ 16,563		
Net income/(loss) per share basic		\$ 0.09	\$ 0.01	\$ 0.23		
Dividends per share		\$ 0.046	\$0.032	\$ 0.031		

- (1) In accordance with the U.S. and Canadian regulatory pronouncements, a Canadian GAAP pro forma balance sheet was not prepared as of December 31, 2003.
- (2) IAMGold's March 31, 2004 report to shareholders did not present IAMGold's financial statements in accordance with U.S. GAAP.
- (3) Insufficient data was available in IAMGold's December 2003 financial statements to determine revenues for the period in accordance with U.S. GAAP.
- (4) IAMGold did not present financial statements in accordance with U.S. GAAP prior to 2001.

Comparative Per Share Information

The following table sets forth, for the periods indicated, the net income, book value and cash dividends declared per common share data separately for Golden Star and IAMGold on an historical basis and for Golden Star on a pro forma consolidated basis. The conversion ratio is 1.15 Golden Star common shares for each IAMGold common share.

	Calendar Year December 31, 2003	Three Months Ended March 31, 2004
PRO FORMA CONSOLIDATED		
Earnings per share	\$0.120	\$0.034
Book value per share	\$ 3.51	\$ 3.53
Cash dividends per share	\$0.022	\$
GOLDEN STAR HISTORICAL		
Earnings per share	\$0.198	\$0.039

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Book value per share	\$ 1.49	\$ 1.53
Cash dividends per share	\$	\$
IAMGOLD HISTORICAL		
Earnings per share	\$0.105	\$0.041
Book value per share	\$ 2.66	\$ 2.70
Cash dividends per share	\$0.046	\$

Table of Contents**Per Share Market Data**

IAMGold common shares are currently traded on the TSX under the symbol **IMG** and on the AMEX under the symbol **IAG**. Golden Star common shares are currently traded on the TSX under the symbol **GSC** and on the AMEX under the symbol **GSS**. The following table sets forth the closing prices per common share of each of IAMGold and Golden Star as reported on the TSX and the AMEX on (1) May 27, 2004, the last business day preceding the public announcement of our proposed business combination with IAMGold, and (2) on June 8, 2004, the most recent trading day practicable before the filing of this prospectus:

Issuer	TSX		AMEX	
	May 27, 2004	June 8, 2004	May 27, 2004	June 8, 2004
IAMGold	Cdn\$7.38	Cdn\$7.20	\$5.43	\$5.42
Golden Star	Cdn\$7.24	Cdn\$6.20	\$5.31	\$4.61

Regulatory Requirements

The offer will be subject to the approval of each of the TSX and the AMEX as well as certain other regulatory authorities in Canada and the United States.

No Dissenters Rights

No IAMGold shareholder will have dissenters or appraisal rights in connection with the offer. However, holders of IAMGold shares who do not tender their shares to the offer may have rights of dissent in the event we elect to acquire such IAMGold shares by way of a compulsory acquisition or subsequent acquisition transaction. See **Acquisition of Shares not Deposited**.

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Non-GAAP Financial Measures

In this prospectus, the terms total cash cost and cash operating cost are used on a per ounce of gold basis. Total cash cost per ounce is equivalent to mining operations expenses for the period divided by the number of ounces of gold sold during the period. Cash operating cost per ounce is equivalent to total cash cost per ounce, less production royalties. We have included total cash cost and cash operating cost information to provide investors with information about the cost structure of our mining operations. This information differs from measures of performance determined in accordance with GAAP in Canada and in the United States and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. These measures are not necessarily indicative of operating profit or cash flow from operations as determined under GAAP and may not be comparable to similarly titled measures of other companies.

Statements Regarding Forward-Looking Information

This prospectus, including Annex A and the pro forma consolidated financial statements of Golden Star and some of the information incorporated by reference in this prospectus, contains forward-looking statements, with respect to our financial condition, results of operations, business prospects, plans, objectives, goals, strategies, future events, capital expenditure, and exploration and development efforts. Words such as anticipates, expects, intends, plans, forecasts, projects, budgets, believes, seeks, estimates, could, might, should, and may identify forward-looking statements. Although we believe that our plans, intentions and expectations reflected in these forward-looking statements are reasonable, we cannot be certain that these plans, intentions or expectations will be achieved. Actual results, performance or achievements could differ materially from those contemplated, expressed or implied by the forward-looking statements contained or incorporated by reference in this prospectus. These statements include comments regarding: operations and synergies of the combined company, the establishment and estimates of mineral reserves and mineral resources, production, production commencement dates, production costs, cash operating costs per ounce, total cash costs per ounce, grade, processing capacity, potential mine life, feasibility studies, development costs, capital and operating expenditures, exploration, the closing of certain transactions including acquisitions and offerings, our expansion plans for Bogoso/Prestea, and the start-up of Wassa.

The following factors related to this business combination could cause actual results to differ materially from the forward-looking statements: lack of IAMGold shareholder support for the transaction proposed by Golden Star; the business of Golden Star and IAMGold may not be integrated successfully or such integration may be more difficult, time-consuming or costly than expected; and the expected combination benefits from the Golden Star/IAMGold transaction may not be fully realized or realized within the expected time frame. In addition, the factors described below and in the Risk Factors in this prospectus may cause actual results to differ:

unexpected changes in business and economic conditions;

significant increases or decreases in gold prices;

changes in interest rates and currency exchange rates;

timing and amount of production;

unanticipated grade changes;

unanticipated recovery rates or production problems;

changes in mining, processing and overhead costs;

changes in metallurgy and processing technology;

access and availability of materials, equipment, supplies, labor and supervision, power and water;

determination of mineral reserves and mineral resources;

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availability of drill rigs;

changes in project parameters;

costs and timing of development of new mineral reserves;

results of current and future exploration activities;

results of pending and future feasibility studies;

joint venture relationships;

political or economic instability, either globally or in the countries in which we operate;

local and community impacts and issues;

timing of receipt of government approvals;

accidents and labor disputes;

environmental costs and risks;

competitive factors, including competition for property acquisitions; and

availability of capital at reasonable rates or at all.

These factors are not intended to represent a complete list of the general or specific factors that could affect us. We might note additional factors elsewhere in this prospectus, and in any documents incorporated by reference into this prospectus. We undertake no obligation to update forward-looking statements.

Reporting Currencies and Financial Principles

All references to \$ or dollars in this document refer to United States dollars, unless otherwise indicated. All financial information contained in this prospectus is reported in U.S. dollars unless otherwise noted.

Our financial statements are prepared in accordance with generally accepted accounting principles (GAAP) in Canada, which we refer to as Canadian GAAP. We provide certain information reconciling our financial information with GAAP in the United States, which we refer to as U.S. GAAP. IAMGold's audited consolidated financial statements and the notes thereto are stated by IAMGold to have been prepared in accordance with Canadian GAAP.

Information Concerning IAMGold

Except as otherwise indicated, the information concerning IAMGold contained in this prospectus has been taken from or is based upon publicly available documents and records on file with Canadian securities regulatory authorities, the SEC and other public sources. Although we have no knowledge that would indicate that any statements contained herein concerning IAMGold taken from or based upon such documents and records are untrue or incomplete, neither Golden Star nor any of its directors or officers assumes any responsibility for the accuracy or completeness of such information, including any IAMGold financial statements, or for any failure by IAMGold to disclose events or facts which may have occurred or which may affect the significance or accuracy of any such information but which are unknown to us. We have no means of verifying the accuracy or completeness of any of the information contained in this prospectus that is derived from IAMGold's publicly available documents or records or whether there has been any failure by IAMGold to disclose events that may have occurred or may affect the significance or accuracy of any information.

Table of Contents**Exchange Rates**

The following table sets forth the exchange rate for one U.S. dollar expressed in Canadian dollars, for each period indicated, the average of such exchange rates, and the exchange rate at the end of such period, based upon the noon buying rates provided by the Bank of Canada:

	Three Months Ended March 31, 2004	Year Ended December 31,				
	2003	2002	2001	2000	1999	
Rate at end of period	1.3105	1.2924	1.5796	1.5926	1.5002	1.4433
Average rate for period	1.3179	1.4015	1.5704	1.5484	1.4852	1.4858

On May 27, 2004, the last trading day prior to the announcement of our proposed business combination with IAMGold, the exchange rate for one U.S. dollar expressed in Canadian dollars based upon the noon buying rates provided by the Bank of Canada was Cdn\$1.3577. On June 8, 2004, the exchange rate for one U.S. dollar expressed in Canadian dollars based upon the noon buying rates provided by the Bank of Canada was Cdn\$1.3468.

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RISK FACTORS

An investment in our common shares involves a high degree of risk. You should consider the following discussion of risks in addition to the other information in this prospectus before tendering and exchanging your shares for our common shares. In addition to historical information, the information in this prospectus contains forward-looking statements about our future business and performance. Our actual operating results and financial performance may be very different from what we expect as of the date of this prospectus. The risks below address some of the factors that may affect our future operating results and financial performance. You should also consider the specific risks associated with IAMGold's business, which are described in IAMGold's annual report on Form 40-F for the year ended December 31, 2003, and incorporated by reference in this prospectus.

Business Combination Risks

You may receive Golden Star shares with a market value lower than you expected.

Golden Star is offering to pay 1.15 Golden Star common shares for each IAMGold common share tendered to the offer and not withdrawn. Based on the closing prices of the IAMGold shares and Golden Star shares on the TSX on May 27, 2004, the date the proposal for a business combination was made, this represents a premium of 13% to IAMGold shareholders. If the market price of Golden Star shares declines and/or if the market price of IAMGold shares increases, the value of the consideration received by IAMGold shareholders will decline as well. For example, during the twelve month period ending on June 8, 2004 (the most recent practicable date prior to the date of this prospectus), the closing price of Golden Star shares on the TSX varied from a low of Cdn\$2.81 to a high of Cdn\$10.77 and ended that period at Cdn\$6.20. Variations like these may occur as a result of changes in, or market perceptions of changes in, the business, operations or prospects of Golden Star, market assessments of the likelihood the offer will be consummated, regulatory considerations, general market and economic conditions and other factors over which Golden Star has no control.

We have not been given an opportunity to verify the reliability of the information regarding IAMGold included in, or which may have been omitted from, this prospectus.

In respect of information relating to IAMGold presented in, or due to lack of information omitted from, this prospectus, including all IAMGold financial information, we have relied exclusively upon publicly available information. Any inaccuracy in IAMGold's publicly available information, or in the information about IAMGold contained in this prospectus, could result in unanticipated liabilities or expenses, increase the cost of integrating the two companies or adversely affect the operational plans of the combined company and its results of operations and financial condition.

Change of control provisions in IAMGold's agreements triggered upon the acquisition of IAMGold may lead to adverse consequences.

IAMGold may be a party to agreements that contain change of control provisions that may be triggered following completion of the offer since Golden Star will hold IAMGold shares representing a majority of the voting rights of IAMGold. The operation of these change of control provisions, if triggered, could result in unanticipated expenses following the consummation of the offer or adversely affect the operations of IAMGold's joint ventures, which are its primary source of revenue. Unless these change of control provisions are waived by the other party, the operation of any of these provisions could adversely affect the operations and financial condition of the combined company.

If we acquire IAMGold, IAMGold may be required to pay a break fee of approximately \$23 million.

Under the arrangement agreement between IAMGold and Wheaton River, one or both parties may be required to pay break fees to the other if the arrangement agreement is terminated in certain circumstances. We have agreed with Coeur d'Alene Mines Corporation, who has proposed a business combination with Wheaton River that, if we combine with IAMGold and Coeur d'Alene combines with

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Wheaton River, Coeur d'Alene will pay us \$26 million, in lieu of any break fees that would otherwise be payable by IAMGold or Wheaton River. On June 8, 2004 shareholders of Wheaton River voted to approve the arrangement agreement between IAMGold and Wheaton River. It is unclear what effect that action will have on the proposed business combination between Coeur d'Alene and Wheaton River. If we combine with IAMGold and a break-fee is payable by IAMGold, but Coeur d'Alene does not combine with Wheaton River, we and IAMGold would be required to pay approximately \$23 million to Wheaton River. There can be no assurance that Coeur d'Alene will combine with Wheaton River or that we, as a result of owning IAMGold, will not be required to pay a \$23 million break-fee. It is assumed in the pro forma consolidated financial statements attached to this prospectus that we will pay \$23 million to Wheaton River.

The integration of Golden Star and IAMGold may not occur as planned.

The offer has been made with the expectation that its successful completion will result in increased earnings and cost savings by taking advantage of the synergies of consolidation and enhanced growth opportunities of the combined company. These anticipated benefits will depend in part on whether Golden Star's and IAMGold's operations can be integrated in an efficient and effective manner. Most operational and strategic decisions, and certain staffing decisions, with respect to the combined company have not yet been made. These decisions and the integration of the two companies will present challenges to management, including the integration of systems and personnel of the two companies, and special risks, including possible unanticipated liabilities, unanticipated costs, and the loss of key employees.

Failure to retain key employees of IAMGold could adversely affect Golden Star after the offer.

The performance of IAMGold's operations after the offer could be adversely affected if the combined company cannot retain selected key employees to assist in the integration of IAMGold and Golden Star. If the combined company does not retain certain of IAMGold's key executives, or if the key executives exercise their rights to terminate their employment agreements following completion of the offer, based on IAMGold's public disclosure, we believe that IAMGold would be required to pay severance payments totaling approximately Cdn\$3 million.

After the consummation of the offer, IAMGold would become a majority-owned subsidiary of Golden Star and our interest could differ from yours.

After the consummation of the offer, we would have the power to elect the directors, appoint new management, approve certain actions requiring the approval of IAMGold shareholders, including adopting certain amendments to IAMGold's constituting documents and approving mergers or sales of IAMGold's assets. In particular, after the consummation of the offer we intend to exercise our statutory right, if available, to acquire all of the IAMGold shares not deposited under the offer, or, if such statutory right of acquisition is not available, to integrate IAMGold and Golden Star, by merger or other transaction whereby the operations of IAMGold and Golden Star are combined. Our interests with respect to IAMGold may differ from those of any remaining minority shareholders.

The exchange of IAMGold shares pursuant to the offer may be taxable for U.S. holders.

We will endeavour to cause the exchange of IAMGold shares pursuant to the offer to be treated as an exchange made pursuant to a reorganization for U.S. income tax purposes. If reorganization treatment applies to the exchange, a U.S. holder who exchanges IAMGold shares and owns, immediately after the exchange, less than 5% of Golden Star (by voting power and value, directly and by attribution) will generally not recognize a capital gain or capital loss for U.S. tax purposes on the receipt of Golden Star shares for IAMGold shares, except with respect to cash received in lieu of a fractional share. If reorganization treatment does not apply to the exchange, the U.S. holder will generally be required to recognize a capital gain or loss. There can be no assurance that reorganization treatment will apply to the exchange.

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We have not paid dividends in the past.

We have not previously paid dividends on our common shares. Although we may pay dividends in the future, there can be no assurance that we will do so.

Financial Risks

Our business is substantially dependent on gold prices.

The price of our common shares, our financial results and our exploration, development and mining activities have previously been, and would in the future be, significantly adversely affected by fluctuations in the price of gold. The price of gold is volatile and is affected by numerous factors beyond our control such as the sale or purchase of gold by various central banks and financial institutions, inflation or deflation, fluctuation in the value of the US dollar and foreign currencies, global and regional demand, and the political and economic conditions of major gold-producing countries throughout the world. If gold prices were to decline significantly or for an extended period of time, we might be unable to continue our operations, develop our properties or fulfill our obligations under our agreements with our partners or under our permits and licenses. As a result, we could lose our interest in, or be forced to sell, some of our properties.

Furthermore, mineral reserve calculations and life-of-mine plans using significantly lower gold prices could result in reduced estimates of mineral reserves and non-reserve mineral resources and in material write-downs of our investment in mining properties and increased amortization, reclamation and closure charges.

We have recorded substantial losses in the past.

While we had earnings of \$5.2 million in the first quarter of 2004, \$22.0 million and \$4.9 million in 2003 and 2002, respectively, we reported net losses of \$20.6 million in 2001, \$14.9 million in 2000, and \$24.4 million in 1999. Numerous factors, including declining gold prices, lower than expected ore grades or higher than expected operating costs, and impairment write-offs of mine property and/or exploration property costs, could cause us to become unprofitable in the future. Any future operating losses could make financing our operations and our business strategy, or raising additional capital, difficult or impossible and could materially and adversely affect our operating results and financial condition.

Our obligations could strain our financial position and impede our business strategy.

We have total debts and liabilities as of March 31, 2004 of \$17.2 million, including \$0.8 million payable to financial institutions, \$8.5 million of current trade payables and accrued current liabilities and \$7.9 million in environmental rehabilitation liabilities. We expect that our indebtedness and other liabilities will increase as a result of our corporate development activities. This indebtedness could have important consequences, including the following:

increasing our vulnerability to general adverse economic and industry conditions;

limiting our ability to obtain additional financing to fund future working capital, capital expenditures, operating and exploration costs and other general corporate requirements;

requiring us to dedicate a significant portion of our cash flow from operations to make debt service payments, which would reduce our ability to fund working capital, capital expenditures, operating and exploration costs and other general corporate requirements;

limiting our flexibility in planning for, or reacting to, changes in our business and the industry; and

placing us at a disadvantage when compared to our competitors that have less debt relative to their market capitalization.

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Our estimates of mineral reserves and non-reserves could be inaccurate.

There are numerous uncertainties inherent in estimating proven and probable mineral reserves and measured, indicated and inferred mineral resources, including many factors beyond our control. The accuracy of estimates of mineral reserves and non-reserves is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation, which could prove to be unreliable. There can be no assurance that these estimates will be accurate, that mineral reserves and non-reserves figures will be accurate, or that mineral reserves or non-reserves could be mined or processed profitably.

Fluctuation in gold prices, results of drilling, metallurgical testing and production and the evaluation of mine plans subsequent to the date of any estimate could require revision of the estimate. The volume and grade of mineral reserves mined and processed and recovery rates might not be the same as currently anticipated. Any material reductions in estimates of our mineral reserves and non-reserves, or of our ability to extract these mineral reserves and non-reserves, could have a material adverse effect on our results of operations and financial condition.

We currently have only one source of significant operational cash flows.

While we have recently received significant infusions of cash from sales of equity, our only current significant internal source of funds is operational cash flows from Bogoso/Prestea. We expect to commence production at Wassa in the third quarter of 2004, although there can be no assurance that our Wassa production goals will be achieved. Following the combination with IAMGold, we would also have cash flow from IAMGold's minority interests in the Sadiola, Yatela, Tarkwa and Damang gold mines. There can be no assurance that we will receive distributions or payments from these interests in accordance with our expectations. The anticipated continuing exploration and development of our properties will require significant expenditures over the next several years. We expect that these expenditures will exceed free cash flows generated by Bogoso/Prestea during that period, and therefore we expect to use our excess cash and in the future to require additional outside capital. Lower gold prices during the five years prior to 2002 adversely affected our ability to obtain financing, and recurring lower gold prices could have similar effects in the future. We cannot assure you that in the future we will be able to obtain adequate financing on acceptable terms. If we are unable to obtain additional financing, we might need to delay or indefinitely postpone further exploration and development of our properties, and as a result, we could lose our interest in, or could be forced to sell, some of our properties.

Implementation of a hedging program might be unsuccessful and incur losses.

We continue to review whether or not, in light of the potential for gold prices to fall, it would be appropriate to establish a hedging program. To date, we have not decided to implement a hedging program, although we have purchased and expect to continue to purchase puts from time to time, which give us the right to sell gold in the future at a fixed price. The implementation of a hedging program might not, however, protect adequately against declines in the price of gold.

In addition, although a hedging program could protect us from a decline in the price of gold, it might also prevent us from benefiting fully from price increases. For example, as part of a hedging program, we could be obligated to sell gold at a price lower than the then-current market price. Finally, if unsuccessful, the costs of any hedging program could further deplete our financial resources.

IAMGold has hedged a portion of its production. Therefore, the combined company may not realize fully the benefits of gold price increases with respect to the ounces hedged.

We are subject to fluctuations in currency exchange rates, which could materially adversely affect our financial position.

Our revenues are in U.S. dollars, and we maintain most of our working capital in U.S. dollars or U.S. dollar denominated securities. We convert funds to foreign currencies as payment obligations become

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due. A significant portion of the operating costs at Bogoso/ Prestea is based on the Ghanaian currency, the Cedi. We are required to convert into Cedis only 20% of the foreign exchange proceeds that we receive from selling gold, but the Government of Ghana could require us to convert a higher percentage of such sales proceeds into Cedis in the future. In addition, we currently have future obligations that are payable in Euros, and receivables collectible in Euros. We obtain construction and other services and materials and supplies from providers in South Africa and other countries, and the costs of those services could increase due to changes in the value of the South African Rand or other currencies. Accordingly, we are subject to fluctuations in the rates of currency exchange between the U.S. dollar and these currencies, and such fluctuations could materially affect our financial position and results of operations. Consequently, construction, development and other costs might be higher than we anticipate. We currently do not hedge against currency exchange risks, although we might do so from time to time in the future. There can be no assurance that implementation of a currency hedging program would adequately protect us from the effects of fluctuation in currency exchange rates.

There could be no opportunity to evaluate the merits or risks of any future acquisition undertaken by us.

As a key element of our growth strategy, we have stepped up the active pursuit of acquisitions of producing, development and advanced stage exploration properties and companies. Whether or not we are successful in acquiring IAMGold, we plan to continue to actively investigate potential acquisition and merger candidates. Risks related to acquiring and operating acquired properties and companies could have a material adverse effect on our results of operations and financial condition. In addition, to acquire properties and companies, we would use our available cash, incur debt, issue our common shares or other securities, or a combination of any one or more of these. This could limit our flexibility to raise capital, to operate, explore and develop our properties and to make additional acquisitions, and could further dilute and decrease the trading price of our common shares. Acquisition transactions in our business are often initiated and completed over a particularly short period of time. There could be no opportunity for our shareholders to evaluate the merits or risks of any future acquisition undertaken by us except as required by applicable laws and regulations.

Risks inherent in acquisitions that we might undertake could adversely affect our growth and financial condition.

We are actively pursuing the acquisition of producing, development and advanced stage exploration properties and companies, and have recently completed the acquisition and joint venture of exploration and development properties in Ghana, Sierra Leone and Mali. From time to time, we might acquire securities of or other interests in companies with which we could enter into acquisitions or other transactions. Acquisition transactions involve inherent risks, including:

accurately assessing the value, strengths, weaknesses, contingent and other liabilities and potential profitability of acquisition candidates;

ability to achieve identified and anticipated operating and financial synergies;

unanticipated costs;

diversion of management attention from existing business;

potential loss of our key employees or the key employees of any business we acquire;

unanticipated changes in business, industry or general economic conditions that affect the assumptions underlying the acquisition; and

decline in the value of acquired properties, companies or securities.

Any one or more of these factors or other risks could cause us not to realize the benefits anticipated to result from the acquisition of properties or companies, and could have a material adverse effect on our ability to grow and on our financial condition.

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We are subject to litigation risks.

All industries, including the mining industry, are subject to legal claims, with and without merit. We are involved in various routine legal proceedings, which include labour matters such as unfair termination claims, supplier matters and property issues incidental to our business. We believe it is unlikely that the final outcome of these legal proceedings will have a material adverse effect on our financial position or results of operation. However, defense and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular legal proceeding will not have a material effect on our financial position or results of operations.

Operational Risks

The technology, capital costs and cost of production of refractory mineral reserves and non-reserves at Bogoso/ Prestea remain subject to a number of uncertainties, including funding uncertainties.

Based upon the completion of our Bogoso sulfide project feasibility study in 2001 and its subsequent review by a qualified person under National Instrument 43-101, the refractory material at Bogoso/Prestea has been included in our proven and probable mineral reserves. While the sulfide project feasibility study indicated that refractory mineral reserves can be profitably mined and processed at current gold prices, the capital cost to upgrade the Bogoso processing plant with a bio-oxidation or BIOX circuit to process refractory ore, together with related mining equipment, and facilities, is significant. The capital cost of the sulfide project together with our other Bogoso/Prestea expansion plans including capitalized exploration, mine development, and expanding the mining fleet is expected to be approximately \$70 million expected to be spent in 2004 and 2005. We cannot assure you that we will have access to capital, whether from internal or external sources, in the required amounts or on acceptable terms. While the processing technology envisioned in the feasibility study has been successfully utilized at other mines, we cannot assure you, in spite of our testing, engineering and analysis that the technology will perform successfully at commercial production levels on the Bogoso/Prestea refractory sulfide ores. Therefore, we cannot assure you that our production estimates can be achieved.

Completion of our development projects is subject to a number of uncertainties.

We have completed a feasibility study regarding the development of and commencement of production at Wassa in Ghana using conventional CIL processing techniques and have commenced development of the Wassa mine. We cannot assure you that production will commence when we currently anticipate. We have not yet completed technical studies for the projected \$70 million expansion of Bogoso/Prestea. The IAMGold 18.9% owned Tarkwa mine is currently being expanded. The management of mine development projects and start-up of new operations are complex. We do not have a company history of simultaneously managing two significant development projects and an ongoing operation. We cannot assure you that these development projects will be completed at the cost and on the schedule predicted, or that gold grades and recoveries, production rates or costs anticipated will be achieved. Any development of Wassa and the expansion of Bogoso/Prestea are subject to all of the risks described in this prospectus, including Risk Factors Operational Risks The development and operation of our mining projects involve numerous uncertainties.

Declining gold prices could reduce our estimates of mineral reserves and non-reserves and could result in delays in development until we can make new estimates and determine new potential economic development options under the lower gold price assumptions.

In addition to adversely affecting our mineral reserve estimates and our financial condition, declining gold prices could impact operations by requiring a reassessment of the feasibility of all or a portion of a particular project. A reassessment might be the result of a management decision or could be required under financing arrangements related to the project. Even if the project is ultimately determined to be

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economically viable, the need to conduct a reassessment could cause substantial delays or might interrupt operations until the reassessment can be completed.

We are subject to a number of operational hazards that can delay production or result in liability to us.

Our activities are subject to a number of risks and hazards including:

environmental hazards;

discharge of pollutants or hazardous chemicals;

industrial accidents;

labour disputes and shortages;

supply and shipping problems and delays;

shortage of equipment and contractor availability;

difficulty in applying technology such as biooxidation processing;

unusual or unexpected geological or operating conditions;

slope failures;

cave-ins of underground workings;

failure of pit walls or dams;

fire;

changes in the regulatory environment; and

natural phenomena such as inclement weather conditions, floods and earthquakes.

These or other occurrences could result in damage to, or destruction of, mineral properties or production facilities, personal injury or death, environmental damage, delays in mining, delayed production, monetary losses and possible legal liability. We could incur liabilities as a result of pollution and other casualties. Satisfying such liabilities could be very costly and could have a material adverse effect on our financial position and results of operations.

Our mining operations are subject to numerous environmental laws, regulations and permitting requirements that can delay production and adversely affect operating and development costs.

We cannot assure you that compliance with existing regulations governing the discharge of materials into the environment, or otherwise relating to environmental protection, in the jurisdictions where we have projects will not have a material adverse effect on our exploration activities, results of operations or competitive position. New or expanded regulations, if adopted, could affect the exploration or development of our projects or otherwise have a material adverse effect on our operations.

A significant portion of our recently acquired Dunkwa property and portions of our Wassa development property as well as some of our exploration properties in Ghana are located within forest reserve areas. Although Dunkwa and Wassa have been identified by the Government of Ghana as eligible for mining permits subject to normal procedures and a site inspection, there can be no assurance that permits for projects in forest reserve areas will be issued in a timely fashion, or at all, or that such permits will not contain special requirements with which it is burdensome or expensive to comply.

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Our relocation of the processing plant to Bondaye near Prestea, conversion of the existing Bogoso/ Prestea processing plant to process refractory sulfide and other activities will require mining and other permits from the Government of Ghana. There can be no assurance that all of these permits will be issued on a timely basis or at all, or that the permits issued will not be subject to requirements or conditions with

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which it is burdensome or expensive to comply. This could adversely affect our projected production commencement dates, production amounts and costs.

As a result of the foregoing risks, project expenditures, production quantities and rates and cash operating costs, among other things, could be materially and adversely affected and could differ materially from anticipated expenditures, production quantities and rates, and costs. In addition, estimated production dates could be delayed materially. Any such events could materially and adversely affect our business, financial condition, results of operations and cash flows.

The development and operation of our mining projects involve numerous uncertainties.

Mine development projects, including our ongoing development at Wassa and anticipated expansion at Bogoso/ Prestea, typically require a number of years and significant expenditures during the development phase before production is possible.

Development projects are subject to the completion of successful feasibility studies and environmental assessments, issuance of necessary governmental permits and receipt of adequate financing. The economic feasibility of development projects is based on many factors such as:

estimation of mineral reserves and mineral resources;

anticipated metallurgical recovery rates;

environmental considerations and permitting;

future gold prices; and

anticipated capital and operating costs of such projects.

Our mine development projects could have limited relevant operating history upon which to base estimates of future operating costs and capital requirements. Estimates of proven and probable mineral reserves and operating costs determined in feasibility studies are based on geologic and engineering analyses and might not prove to be accurate.

Any of the following events, among others, could affect the profitability or economic feasibility of a project:

unanticipated changes in grade and tonnage of ore to be mined and processed;

unanticipated adverse geotechnical and process recovery conditions;

incorrect data on which engineering assumptions are made;

costs of constructing and operating a mine in a specific environment;

availability and cost of processing and refining facilities;

availability of economic sources of power;

adequacy of water supply;

adequate access to the site including competing land uses (such as agriculture and illegal mining);

unanticipated transportation costs;

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government regulations (including regulations relating to prices, royalties, duties, taxes, permitting, restrictions on production, quotas on exportation of minerals, as well as the costs of protection of the environment and agricultural lands);

fluctuations in gold prices; and

accidents, labour actions and force majeure events.

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Adverse effects on the operations or further development of a project could also adversely affect our business, financial condition, results of operations and cash flow. Because of these uncertainties, and others identified in Risk Factors , there can be no assurance that our production estimates at Bogoso/ Prestea and Wassa can or will be achieved.

We need to continually obtain additional mineral reserves for gold production.

Because mines have limited lives based on proven and probable mineral reserves, we must continually replace and expand our mineral reserves as our mines produce gold. At current average production rates, we estimate that Bogoso/Prestea has over ten years of mine life, but our estimates might not be correct and the mine life would be shortened if we expand production. Our ability to maintain or increase our annual production of gold will be dependent in significant part on our ability to bring new mines into production and to expand or extend the life of existing mines.

Gold exploration is highly speculative, involves substantial expenditures, and is frequently non-productive.

Gold exploration, including the exploration of the Prestea Underground, involves a high degree of risk and exploration projects are frequently unsuccessful. Few prospects that are explored end up being ultimately developed into producing mines. To the extent that we continue to be involved in gold exploration, the long-term success of our operations will be related to the cost and success of our exploration programs. We cannot assure you that our gold exploration efforts will be successful. The success of gold exploration is determined in part on the following factors:

the identification of potential gold mineralization based on superficial analysis;

the quality of our management and our geological and technical expertise; and

the capital available for exploration and development.

Substantial expenditures are required to determine if a project has economically mineable mineralization. It could take several years to establish proven and probable mineral reserves and to develop and construct mining and processing facilities. As a result of these uncertainties, we cannot assure you that current and future exploration programs will result in the discovery of mineral reserves, the expansion of our existing mineral reserves and the development of mines.

We face competition from other mining companies in connection with the acquisition of properties.

We face strong competition from other mining companies in connection with the acquisition of properties producing, or capable of producing, precious metals. Many of these companies have greater financial resources, operational experience and technical capabilities. As a result of this competition, we might be unable to maintain or acquire attractive mining properties on terms we consider acceptable or at all. Consequently, our revenues, operations and financial condition could be materially adversely affected.

Title to our mineral properties could be challenged.

Our policy is to seek to confirm the validity of our rights to title to, or contract rights with respect to, each mineral property in which we have a material interest. However, we cannot guarantee that title to our properties will not be challenged. Title insurance generally is not available, and our ability to ensure that we have obtained secure claim to individual mineral properties or mining concessions could be severely constrained. We might not have conducted surveys of all of the properties in which we hold direct or indirect interests and, therefore, their precise area and location could be in doubt. Accordingly, our mineral properties could be subject to prior unregistered agreements, transfers or claims, and title could be affected by, among other things, undetected defects. In addition, we might be unable to operate our properties as permitted or to enforce our rights with respect to our properties.

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We depend on the services of key executives.

We are dependent on the services of key executives including our President and Chief Executive Officer and a small number of highly skilled and experienced executives and personnel. Due to the relatively small size of our company, the loss of these persons or our inability to attract and retain additional highly skilled employees could adversely affect the exploration and development of our properties, which could have a material adverse effect on our business and future operations.

The period of weak gold prices prior to 2002 resulted in the depletion in the number of trained and experienced professionals and managers in our industry. Higher gold prices have resulted in an increased demand for these people, and it could therefore be more difficult to attract or retain such experienced professionals and managers without significantly increasing the cost to Golden Star.

Our insurance coverage could be insufficient.

Our business is subject to a number of risks and hazards generally, including:

- adverse environmental conditions;
- industrial accidents;
- labour disputes;
- unusual or unexpected geological conditions;
- ground or slope failures;
- cave-ins;
- changes in the regulatory environment; and
- natural phenomena such as inclement weather conditions, floods and earthquakes.

political risks including expropriation and civil war

Such occurrences could result in:

- damage to mineral properties or production facilities;
- personal injury or death;
- loss of legitimate title to properties
- environmental damage to our properties or the properties of others;
- delays in mining;
- monetary losses; and
- possible legal liability.

Although we maintain insurance in amounts that we believe to be reasonable, our insurance might not cover all the potential risks associated with our business. We might also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage might not continue to be available or might not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to us or to other companies in the mining industry on acceptable terms. We might also become subject to liability for pollution or other hazards which we cannot insure against or which we might elect not to insure against because of premium costs or other reasons. Losses from these events might cause us to incur significant costs that could have a material adverse effect upon our financial performance and results of operations.

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Governmental and Regulatory Risks

As a holding company, limitations on the ability of our operating subsidiaries to make distributions to us could adversely affect the funding of our operations.

We are a holding company that conducts operations through foreign (principally African) subsidiaries and joint ventures, and substantially all of our assets consist of equity in these entities. Accordingly, any limitation on the transfer of cash or other assets between the parent corporation and these entities, or among these entities, could restrict our ability to fund our operations efficiently. Any such limitations, or the perception that such limitations might exist now or in the future, could have an adverse impact on our valuation and stock price.

We are subject to changes in the regulatory environment where we operate.

Our mining operations and exploration activities are subject to extensive regulation governing various matters, including:

licensing

production

taxes

water disposal

toxic substances

mine safety

development and permitting

exports

imports

labour standards

occupational health and safety

environmental protections

Compliance with these regulations increases the costs of the following:

planning

designing

drilling

operating

developing

constructing

closure and reclamation

We believe that we are in substantial compliance with current laws and regulations in Ghana and elsewhere. However, these laws and regulations are subject to frequent change and reinterpretation. Due to the substantial increase in mining development during 2003 in Ghana, the Government of Ghana has been reviewing the adequacy of reclamation bonds and guarantees throughout the country and in some cases has requested higher levels of bonding than previously had been required. There can be no assurance that our bonds would not increase. Amendments to current laws and regulations governing operations and activities of mining companies or more stringent implementation or interpretation of these laws and regulations

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could have a material adverse impact on us, cause a reduction in levels of production and delay or prevent the development or expansion of our properties in Ghana.

Government regulations limit the proceeds from gold sales that could be withdrawn from Ghana. Changes in regulations that increase these restrictions could have a material adverse impact on us, as Bogoso/ Prestea is currently our only source of internally generated operating cash flows.

The Government of Ghana has the right to participate in the ownership and control of certain subsidiaries.

The Government of Ghana currently has a 10% carried interest in our subsidiaries that own our Bogoso/ Prestea mine, Wassa development property and Prestea Underground property. The Government of Ghana also has: (a) the right to acquire up to an additional 20% equity interest in each of these subsidiaries for a price to be determined by agreement or arbitration; (b) the right to acquire a special share or golden share in such subsidiaries at any time for no consideration or such consideration as the Government of Ghana and such subsidiaries might agree; and (c) a pre-emptive right to purchase all gold and other minerals produced by such subsidiaries. We cannot assure you that the Government of Ghana would not seek to exercise one or more of these rights, which could reduce our equity interest. A reduction in our equity interest could reduce our income or cash flows from Bogoso/Prestea and/or reduce our anticipated income or cash flows from Wassa, reducing amounts available to us for reinvestment and adversely affecting our ability to take certain actions.

We are subject to risks relating to exploration, development and operations in foreign countries.

Certain laws, regulations and statutory provisions in certain countries in which we have mineral rights could, as they are currently written, have a material negative impact on our ability to develop or operate a commercial mine. For countries where we have exploration or development stage projects, we intend to negotiate mineral agreements with the governments of these countries and seek variances or otherwise be exempted from the provisions of these laws, regulations and/or statutory provisions. We cannot assure you, however, that we will be successful in obtaining mineral agreements or variances or exemptions on commercially acceptable terms.

Our assets and operations are affected by various political and economic uncertainties, including:

the risks of war, civil unrest, coups or other violent or unexpected changes in government;

political instability and violence;

expropriation and nationalization;

renegotiation or nullification of existing concessions, licenses, permits, and contracts;

illegal mining;

changes in taxation policies;

restrictions on foreign exchange and repatriation; and

changing political conditions, currency controls, and governmental regulations that favor or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Illegal mining occurs on our properties, is difficult to control, can disrupt our business and can expose us to liability.

Artisanal miners illegally work on our properties from time to time, despite the fact that we have hired security personnel to protect our properties. The presence of illegal miners could lead to project delays and disputes regarding the development or operation of commercial gold deposits. The work performed by the illegal miners could cause environmental damage or other damage to our properties, or

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personal injury or death for which we could potentially be held responsible. Extensive illegal mining could result in surface depletion of mineral deposits, potentially making the future mining of such deposits uneconomic.

Our activities are subject to complex laws, regulations and accounting standards that can adversely affect operating and development costs, the timing of operations, the ability to operate and financial results.

Our business, mining operations and exploration and development activities are subject to extensive Canadian, US, Ghanaian and other foreign, federal, state, provincial, territorial and local laws and regulations governing exploration, development, production, exports, taxes, labour standards, waste disposal, protection of the environment, reclamation, historic and cultural resource preservation, mine safety and occupational health, toxic substances, reporting and other matters, as well as accounting standards. Compliance with these laws, regulations and standards or the imposition of new such requirements could adversely affect operating and development costs, the timing of operations, the ability to operate and financial results.

Market Risks

The market price of our common shares could experience volatility and could decline significantly.

Our common shares are listed on the American Stock Exchange and the Toronto Stock Exchange. Securities of small-cap companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally and market perceptions of the attractiveness of particular industries. Our share price is also likely to be significantly affected by short-term changes in gold prices or in our financial condition or results of operations as reflected in our quarterly earnings reports. Other factors unrelated to our performance that could have an effect on the price of our common shares include the following:

the extent of analytical coverage available to investors concerning our business could be limited if investment banks with research capabilities do not continue to follow our securities;

the trading volume and general market interest in our securities could affect an investor's ability to trade significant numbers of common shares;

the relatively small size of the public float will limit the ability of some institutions to invest in our securities; and

a substantial decline in our stock price that persists for a significant period of time could cause our securities to be delisted from the American Stock Exchange and the Toronto Stock Exchange, further reducing market liquidity.

As a result of any of these factors, the market price of our common shares at any given point in time might not accurately reflect our long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. We could in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

You could have difficulty or be unable to enforce certain civil liabilities on us, certain of our directors and our experts.

We are a Canadian corporation. Substantially all of our assets are located outside of Canada and the US, and our head office is located in the US. Additionally, a number of our directors and the experts are residents of Canada. Although we have appointed Koffman Kalef, Suite 1900, 885 West Georgia Street, Vancouver, British Columbia and Field LLP, 1900, 350 7th Avenue S.W., Calgary, Alberta as our agents for service of process in the Provinces of British Columbia and Alberta, respectively, it might not be possible for investors to collect judgments obtained in Canadian courts predicated on the civil liability

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provisions of securities legislation. It could also be difficult for you to effect service of process in connection with any action brought in the US upon such directors and experts. Execution by US courts of any judgment obtained against us or any of the directors, executive officers or experts in US courts would be limited to the assets of Golden Star Resources Ltd. or the assets of such persons or corporations, as the case might be, in the US. The enforceability in Canada of US judgments or liabilities in original actions in Canadian courts predicated solely upon the civil liability provisions of the federal securities laws of the US is doubtful.

There may be certain tax risks associated with investments in our company.

Potential investors that are US taxpayers should consider that we could be considered to be a passive foreign investment company (PFIC) for federal income tax purposes. Although we believe that we currently are not a PFIC and do not expect to become a PFIC in the near future, the tests for determining PFIC status are dependent upon a number of factors, some of which are beyond our control, and we can not assure you that we would not become a PFIC in the future. If we were deemed to be a PFIC, then a US taxpayer who disposes or is deemed to dispose of our shares at a gain, or who received a so-called excess distribution on the shares, generally would be required to treat such gain or excess distribution as ordinary income and pay an interest charge on a portion of the gain or distribution unless the taxpayer makes a timely qualified electing fund election (a QEF election). A US taxpayer who makes a QEF election generally must report on a current basis his or her share of any of our ordinary earnings and net capital gain for any taxable year in which we are a PFIC, whether or not we distribute those earnings. Special estate tax rules could be applicable to our shares if we are classified as a PFIC for income tax purposes.

Future sales of our common shares by our existing shareholders could decrease the trading price of the common shares.

Sales of a large number of our common shares in the public markets, or the potential for such sales, could decrease the trading price of our common shares and could impair our ability to raise capital through future sales of our common shares. We completed sales of units, comprised of common shares and warrants, in January, July and December 2002 and February 2003 and sales of common shares in August, October, and December 2003, all but the December 2003 offering at prices significantly less than the current market price of our common shares. Accordingly, a significant number of our shareholders have an investment profit in our securities that they could seek to liquidate. Substantially all of our common shares not held by affiliates can be resold without material restriction in the US and Canada.

The existence of outstanding rights to purchase common shares could impair our ability to raise capital.

As of June 4, 2004 approximately 18.2 million common shares are issuable on exercise of warrants, options or other rights to purchase common shares at prices ranging from Cdn\$1.02 to Cdn\$9.07. During the life of the warrants, options and other rights, the holders are given an opportunity to profit from a rise in the market price of our common shares with a resulting dilution in the interest of the other shareholders. Our ability to obtain additional financing during the period such rights are outstanding could be adversely affected, and the existence of the rights could have an adverse effect on the price of our common shares. The holders of the warrants, options and other rights can be expected to exercise them at a time when we would, in all likelihood, be able to obtain any needed capital by new offering of securities on terms more favorable than those provided by the outstanding rights.

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THE OFFER

Subject to the terms and conditions below and in the letter of transmittal and the notice of guaranteed delivery, we hereby offer to purchase all of the issued and outstanding common shares of IAMGold on the basis of 1.15 common shares of Golden Star for each IAMGold share.

The offer is made only for IAMGold shares outstanding on June 4, 2004 (including shares acquired by exercise or conversion of in-the-money options and other securities convertible into IAMGold shares) and is not made for any IAMGold options or other rights to acquire IAMGold shares. Any holder of such securities who wishes to accept the offer must, to the extent permitted by the terms of such securities and applicable law, exercise the options or other rights in order to obtain certificates representing IAMGold shares in accordance with the offer. Any such exercise must be sufficiently in advance of the expiry time to ensure that IAMGold shares will be available for deposit no later than the expiry time or in sufficient time to comply with the procedures referred to below under the heading *The Offer Procedures for Guaranteed Delivery*. Options may be exercised and the IAMGold shares issued pursuant to such exercise may be deposited under the offer, to the extent permitted by the terms of the options.

Fractional common shares of Golden Star will not be issued. Instead of receiving a fractional Golden Star share, you will receive a cash payment equal to such fraction multiplied by the closing price of Golden Star shares on the TSX at the expiry date, referred to as the *current market price*. For purposes of determining the amount of any such cash payment, all of your Golden Star shares will be aggregated. We have the necessary funds to make all cash payments to be made to IAMGold shareholders under the offer.

The offer will be open for acceptance until 9:00 p.m. (Toronto Time), which we refer to as the *expiry time*, on July 16, 2004, which date, or such later date as is set out in a notice of extension of the offer issued at any time and from time to time extending the period during which IAMGold shares may be deposited to the offer, we refer to as the *expiry date*, unless withdrawn prior to the expiry date. If the expiry date is not a business day, then the expiry date shall be the next business day.

Conditions to the Offer

We reserve the right to withdraw the offer and not take up, purchase or pay for your IAMGold shares, and we also reserve the right to extend the period of time during which the offer is open and to postpone taking up and paying for, your IAMGold shares deposited under the offer unless all of the following conditions are satisfied or, where permitted, waived by us prior to the expiry date:

(a) at least 66 2/3% of the IAMGold common shares (on a fully diluted basis) at the expiry time of the offer have been validly deposited under the offer and not withdrawn at the expiry time, referred to as the *minimum tender condition*;

(b) all *Appropriate Approvals* (including, without limitation, those of the AMEX and TSX or securities regulatory authorities) shall have been obtained on terms satisfactory to us, acting reasonably;

(c) all outstanding options or rights to acquire IAMGold shares will have been exercised, cancelled or otherwise dealt with on terms satisfactory to us in our reasonable judgment;

(d) no act, action, suit or proceeding shall have been threatened or taken before or by any domestic or foreign court or tribunal or governmental agency or other regulatory authority or administrative agency or commission or by any elected or appointed public official or private person (including any individual, company, firm, group or other entity) in Canada or elsewhere, whether or not having the force of law, and no law (including any tax law) shall have been proposed, enacted, promulgated or applied, in either case:

(i) to cease trade, enjoin, prohibit or impose material limitations or conditions on the purchase by or the sale to us of the IAMGold shares or the right of us to own or exercise full rights of ownership of the IAMGold shares;

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(ii) which, if the offer were consummated, would result in a Material Adverse Effect on IAMGold; or

(iii) which challenges or would prevent or make uncertain the ability of us or our affiliates to effect a compulsory acquisition or subsequent acquisition transaction;

(e) there shall not exist any prohibition at law against us making the offer, taking up and paying for any IAMGold shares deposited under the offer, issuing our shares in consideration therefor or effecting a compulsory acquisition or subsequent acquisition transaction;

(f) there shall not exist or have occurred any change (or any condition, event or development involving a prospective change) in the business, operations (including results of operations), assets, capitalization, condition (financial or otherwise), prospects, licenses, permits, rights, privileges or liabilities, whether contractual or otherwise, of IAMGold or the Material Interests, which, when considered either individually or in the aggregate, would result in a Material Adverse Effect on IAMGold;

(g) we shall have determined in our reasonable judgement that no property right, franchise or license of IAMGold or any of the Material Interests has been or may be impaired (which impairment has not been cured or waived) or otherwise adversely affected, or threatened to be impaired or adversely affected, whether as a result of the making of the offer, the taking up and paying for IAMGold shares deposited under the offer, the completion of a compulsory acquisition or subsequent acquisition transaction or otherwise;

(h) we shall have determined in our reasonable judgement that no covenant, term or condition exists in any instrument or agreement to which IAMGold or any of its entities is a party or to which any of their properties or assets are subject which might make it inadvisable for us to proceed with the offer and/or the taking up and paying for IAMGold shares under the offer, including without limitation any default, right of termination, acceleration or other adverse event that may ensue as a result of our taking up and paying for the IAMGold shares under the offer or completing a compulsory acquisition or a subsequent acquisition transaction;

(i) we will have been provided with, or been given access to, in a timely manner, all non-public information relating to IAMGold, including without limitation a true and complete copy of the disclosure letter of IAMGold delivered to Wheaton River Minerals Ltd. pursuant to their arrangement agreement and each of the joint venture/shareholder agreements (including all amendments, supplements and modifications thereto) with respect to each of the Material Interests, and we will be satisfied upon completion of our review of such documents and upon the advice of our legal counsel, that such documents do not contain any facts or other information that would result in a Material Adverse Effect on IAMGold if the offer were completed or a change, event, occurrence or state of facts that is or would reasonably be expected to be material and adverse to any of the Material Interests, either individually or collectively, whether or not the offer were completed;

(j) the offer, if completed, shall not trigger any Material Adverse Effect on IAMGold;

(k) the IAMGold shareholders shall not have approved the resolution authorizing the issuance of additional shares of IAMGold to be presented at the IAMGold annual and special meeting of shareholders scheduled to be held on June 8, 2004, as it may be adjourned or postponed and the proposed arrangement between IAMGold and Wheaton River, pursuant to the arrangement agreement dated April 23, 2004, as amended and restated on April 29, 2004, shall not have been completed and the arrangement agreement shall have been terminated;

(l) we shall not have become aware of any untrue statement of a material fact, or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made and at the date it was made (after giving effect to all subsequent filings in relation to all matters covered in earlier filings), in any document filed by or on behalf of IAMGold with any regulatory authority in Canada or elsewhere.

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The following terms have meanings as set forth below:

Material Adverse Effect means, with respect to any person, any change, effect, event, occurrence or state of facts that is, or would reasonably be expected to be, material and adverse to the assets, business, operations or financial condition (including cash resources) of such person and its subsidiaries taken as a whole, other than any change, effect, event, occurrence or state of facts relating to the economy, securities markets or precious metals markets in general;

Material Interests means the following interests of IAMGold: (i) an indirect 38% interest in the Sadiola gold mine; (ii) an indirect 40% interest in the Yatela gold mine; (iii) an indirect 18.9% interest in the Tarkwa gold mine; and (iv) an indirect 18.9% interest in the Damang gold mine;

compulsory acquisition and *subsequent acquisition transaction* are defined in Acquisition of Shares Not Deposited Compulsory Acquisition and in Acquisition of Shares Not Deposited Subsequent Acquisition Transaction respectively;

Appropriate Approvals means those sanctions, rulings, consents, orders, exemptions, permits and other approvals (including the lapse, without objection, of a prescribed time under a statute or regulation that states that a transaction may be implemented if a prescribed time lapses following the giving of notice without an objection being made) of Governmental Entities or approvals of shareholders of Golden Star or IAMGold required in connection with the consummation of the offer;

Governmental Entity means (a) any multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, domestic or foreign; (b) any subdivision, agent, commission, board, or authority of any of the foregoing; (c) any self-regulatory authority or any of the AMEX or the TSX; or (d) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing; and

The foregoing conditions are for our exclusive benefit and may be asserted by us regardless of the circumstances giving rise to any such condition. We may, in our sole discretion, waive any of the foregoing conditions, in whole or in part, at any time and from time to time, without prejudice to any other rights which we may have. The failure by us at any time to exercise any of the foregoing rights will not be deemed to be a waiver of any such right and each such right shall be deemed to be an ongoing right which may be asserted at any time and from time to time provided that all of the conditions, other than those involving the receipt of Appropriate Approvals, are satisfied or, where permitted, waived by us prior to the expiry date.

Any waiver of a condition or the withdrawal of the offer shall be effective upon written notice or other communication confirmed in writing by us to that effect to the depositary at its principal office in Toronto. After we give any such notice, we will make a public announcement of the waiver or withdrawal, shall cause the depositary, if required by law, as soon as practicable thereafter to notify the IAMGold shareholders in the manner set forth under Notice and Delivery below and shall provide a copy of such notice to the TSX and the AMEX. Any notice of waiver will be deemed to have been given and to be effective on the day on which it is delivered or otherwise communicated to the depositary at its principal office in Toronto. In the event of any waiver, all IAMGold shares deposited previously and not taken up or withdrawn will remain subject to the offer and may be accepted for purchase by us in accordance with the terms of the offer. If the offer is withdrawn, we will not be obligated to take up or pay for any IAMGold shares deposited under the offer and the depositary will promptly return all certificates for deposited IAMGold shares to the parties by whom they were deposited in acceptance of the offer.

Purpose of the Offer

The purpose of the offer is to enable us to acquire beneficial ownership of all of the IAMGold shares. The effect of the offer is to give you the opportunity to receive our common shares in exchange for your IAMGold shares at the ratio of 1.15 of our common shares for each IAMGold common share. This consideration represents a 12.8% premium over the Cdn\$7.38 per share closing price of the IAMGold

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shares on the TSX on May 27, 2004 (being the last day of trading prior to the announcement of the proposed business combination) and a 12.0% premium to the volume-weighted average trading price of the IAMGold shares on the TSX for the 60 days prior to the announcement of the proposed business combination.

If we take up and pay for the IAMGold shares validly deposited under the offer, we intend to exercise our statutory right, if available, to acquire all the IAMGold shares not deposited under the offer or, if such statutory right of acquisition is not available, we intend to cause a meeting of IAMGold shareholders to be held to consider an amalgamation, statutory arrangement, capital reorganization or other transaction whereby we will acquire any IAMGold shares not deposited under the offer.

Payment for Deposited IAMGold Shares

If all of the conditions of the offer have been fulfilled or, where permitted, waived at the expiry time, we will become obligated to take up and pay for the IAMGold shares deposited and not withdrawn under the offer no later than 10 days from the expiry date, and to pay for the IAMGold shares taken up as soon as possible, but in any event not later than three business days after taking up the IAMGold shares. In accordance with applicable law, we will take up and pay for IAMGold shares deposited under the offer after the date on which we first take up IAMGold shares deposited under the offer not later than 10 days after the deposit of IAMGold shares.

We will be deemed to have taken up and accepted for payment IAMGold shares validly deposited and not withdrawn under the offer if, as and when we give written notice or other communication confirmed in writing to the depositary to that effect.

We will pay for IAMGold shares validly deposited and not withdrawn under the offer by providing the depositary with sufficient certificates for our shares to be exchanged for the IAMGold shares and funds to pay for fractional Golden Star shares otherwise issuable, if any, for transmittal to persons depositing IAMGold shares under the offer. Under no circumstances will interest accrue or be paid on our shares or cash for fractional shares by us or the depositary, regardless of any delay in making such payment. Fractional Golden Star shares will not be issued. Instead of receiving a fraction of a Golden Star share, you will receive a cash payment equal to such fraction multiplied by the current market price. For the purposes of determining the amount of any such cash payment, all IAMGold shares deposited by a registered holder will be aggregated.

The depositary will act as the agent for you if you deposit your IAMGold shares into the offer for the purposes of receiving payment from us and transmitting such payment to you. Receipt of the share certificates and cash, if any, by the depositary shall be deemed to constitute receipt of payment by you.

Settlement for the exchange will be made by the depositary forwarding (a) for your IAMGold shares (other than those representing fractional Golden Star shares), a certificate for the Golden Star shares to which you are entitled under the offer, provided that you are a resident of a province of Canada or another jurisdiction in which the Golden Star shares may be lawfully delivered without further action by us and (b) if applicable, a cheque in U.S. dollars in payment for the cash equivalent of any fractional Golden Star shares determined in accordance with the offer, that is payable to you. Subject to the foregoing and unless otherwise directed by the letter of transmittal, the certificates and any cheques will be issued in the name of the registered holder of the IAMGold shares so deposited. Unless you instruct the depositary to hold the certificate representing our shares and any cheque for pick-up by checking the appropriate box in the letter of transmittal, the certificate and any cheque will be forwarded by first class insured mail to such person at the address specified in the letter of transmittal. If no such address is specified, the certificate and any cheque will be sent to the address of the holder as shown on the securities register maintained by or on behalf of IAMGold. Certificates and cheques mailed in accordance with this paragraph will be deemed to be delivered at the time of mailing.

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Time and Manner for Acceptance

The offer is open for acceptance, unless withdrawn or extended at our sole discretion until the expiry time, being 9:00 p.m. (Toronto time), on July 16, 2004, unless the offer is withdrawn or extended.

The offer may be accepted by you by depositing the following documents with the depository at the offices specified in the letter of transmittal no later than the expiry time:

(a) the certificate or certificates representing IAMGold shares in respect of which the offer is being accepted;

(b) a properly completed and duly signed copy of the letter of transmittal (or a manually signed facsimile copy), with the signature or signatures guaranteed in accordance with the instructions set out in the letter of transmittal; and

(c) any other relevant document required by the instructions set forth on the letter of transmittal.

The offer will be deemed to be accepted only if the depository actually has received these documents at or before the expiry time at one of the addresses for the depository indicated on the letter of transmittal. If you cannot comply on a timely basis with these procedures for deposit of the requisite certificates for IAMGold shares, you may deposit certificates representing IAMGold shares pursuant to the procedures for guaranteed delivery described immediately below.

Procedure for Guaranteed Delivery

If you wish to accept the offer and either (i) the certificates representing your IAMGold shares are not immediately available or (ii) you cannot deliver the certificates and letter of transmittal to the depository by the expiry time, those IAMGold shares may nevertheless be deposited under the offer, provided that all of the following conditions are met:

(a) such deposit is made only at the principal office of the depository in Toronto by or through an eligible institution which means a Canadian Schedule 1 chartered bank, a major trust company in Canada, a member of a Securities Transfer Agent Medallion Program (STAMP), a member of the Stock Exchange Medallion Program (SEMP) or a member of the New York Stock Exchange, Inc. Medallion Signature Program (MSP). Members of these programs are usually members of a recognized stock exchange in Canada or the United States, members of the Investment Dealers Association of Canada, members of the National Association of Securities Dealers or banks and trust companies in the United States, referred to as an eligible institution ;

(b) a properly completed and duly executed notice of guaranteed delivery (or a manually signed facsimile) is received by the depository at its principal office in Toronto at or before the expiry time; and

(c) the certificate or certificates representing the deposited IAMGold shares, in proper form for transfer, together with a properly completed and duly signed letter of transmittal (or a manually signed facsimile copy) and other documents required by such letter of transmittal, are received at the Toronto office of the depository by 5:00 p.m. (Toronto time) on the third trading day on the Toronto Stock Exchange after the expiry time.

The notice of guaranteed delivery may be delivered by hand, transmitted by electronic facsimile or mailed to the depository only at its principal office in Toronto and must include a guarantee by an eligible institution in the form set forth in the notice of guaranteed delivery.

Extensions, Variations and Changes to the Offer

The offer will be open for acceptance at the places of deposit specified in the letter of transmittal until, but not after, the expiry time.

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We may, at any time and from time to time while the offer is open for acceptance, vary the terms of the offer or extend the expiry time by giving notice in writing to the depositary at its principal office in Toronto. Also, if at any time before the expiry time, or at any time after the expiry time, but before the expiry of all rights of withdrawal with respect to the offer, a change occurs in the information contained in this prospectus, as amended from time to time, that would reasonably be expected to affect your decision to accept or reject the offer (other than a change that is not within our control or of any of our affiliates), we will give written notice of such change to the depositary at its principal office in Toronto. Upon the giving of such notice to the depositary, the expiry time or withdrawal rights, as applicable, shall be deemed to be extended to the date specified in such notice or in the case of a variation the offer shall be deemed to be varied in the manner described in such notice, as the case may be. We will, as soon as practicable after giving any such notice to the depositary, publicly announce the extension, variation or change and cause the depositary to mail a copy of any such notice to IAMGold shareholders as required by applicable securities legislation at your address appearing in the share register of IAMGold. In addition, we will provide a copy of such notice to the TSX and AMEX. Any notice of extension, variation or change will be deemed to have been given and be effective on the day on which it is delivered or otherwise communicated to the depositary at its principal office in Toronto. During any extension of the offer, all IAMGold shares previously deposited and not taken up and paid for or withdrawn will remain subject to the offer and subject to applicable law may be accepted for purchase by us on or before the expiry time in accordance with the terms of the offer.

An extension of the expiry time shall not in and of itself constitute a waiver by us of any of our rights.

Under applicable Canadian provincial securities law, if there is a variation in the terms of the offer, the period during which IAMGold shares may be deposited under the offer shall not expire before 10 days after the notice of variation has been delivered. If, prior to the expiry time, we, in our sole discretion, increase the amount of consideration for your IAMGold shares, such increase shall be applicable to all holders whose IAMGold shares are taken up under the offer.

Notwithstanding the foregoing, the offer may not be extended by us if all the terms and conditions of such offer have been complied with, except those waived by us, unless we first take up and pay for all IAMGold shares validly deposited and not withdrawn under the offer.

Changes in Capitalization of IAMGold; Dividends and Distributions; Liens

If, on or after the date of the offer, IAMGold should divide, combine, reclassify, consolidate, convert or otherwise change any of the IAMGold common shares or its capitalization, or should disclose that it has taken or intends to take any such action, then we may, in our sole discretion and without prejudice to our rights, make such adjustments as we deem appropriate to reflect such division, combination, reclassification, consolidation, conversion or other change in the purchase price, the number of our shares to be issued or other terms of the offer (including, without limitation, the type of securities offered to be purchased and the consideration payable therefor).

IAMGold shares acquired from you pursuant to the offer shall be transferred by you and acquired by us free and clear of all liens, restrictions, charges, encumbrances, security interests, claims and equities or rights of others of any nature or kind whatsoever and together with all rights and benefits arising therefrom, including (subject to the payment of dividends as described below) the right to all other securities which may be declared, paid, issued, accrued, distributed, made or transferred on or after the date of the offer on in respect of the IAMGold shares.

If, on or after the date of the offer, IAMGold declares or pays any dividend or declares, makes or pays any other distribution or payment on or declares, allots, reserves or issues any securities, rights or other interests with respect to the IAMGold shares, that is payable or distributable to the holders of such IAMGold shares on a record date that precedes the date of transfer of such IAMGold shares into our name or our nominees or transferees on the share register maintained by or on behalf of IAMGold then without prejudice to our rights: (a) in the case of cash dividends, distributions or payments, the amount of

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the dividends, distributions or payments shall be received and held by the IAMGold shareholder, and to the extent that such dividends, distributions or payments do not exceed the value of the consideration per IAMGold share payable by us to the IAMGold shareholder pursuant to the offer (as determined by us), the consideration paid to the IAMGold shareholder in the exchange will be reduced by that number of Golden Star shares having a value equal to the amount of such dividend, distribution or payment; (b) in the case of non-cash dividends, distributions, payments, rights or other interests, the whole of any such non-cash dividend, distribution, payment, right or other interest shall be received and held by the IAMGold shareholders for our account and shall be required to be promptly remitted and transferred by the IAMGold shareholders to the depositary for our account, accompanied by appropriate documentation of transfer; and (c) in the case of any cash dividends, distributions or payments in an amount that exceeds the consideration per IAMGold share payable by us (as determined by us), the whole of any such cash dividend, distribution or payment shall be received and held by you for our account and shall be required to be promptly remitted and transferred by you to the depositary for our account, accompanied by appropriate documentation of transfer. Pending such remittance (in the case of (b) and (c) above), we will be entitled to all rights and privileges as owner of any such dividend, distribution, payment, right or other interest and may withhold all of the Golden Star shares otherwise issuable by us pursuant to the offer or deduct from the number of Golden Star shares to be delivered by us pursuant to the offer that number of Golden Star shares having a value equal to the amount or value of the dividend, distribution, payment, right or other interest, as determined by us in our sole discretion. The declaration or payment of any such dividend or distribution may have tax consequences not discussed under **Certain Canadian Federal Income Tax Considerations** or **Certain U.S. Income Tax Considerations** below.

Right to Withdraw Deposited IAMGold Shares

Except as otherwise provided below, all deposits of IAMGold shares under the offer are irrevocable. IAMGold shares may be withdrawn by or on behalf of you (unless otherwise required or permitted by applicable law):

(a) at any time prior to the expiry time; or

(b) if your IAMGold shares have not been paid for by us within three business days after having been taken up.

A notice of withdrawal of deposited IAMGold shares must:

(a) be made by a method that provides the depositary with a written or printed copy of such notice (which includes a telegraphic or electronic facsimile communication);

(b) be made by you or on your behalf;

(c) be signed by or on behalf of the person who signed the letter of transmittal (or notice of guaranteed delivery) that accompanied the IAMGold shares being withdrawn;

(d) specify that person's name, the number of IAMGold shares to be withdrawn, the name of the registered holder of, and the certificate number shown on each certificate evidencing the IAMGold shares to be withdrawn; and

(e) actually be received by the depositary at the place of deposit within the applicable time specified above.

In addition, any signature in the withdrawal notice must be guaranteed in the same manner as in the letter of transmittal or notice of guaranteed delivery, except where the IAMGold shares were deposited for the account of an eligible institution.

Withdrawals may not be rescinded and any IAMGold shares withdrawn will thereafter be deemed not validly deposited for purposes of the offer. However, withdrawn IAMGold shares may be redeposited at any time before the expiry time by again following one of the appropriate procedures to deposit those shares.

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In addition to the foregoing rights of withdrawal, in certain provinces of Canada you are entitled to statutory rights of rescission or damages or both in certain circumstances.

All questions as to the validity (including timely receipt) and form of notices of withdrawal shall be determined by us in our sole discretion and such determinations shall be final and binding. Neither we, the depository, or any other person will be under any duty to give notice of any defect or irregularity in any notice of withdrawal or shall incur any liability for failure to give such notice.

Return of Withdrawn IAMGold Shares

If any deposited IAMGold shares are not taken up by us pursuant to the terms and conditions of the offer for any reason, or if certificates are submitted for more IAMGold shares than are deposited, certificates for IAMGold shares that are not purchased will be returned, at our expense, to you by first class registered or insured mail to your address specified in the letter of transmittal or, if no such address is specified, to your address as shown on the share register maintained by or on behalf of IAMGold. Certificates and other relevant documents will be returned as promptly as practicable following the expiry time or withdrawal or early termination of the offer.

Mail Service Interruption

Notwithstanding the provisions of this prospectus, the letter of transmittal and the notice of guaranteed delivery, cheques, share certificates and any other relevant documents will not be mailed if we determine that delivery thereof by mail may be delayed. You may take delivery of these at the office of the depository at which the IAMGold shares were delivered by you, upon application to the depository, until such time as we have determined that delivery by mail will no longer be delayed. Notwithstanding the Notice and Delivery section below, the deposit of cheques, share certificates and any other relevant documents with the depository in such circumstance shall constitute delivery to the persons entitled thereto and the IAMGold shares shall be deemed to have been paid for immediately upon such deposit. Notice of any determination regarding mail service delay or interruption made by us shall be given in accordance with the Notice and Delivery section below.

Notice and Delivery

Without limiting any other lawful means of giving notice, any notice that we or the depository may give or cause to be given under the offer will be deemed to have been properly given to you if it is mailed by prepaid, first class mail to the registered holders of such securities at their respective addresses appearing in the appropriate registers maintained by IAMGold and will be deemed, unless otherwise specified by applicable law, to have been received on the first business day following the date of mailing. These provisions apply notwithstanding any accidental omission to give notice and notwithstanding any interruption of mail service in Canada or the United States following mailing. In the event of any interruption of mail service in Canada or the United States, we intend to make reasonable efforts to disseminate the notice by other means such as publication. In the event that post offices are not open for the deposit of mail, or there is reason to believe that there is or could be a disruption in all or any part of the postal service, any notice which we or the depository may give or cause to be given under the offer will be deemed to have been properly given and to have been received by you if it is given to the TSX and AMEX for dissemination through their facilities or if it is published in a newspaper or newspapers of general circulation in Toronto or if it is given to CCN Matthews News Service.

Unless post offices are not open for the deposit of mail, this prospectus, the letter of transmittal and the notice of guaranteed delivery will be mailed to you. In addition, we will use reasonable efforts to furnish such documents to brokers, banks and similar persons whose names, or the names of whose nominees, appear on the security holder list, or, if applicable, who are listed as participants in a clearing agency's security position listing, for subsequent transmission to beneficial owners of IAMGold shares when such list or listing is received.

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Wherever the offer calls for documents to be delivered to the depository, such documents will not be considered delivered unless and until they have been received at one of the offices specified in the letter of transmittal.

General

The method of delivery of certificates representing IAMGold shares and all other documents is at your option and risk and delivery will be effective only when documents are actually received by the depository. We recommend that certificates and accompanying letters of transmittal be delivered by hand to the depository and that a receipt be obtained for their deposit. If the documents are mailed, we recommend that registered mail with return receipt or acknowledgement of receipt be used and that proper insurance be obtained.

If your IAMGold shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee, you should contact that nominee for assistance in depositing those IAMGold shares under the offer.

No fee or commission will be payable by you if you deliver IAMGold shares directly to the depository.

We reserve the right to permit you to accept the offer in a manner other than as set out above.

All questions as to the validity, form, eligibility (including timely receipt) and acceptance of any IAMGold shares deposited under the offer, including the propriety and effect of the execution of the letter of transmittal will be determined by us in our sole discretion, and you agree that such determination shall be final and binding. We reserve the absolute right to reject any and all deposits which we determine not to be in proper form, or which, in the opinion of counsel, it may be unlawful to accept under the laws of any jurisdiction. Our interpretation of the terms and conditions of the offer, the letter of transmittal and notice of guaranteed delivery will be final and binding. There shall be no obligation on us, the depository, or any other person to give notice of any defect or irregularity in acceptance and no liability shall be incurred by any of them to any person for failure to give such notice.

The deposit of your IAMGold shares pursuant to the procedures described in the offer will constitute a binding agreement between you and us and such agreement shall be subject to the conditions of the offer and include representations and warranties of you that: (i) you have full power and authority to deposit, sell, assign and transfer the IAMGold shares being deposited; (ii) you own the IAMGold shares being deposited; (iii) the deposit of the IAMGold shares complies with applicable securities laws; and (iv) when the IAMGold shares are taken up and paid for by us, in accordance with the offer, we will acquire good title thereto free and clear of all liens, restrictions, charges, encumbrances, claims and equities.

Other Terms of the Offer

No broker, dealer or other person has been authorized to give any information or to make any representation or warranty on behalf of us other than as contained in this prospectus and in the Offer to Purchase and related documents sent to you pursuant to Canadian law, and if any such information, representation or warranty is given or made, it must not be relied upon as having been authorized.

The provisions of this prospectus, the letter of transmittal and the notice of guaranteed delivery accompanying the offer, including the instructions and rules contained therein, as applicable, form part of the terms and conditions of the offer.

We reserve the right to transfer or assign to one or more of our affiliates the right to purchase all or any portion of the IAMGold shares deposited pursuant to the offer.

The offer and all contracts resulting from the acceptance thereof shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

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This prospectus does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful. The offer is not being made or directed to, nor is this prospectus being mailed to, nor will deposits be accepted from or on behalf of, shareholders residing in any jurisdiction in which the making or acceptance of the offer would not be in compliance with the laws of such jurisdiction.

Effect of the Offer on the Market for and Listing of IAMGold Shares

Our purchase of IAMGold shares pursuant to the offer will reduce the number of IAMGold shares that might otherwise trade publicly and will reduce the number of holders of IAMGold shares and, depending on the number of IAMGold shares acquired by us, could adversely affect the liquidity and market value of the remaining IAMGold shares held by you.

The rules and regulations of the TSX and the AMEX establish certain criteria which, if not met, could, upon successful completion of the offer, lead to the delisting of the IAMGold shares from the TSX and the AMEX. Among such criteria are the number of IAMGold shareholders, the number of IAMGold shares publicly held and the aggregate market value of the IAMGold shares publicly held. Depending on the number of IAMGold shares purchased under the offer, it is possible that the IAMGold shares would fail to meet the criteria for continued listing on the TSX and the AMEX. If this were to happen, the IAMGold shares could be delisted and this could, in turn, adversely affect the market or result in a lack of an established market for such IAMGold shares. If permitted by applicable law, subsequent to completion of the offer or a compulsory acquisition or any subsequent acquisition transaction, if necessary, we intend to apply to delist the IAMGold shares from the TSX and the AMEX. If the IAMGold shares are delisted from the TSX and the AMEX, the extent of the public market for the IAMGold shares and the availability of price or other quotations would depend upon the number of shareholders, the number of IAMGold shares publicly held and the aggregate market value of the IAMGold shares remaining at such time, the interest in maintaining a market in IAMGold shares on the part of securities firms, whether we remain subject to public reporting requirements in Canada and the United States and other factors.

After the purchase of the IAMGold shares under the offer, IAMGold may cease to be subject to the public reporting and proxy solicitation requirements of the CBCA and the securities laws of Canada and the United States or may request to cease to be a reporting issuer under the securities laws of such jurisdictions.

Regulatory Matters

Our obligation to take up and pay for IAMGold shares tendered under the offer is conditional upon all appropriate regulatory approvals having been obtained on terms satisfactory to us, acting reasonably. Based upon an examination of the information publicly available relating to IAMGold's business, we believe that the offer will be exempt from review by the Antitrust Division of the U.S. Department of Justice and the U.S. Federal Trade Commission under the *Hart-Scott-Rodino Antitrust Improvements Act*.

Securities Regulatory Matters

The distribution of our shares under the offer is being made pursuant to statutory exemptions from the prospectus qualification and dealer registration requirements under applicable Canadian securities laws and, in certain provinces where such statutory exemptions are not available, will apply for exemptive relief from such requirements. While the resale of our shares issued under the offer is subject to restrictions under the securities laws of certain Canadian provinces and territories, shareholders in such provinces and territories generally will be able to rely on statutory exemptions from such restrictions and, where such statutory exemptions are not available, we will apply for exemptive relief from the applicable securities regulatory authorities to the effect that our shares to be issued under the offer may be resold without a prospectus.

A Registration Statement on Form S-4 has been filed with the SEC registering the issuance of our shares as required by the U.S. Securities Act of 1933. Our shares may not be issued until the Registration

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Statement is declared effective by the SEC. The resale of our shares by non-affiliates (as defined in Rule 144 under the U.S. Securities Act) is not required to be registered in the United States. However, our shares acquired by our affiliates may be resold only pursuant to a subsequent U.S. registration statement or in accordance with the requirements of Rule 144. In general, an affiliate is an officer or director of us or a shareholder who beneficially owns more than 10% of our outstanding shares. Our affiliates are subject to certain restrictions on the amount of our shares which may be resold in any single transaction.

The offer is being made in compliance with applicable Canadian rules governing tender offers and is exempt from most of the U.S. tender offer rules.

GOLDEN STAR

Corporate Overview

We are a Canadian international gold mining and exploration company, focused primarily on mining, mine development and exploration in Ghana, West Africa. We produced 174,315 ounces of gold in 2003 at a cash operating cost of \$166 per ounce, and 47,202 ounces in the first quarter of 2004 at a cash operating cost of \$181 per ounce. We expect to produce from 185,000 to 210,000 ounces in 2004 at a cash operating cost of \$200 to \$225 per ounce.

For the fiscal year ended December 31, 2003, we had revenues of approximately \$64 million. We had net assets as at that date of approximately \$198 million, with working capital of approximately \$97 million. As at June 4, 2004, Golden Star's market capitalization was approximately \$668 million.

We own 90% interests in two properties in Ghana, the Bogoso/Prestea open pit mine and related properties and the Wassa project. We operate the Bogoso/Prestea mine, with ore mined at the Prestea property being processed at the Bogoso processing plant. To date, Bogoso/Prestea has produced all of our gold since we became a gold producer upon our purchase of the Bogoso mine in late 1999. We commenced development of the Wassa mine in mid-2003. We expect to begin commercial production in the third quarter of 2004 by milling material from the existing heap leach pads, possibly supplemented by higher grade ore from the open pit mine, with full production from the open pit mine anticipated in early 2005. We also own a 61% managing interest in the currently inactive Prestea underground mine in Ghana. As part of our \$21 million 2004 exploration program, we plan to spend \$6.6 million in exploration underground as part of our effort to determine whether the underground mine can be reactivated on a profitable basis.

Golden Star also holds interests in gold exploration properties in Ghana, Sierra Leone, Mali, Suriname and French Guiana.

We are a reporting issuer or the equivalent in all provinces and territories of Canada and the United States and file continuous disclosure documents with the Canadian securities regulatory authorities and the United States Securities and Exchange Commission. Such documents are available at www.sedar.com and at www.sec.gov.

Our principal place of business is located at 10901 W. Toller Drive, Littleton, Colorado, 80127-6312, U.S.A., telephone number (303) 830-9000.

Authorized and Outstanding Share Capital

Our authorized share capital consists of an unlimited number of common shares and an unlimited number of first preferred shares issuable in series. As of June 8, 2004, there were 138,646,013 common shares issued and outstanding and no first preferred shares issued and outstanding.

Assuming that all of the IAMGold shares that are issued and outstanding as of June 4, 2004, and all shares issuable upon exercise of IAMGold options that are in the money on that date, are tendered to the

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offer and that we take up and pay for such shares under the offer, we will issue approximately 171,656,719 Golden Star common shares.

Price Range and Trading Volumes of Golden Star Shares

Our shares are listed and posted for trading on the TSX under the symbol GSC and the AMEX under the symbol GSS .

The following table sets forth, for the periods indicated, the reported high and low prices and the aggregate volume of trading of our common shares on the TSX and the AMEX:

Calendar Period	TSX			AMEX(1)		
	High	Low	Average Daily Volume	High	Low	Average Daily Volume
	(Cdn\$)	(Cdn\$)		(\$)	(\$)	
2002						
1st Quarter	2.90	0.86	122,687	1.90	0.54	513,305
2nd Quarter	3.58	1.70	254,110	2.42	1.05	1,158,610
3rd Quarter	2.70	1.34	270,578	1.80	0.84	609,209
4th Quarter	2.90	1.66	138,392	1.90	1.04	460,280
2003						
1st Quarter	3.49	2.25	247,056	2.29	1.54	784,600
2nd Quarter	3.77	2.43	276,110	2.80	1.68	753,228
3rd Quarter	6.15	3.42	627,885	4.53	2.46	1,569,970
4th Quarter	10.77	5.10	628,393	8.30	3.77	2,343,212
2004						
1st Quarter	9.68	6.56	632,479	7.46	5.05	2,755,482
April	9.53	6.02	529,918	7.26	4.35	3,876,410
May	7.47	5.41	883,535	5.45	4.26	2,406,170
June (to June 8)	6.91	6.04	1,268,298	5.05	4.44	1,619,433

(1) At the beginning of 2001, our shares were listed on the AMEX under the trading symbol GSR. Our shares were de-listed from the AMEX on January 26, 2001, and immediately began trading on the OTC Bulletin Board under the symbol GRSF. Our shares were relisted on the AMEX effective June 19, 2002 under the trading symbol GSS. Data for the period from January 26, 2001 to June 18, 2002 reflects trading on the OTC Bulletin Board.

We announced a proposed business combination with IAMGold on May 27, 2004. On May 27, 2004, the closing price of our shares on the TSX and the AMEX was Cdn\$7.24 and \$5.31, respectively. The weighted average closing price of our shares on the TSX and the AMEX for the 60 trading days ending on May 27, 2004 was Cdn\$7.42 and \$5.65 respectively. On June 8, 2004, the closing price of our shares on the TSX and the AMEX was Cdn\$6.20 and \$4.61, respectively.

Additional Information Regarding Golden Star

For additional information, please see Annex A (Information Concerning Golden Star), the Pro Forma Consolidated Financial Statements of Golden Star Resources, Ltd. and our SEC filings which are incorporated by reference.

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IAMGOLD CORPORATION

Corporate Overview

IAMGold is a growth-oriented, intermediate gold mining, exploration and development company with interests in mining rights as follows:

(a) an indirect 38% interest in La Société d'Exploitation des Mines d'Or de Sadiola S.A., the owner of the mining rights for the mining permit area in Mali on which the Sadiola gold mine is located;

(b) an indirect 50% interest in Sadiola Exploration Limited which holds an 80% interest in Yatela Exploitation Company Limited, the owner of the mining rights for the mining permit area in Mali on which the Yatela gold mine is located;

(c) an indirect 18.9% interest in Gold Fields Ghana Limited, the holder of the mineral rights to the Tarkwa concession in Ghana on which the Tarkwa gold mine is located;

(d) an indirect 18.9% interest in Abooso Goldfields Limited, the holder of the mineral rights to the Damang concession, which is contiguous with the Tarkwa concession in Ghana and on which the Damang gold mine is located;

(e) a 1% royalty on the Diavik diamond property located in the Northwest Territories, Canada; and

(f) a 0.72% net smelter return royalty on the Williams mine located in Ontario, Canada.

IAMGold also holds a portfolio of other active and inactive royalty interests on mineral properties located in the Americas and Africa and a number of exploration properties in West Africa, South America and Canada.

According to IAMGold's financial statements, for the fiscal year ended December 31, 2003, IAMGold had revenue of approximately \$101.1 million (of which approximately \$96.6 million were revenues derived from gold sales and the remainder from royalties) and net earnings of approximately \$15 million.

For the three months ended March 31, 2004, IAMGold had revenues of approximately \$27.6 million (of which approximately \$26.1 million were revenues derived from gold sales and \$1.5 million were revenues derived from royalties) and net earnings of approximately \$5.9 million.

IAMGold is a reporting issuer or the equivalent in all provinces and territories of Canada and files its continuous disclosure documents with the Canadian securities regulatory authorities and with the U.S. Securities and Exchange Commission. Such documents are available at www.sedar.com and www.sec.gov.

Authorized and Outstanding Share Capital

IAMGold is authorized to issue an unlimited number of IAMGold common shares, an unlimited number of first preference shares and an unlimited number of second preference shares. As of June 4, 2004, (i) 145,551,179 IAMGold common shares (excluding IAMGold common shares issuable upon the exercise of outstanding options) were issued and outstanding; and (ii) options to acquire up to a maximum of 5,978,200 IAMGold common shares were outstanding. In addition, as of April 28, 2004, certain officers of IAMGold held restricted share awards for an additional 22,173 IAMGold common shares to be issued over a three-year period.

Each IAMGold common share entitles the holder thereof to one vote at all meetings of shareholders other than meetings at which only holders of another class or series of shares are entitled to vote. Each IAMGold common share entitles the holder thereof, subject to the prior rights of the holders of the first preference shares and the second preference shares, to receive any dividends declared by the directors of IAMGold and the remaining property of IAMGold upon dissolution.

Table of Contents**Price Range and Trading Volume of IAMGold Shares**

The IAMGold common shares are listed and posted for trading on the TSX under the symbol **IMG** and the AMEX under the symbol **IAG**. The following table sets forth, for the periods indicated, the reported high and low sale prices and the aggregate volume of trading of the IAMGold common shares on the TSX and the AMEX:

Calendar Period	TSX			AMEX(1)		
	High	Low	Average Daily Volume	High	Low	Average Daily Volume
	(Cdn\$)	(Cdn\$)		(\$)	(\$)	
2002						
1st Quarter	5.77	4.01	168,942			
2nd Quarter	8.75	5.25	338,582			
3rd Quarter	7.19	4.01	204,136			
4th Quarter	7.85	4.86	283,724	5.50	3.20	118,938
2003						
1st Quarter	8.24	5.43	747,100	5.40	3.70	194,797
2nd Quarter	7.70	5.70	540,274	5.82	3.82	213,113
3rd Quarter	9.00	6.40	762,179	6.65	4.64	360,784
4th Quarter	10.99	8.05	612,265	8.45	5.95	379,902
2004						
1st Quarter	9.95	8.04	719,289	7.76	6.19	417,642
April	9.78	8.51	5,248,270	7.43	6.40	1,207,148
May	9.43	8.25	2,703,741	7.23	6.22	908,330
June (to June 8)	8.70	6.47	4,554,542	6.61	4.75	1,061,933

(1) IAMGold began trading on the American Stock Exchange on December 2, 2002.

We announced our proposed business combination with IAMGold on May 27, 2004. On May 27, 2004, the closing price of the IAMGold common shares on the TSX and the AMEX was Cdn\$7.38 and \$5.43, respectively. The weighted average closing price of the IAMGold common shares on the TSX and the AMEX for the 60 trading days ending on May 27, 2004 was Cdn\$7.62, and \$5.71, respectively. On June 8, 2004, the closing price of the IAMGold common shares on the TSX and AMEX was Cdn\$7.20 and \$5.42, respectively.

Material Changes and Other Information

We are not aware of any information which indicates that any material change has occurred in the affairs of IAMGold since March 31, 2004, the date of the last published interim financial statements of IAMGold, other than as disclosed herein or otherwise publicly disclosed by IAMGold, and we do not have any knowledge of any other matter that has not previously been generally disclosed and which would reasonably be expected to affect your decision to accept or reject the offer.

RELATIONSHIPS BETWEEN GOLDEN STAR AND IAMGOLD**Beneficial Ownership of and Trading in Securities of IAMGold**

No securities of IAMGold, including IAMGold common shares, are owned beneficially, directly or indirectly, nor is control or direction exercised over any securities of IAMGold, by us or our directors or senior officers or, to the knowledge of such directors and senior officers after reasonable enquiry, by any of

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our associates or affiliates or by any associate of our directors or senior officers. No person is acting jointly or in concert with us with respect to the offer.

No securities of IAMGold have been traded during the 12-month period preceding the date of the offer by us or our directors or senior officers or, to the knowledge of such directors and senior officers after reasonable enquiry, by associates or affiliates or by associates of our directors or senior officers.

As of June 4, 2004, the partners and associates of Fasken Martineau DuMoulin LLP, our Canadian counsel, beneficially owned, directly or indirectly, less than 1% of our outstanding common shares.

Prior Distributions of IAMGold Shares

We are not aware, based on publicly available information, of any distributions of IAMGold shares since December 9, 2003, other than distributions of IAMGold shares pursuant to the exercise of options to purchase IAMGold shares.

Commitments to Acquire Securities of IAMGold

Except pursuant to the offer, neither we nor any of our directors or senior officers, nor to the knowledge of our directors and senior officers after reasonable enquiry, any of our associates or affiliates or any associate of any of our directors or senior officers has entered into any commitments to acquire any equity securities of IAMGold.

Arrangements, Agreements or Understandings

There are no arrangements or agreements made or proposed to be made between us and any of the directors or senior officers of IAMGold and no payments or other benefits are proposed to be made or given by us to such directors or senior officers as compensation for loss of office or as compensation for remaining in or retiring from office if the offer is successful.

Acceptance of the Offer

We have no knowledge as to whether any IAMGold shareholder will accept the offer.

BACKGROUND TO THE OFFER

We first discussed a possible business combination with IAMGold in September 2003. Joseph Conway, President and Chief Executive Officer of IAMGold, and Peter Bradford, President and Chief Executive Officer of Golden Star, met in Denver, Colorado, during a gold conference held in Denver from September 22 through September 24, 2003. In addition, there were meetings among Allan Marter, Senior Vice President and Chief Financial Officer of Golden Star; Bruce Higson-Smith, Vice President, Corporate Development of Golden Star; and Grant Edey, Chief Financial Officer of IAMGold. At these meetings, the participants engaged in preliminary discussions regarding the possibility of a business combination of Golden Star and IAMGold, and agreed to exchange certain operating and financial information in order to evaluate whether further discussions should take place.

We entered into a confidentiality agreement with IAMGold dated September 25, 2003. In early October, Golden Star and IAMGold exchanged information about their respective properties, reserves, operations, plans and budgets, and financial results. During October and November, representatives of Golden Star and IAMGold analyzed the information received and engaged in occasional due diligence discussions. Mr. Bradford met with Mr. Conway in IAMGold's offices in Toronto during the week of November 24, 2003. They discussed in general terms various aspects of a possible business combination between Golden Star and IAMGold, including a range of possible commercial terms and issues related to the blending of the boards of directors and executive officers of the two companies. Mr. Bradford and Mr. Conway both expressed their views that it appeared to be possible that Golden Star and IAMGold could negotiate a transaction acceptable to both parties. During meetings the week commencing on

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December 1, 2003 at IAMGold's offices in Toronto, Mr. Higson-Smith reviewed technical documents and financial statements and discussed with Paul Olmsted, Vice President, Corporate Development, of IAMGold, their respective economic models of a proposed transaction. Mr. Higson-Smith also had additional preliminary discussions with Mr. Conway and Mr. Olmsted regarding possible exchange ratios upon which a combination could be based.

During this period, we also were considering other potential acquisitions and equity financing opportunities. On December 4, 2003, Mr. Bradford informed Mr. Conway that we were terminating discussions regarding a possible combination with IAMGold. Mr. Bradford subsequently confirmed the termination of discussions in a letter to Mr. Conway.

From December 5, 2003 through March 30, 2004, we completed an equity financing and continued to consider other acquisition alternatives. Mr. Bradford and Mr. Conway spoke twice during this period in person and by telephone, and each indicated generally his interest in Golden Star and IAMGold recommencing discussions regarding a possible business combination once their annual reporting requirements had been completed. There were no other discussions regarding a business combination between representatives of Golden Star and IAMGold during this period.

On March 30, 2004, IAMGold announced that it had entered into a pre-merger agreement with Wheaton River, pursuant to which, subject to certain conditions, Wheaton River shareholders would receive 0.55 IAMGold common shares for each common share of Wheaton River. IAMGold and Wheaton River subsequently entered into an arrangement agreement dated April 23, 2004, and amended and restated on April 29, 2004. IAMGold and Wheaton River each announced special meetings of their respective shareholders to be held on June 8, 2004 to consider the proposed transaction.

Commencing on April 1, and continuing until and after May 27, when Golden Star announced its proposal of a business combination with IAMGold, Golden Star management has received telephone calls and other communications from a number of institutional shareholders of IAMGold, indicating their opposition to the proposed combination of IAMGold and Wheaton River, and suggesting that Golden Star commence an offer for IAMGold shares.

On April 6, 2004, our Board of Directors met to discuss the relative merits of two potential transactions, including a possible offer for IAMGold. The Board concluded that it was interested in further investigation of a possible offer for IAMGold. The Board appointed a Special Committee composed of Messrs. David Fagin, Lars-Eric Johansson and Ian MacGregor, each an independent director. The Special Committee was authorized to instruct and direct Mr. Bradford in possible discussions and negotiations with IAMGold, to retain legal and financial advisors to assist and advise the Special Committee and Mr. Bradford, and to make recommendations to the Board of Directors regarding any possible business combinations. The Board appointed BMO Nesbitt Burns Inc. to provide financial advisory services and Fasken Martineau DuMoulin LLP to provide legal services with respect to a possible transaction with IAMGold, and instructed the Special Committee and Golden Star's management to evaluate a possible transaction with or bid for IAMGold.

During the months of April and May 2004, Golden Star's management, with the assistance of its financial and legal advisors, obtained and analyzed certain publicly available information regarding IAMGold and constructed valuation models of IAMGold and its assets to determine the relative values of IAMGold and Golden Star. Management also worked with its financial and legal advisors to consider various structuring and transaction alternatives for the combination. Management also monitored the reaction of the markets, analysts and IAMGold shareholders to the IAMGold/Wheaton River transaction, as well as movements in the prices of Golden Star's own shares. Members of the Special Committee engaged in frequent discussions with management and its financial and legal advisors regarding various financial, legal and business issues including pricing, valuations, transaction alternatives and strategic benefits. The Special Committee delivered periodic written updates to the Board regarding these matters during April.

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The Board met with management to review management's progress in analysis, valuations and proposed structuring and transaction alternatives on April 22 and April 27, and at its regularly scheduled meetings on April 29 and May 19. The financial and legal advisors participated in the April 22 Board meeting, and the financial advisors participated in the April 27 meeting. At the May 19, 2004 Board Meeting, the Special Committee was dissolved.

On May 20, 2004, BMO Nesbitt Burns advised Golden Star that it had, through its relationship with a third party, become aware that Coeur d'Alene Mines Corporation was considering a proposal to Wheaton River. Mr. Bradford and Dennis Wheeler, the Chairman and Chief Executive Officer of Coeur d'Alene, spoke later that day. Mr. Wheeler confirmed Coeur d'Alene's interest in Wheaton River and that its board of directors was considering a proposal to Wheaton River. Mr. Bradford confirmed Golden Star's interest in IAMGold subject to the finalization of its valuation analysis. Between May 20, 2004 and May 26, 2004, the companies' financial advisors discussed certain matters related to a possible business combination transaction and issues related to the break-fee clause in the arrangement agreement between IAMGold and Wheaton River. In that discussion and in a subsequent discussion on May 26, Mr. Wheeler and Mr. Bradford discussed the impact of the break fee clause in the arrangement agreement and agreed to a net payment of \$26 million that would be paid by Coeur d'Alene to Golden Star if both parties were ultimately successful in their independent bids for IAMGold and Wheaton River.

On May 26, 2004, the Board of Directors met with management and its financial and legal advisors to discuss a possible proposal for a business combination with IAMGold. The Board discussed the terms and conditions on which a proposal might be made, and instructed management and its financial and legal advisors to prepare a letter to IAMGold's Chief Executive Officer regarding a proposal.

On May 27, 2004 the Board of Directors met again with management and its financial and legal advisors and reviewed, discussed and approved the proposal to IAMGold and the related terms and conditions. Also on May 27, 2004 Golden Star entered into an agreement with Coeur d'Alene regarding the payment of break-fees under the arrangement as previously described. For more information regarding this agreement, see Pre-Offer Agreement with Coeur d'Alene.

After the close of markets on May 27, 2004, Mr. Bradford met Mr. Conway and Larry Phillips, Vice President, Corporate Affairs and Corporate Secretary of IAMGold, together with financial and legal advisors, at the offices of IAMGold. Mr. Bradford advised Mr. Conway that Golden Star was proposing a business combination with IAMGold under which IAMGold shareholders would be offered 1.15 Golden Star shares for each IAMGold share, a premium of 13% over the IAMGold shares price based on the last sales prices on the TSX on May 27, 2004.

Mr. Bradford further advised Mr. Conway that a formal offer by Golden Star would be conditional, among other things, on Golden Star having had an opportunity to perform confirmatory due diligence on IAMGold (which could be completed quickly once Golden Star received full access to necessary materials) and receiving appropriate support from IAMGold's directors and shareholders. Mr. Bradford requested a list of IAMGold shareholders and the opportunity to meet with the Board of Directors of IAMGold at its earliest convenience to discuss the proposed combination and its benefits for IAMGold shareholders.

Golden Star announced its proposal for a business combination with IAMGold by press release on May 27, 2004. Coeur d'Alene issued a press release on May 27, 2004 announcing its proposal to make an offer for the shares of Wheaton River. On May 28, 2004, Golden Star held a conference call for investors and other members of the public to discuss its proposal. Management and its financial advisors began conducting discussions and meetings with investors to assess shareholder support for the Golden Star proposal, and have continued to do so.

Following telephone conversations between Mr. Bradford and each of Mr. Conway and Mr. Gordon Bogden (a director of IAMGold) on May 28 and 30, 2004 and delivery to the IAMGold directors of a letter from Mr. Bradford on May 31, 2004, each requesting an opportunity for Mr. Bradford to meet with the IAMGold directors to present Golden Star's proposal, Mr. Bradford and a financial advisor made a

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presentation on May 31, 2004, regarding the proposed business combination to IAMGold's board of directors. IAMGold issued a press release on May 31 announcing that it did not intend to pursue a business combination with Golden Star and confirming its recommendation that its shareholders vote for the Wheaton River transaction.

On June 1, 2004, Golden Star issued a press release reaffirming the merits of its proposal to IAMGold, noting positive market response to its proposal, and indicating that the arrangement agreement may have inappropriately restricted the IAMGold directors' ability to consider alternative proposals. Also on June 1, Golden Star received a list of IAMGold shareholders accompanied by a letter from IAMGold's legal counsel. The letter requested details of Golden Star's proposed use of the shareholder list and threatened legal action if Golden Star were to make an offer to IAMGold shareholders regarding its proposed business combination. In particular, IAMGold alleged that the making of an offer by Golden Star would breach the standstill terms of the September 25, 2003 confidentiality agreement. IAMGold advised that it would seek appropriate remedies for any non-compliance with such provisions.

After further correspondence between legal counsel to Golden Star and IAMGold failed to resolve this issue, Golden Star applied to the Ontario Superior Court of Justice for a declaration confirming Golden Star's interpretation that Golden Star's making an offer to IAMGold shareholders would not breach the confidentiality agreement. In addition, Golden Star sought an order enjoining the meeting of IAMGold shareholders scheduled for June 8, 2004 to provide for a court determination and for shareholders to assess a formal offer from Golden Star. Golden Star announced its application to the Court in a press release on June 2, 2004 and announced on June 4, 2004 that the Court would hear its application on June 7, 2004.

Golden Star's application was heard on Monday, June 7, 2004 by Madam Justice Hoy. An application commenced by certain shareholders of IAMGold who sought similar relief was also heard by Madam Justice Hoy. Wheaton River brought motions to the Court to intervene in both applications, which motions were granted by the Court. The Court reserved its decision until June 8, 2004. On that date Her Honour delivered oral reasons for the decision. Madam Justice Hoy declared that the terms of the confidentiality agreement do not prohibit Golden Star from making an offer. The Court also granted the relief requested by the shareholder applicants to postpone the IAMGold meeting until June 29, 2004.

On June 8, 2004, the shareholders of Wheaton River approved the business combination contemplated by the arrangement agreement with IAMGold.

REASONS FOR THE PROPOSED COMBINATION

We believe that the combination of Golden Star and IAMGold is a unique opportunity to create an intermediate gold producer with a portfolio of profitable gold operations and advanced exploration and development opportunities in West Africa. We believe that West Africa is host to one of the world's most geologically prospective areas for future gold discoveries and development of large, low cost mining operations. We believe that the combination of Golden Star and IAMGold will produce the following valuable benefits.

A leading intermediate gold producer. The combined company would have gold production of approximately 800,000 ounces per year commencing in 2005 and annual revenues of approximately \$300 million at a gold price of \$375 per ounce. Commencing in 2006, following completion of current development projects, the combined company would have estimated net free cash flow (after capital expenditures and exploration expense) in excess of \$100 million per year. The combined company would have the largest reserve and resource base among intermediate producers, with approximately 7.3 million ounces of gold reserves and an additional 90 million tonnes of measured and indicated resources at an average grade of 1.6 grams per tonne. The new company would have significant potential to increase its resources and convert resources to reserves, particularly in our properties in Ghana.

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Substantial cost savings. We estimate the combined company would achieve annual savings of approximately \$8 million per year commencing in 2005, primarily through a combination of corporate overhead cost reductions and rationalization of our exploration programs.

Financial strength. On a pro forma basis, the combined company would have a strong, liquid balance sheet, with approximately \$185 million (assuming a break fee of \$23 million is paid to Wheaton River) in cash, cash equivalents and bullion, with total long-term debt of approximately \$12 million and sufficient cash flow to fund currently planned development activities. The combined company's financial strength would provide excellent access to capital and an enhanced ability to expand the company's portfolio of gold mines, development projects and exploration properties.

Portfolio of West African gold mines. Golden Star and IAMGold are both gold producing companies focused on West Africa. Our Bogoso/Prestea operation and Wassa development project, expected to commence production in the third quarter of 2004, are both in Ghana. IAMGold is also an established gold producer with mature production and cash flows from its minority interests in four large mines in West Africa, including the world-class Tarkwa and Sadiola mines in Ghana and Mali, respectively.

Management strength. The Golden Star management team would bring to our combined company many years of hands-on operating and project development experience in Ghana and other parts of West Africa and Africa, with strong credibility in the capital markets.

Stronger presence in West Africa. As a result of the proposed combination, we would emerge as the predominant intermediate gold mining company active in West Africa. With our extensive operating, project development and exploration experience and financial strength, we would have the opportunity to increase our portfolio by acquiring additional properties and by becoming the partner of choice for junior gold explorers in the region. We believe we would have greater flexibility than the senior gold companies active in West Africa in the pursuit of growth opportunities.

Increased geological understanding. The knowledge base established by IAMGold's past activity in West Africa, combined with Golden Star's own ongoing and active exploration program, is expected to result in a widespread geological understanding in West Africa. We believe this will provide unique potential for organic growth that we can capitalize on with our in-house project development and operational skills.

Increased competitiveness. With its financial and management strength, enhanced geological understanding and significant presence in West Africa, the combined company would have increased ability to compete for world-class gold projects in the region.

Increased market profile. The combined company would have a market capitalization of approximately \$1.4 billion based on the last trading prices of our respective shares on June 8, 2004. Due to the increased market capitalization, the shares of the combined company would be eligible investments for additional potential institutional investors in the U.S. and Canada. Most of Golden Star's trading activity is on the AMEX, and most of IAMGold's trading activity is on the TSX. The combined company should achieve an excellent balance of capital markets participation across the U.S.-Canadian border, with anticipated daily trading volumes of from \$25 to \$30 million per day.

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PLANS FOR GOLDEN STAR AND IAMGOLD FOLLOWING

THE COMPLETION OF THE OFFER

Our focus has been to acquire holdings in Ghana in areas from which significant amounts of gold have historically been produced and where we believe there are excellent opportunities for the discovery of additional gold. More recently, we have expanded our focus to include exploration for new gold discoveries in new prospective areas, in southeast Mali and in Sierra Leone.

Following the acquisition of IAMGold, Golden Star would emerge as a dominant intermediate size gold producer with strong, diversified cash flow from six operations in Ghana and Mali and a royalty portfolio. We would have continuing production growth in 2004 and 2005 as Wassa begins operations, production at Bogoso/Prestea increases and the Tarkwa expansion is completed. We expect to fund the current development projects of the combined company primarily from free net cash flow, preserving and growing the combined treasury of approximately \$185 million (assuming we pay a \$23 million break fee to Wheaton River) to enable us to respond quickly to attractive growth opportunities.

Golden Star, following the acquisition, would continue to have its operations and immediate development and exploration activities concentrated in West Africa, a part of the world where we believe there is excellent potential for new gold discoveries and the development of new gold mines. The fact that three of the top four gold producers have significant operations in the region supports our view.

As the dominant intermediate gold producer in this region, with substantial cash flow from existing operations, we should be a leader in the exploration for new gold discoveries and in the acquisition of existing gold projects. We already have operating credibility in this region. We intend to be the partner of choice for junior companies operating in West Africa, several of which have advanced exploration or development stage projects but do not possess project development or operating expertise. We would have sufficient cash and cash flow to be a partner of choice for senior companies and to take advantage of the acquisition opportunities presented by senior gold company dispositions.

In West Africa, local experience and knowledge is crucial. We have extensive experience in Ghana, and have begun to develop our knowledge of Sierra Leone and Mali. IAMGold explored actively in West Africa during the early to mid 1990s, and we expect our exploration efforts to benefit substantially from the combination of the two companies.

Delisting

If permitted by applicable law, subsequent to the completion of the offer and, if necessary, any compulsory acquisition or any subsequent acquisition transaction (as defined below), we intend to delist the IAMGold shares from the TSX and AMEX and, where applicable, to cause IAMGold to cease to be a reporting issuer.

PRE-OFFER AGREEMENT WITH COEUR D'ALENE

As referenced in "Background of the Offer", a break fee is payable by IAMGold to Wheaton River if the arrangement agreement is terminated in the following events: (i) Wheaton River terminates the arrangement agreement if an acquisition proposal is determined by IAMGold's directors to be a Superior Proposal, as defined in the arrangement agreement, and the directors of IAMGold withdraw or modify their recommendation of the transactions contemplated in the arrangement agreement or approve, recommend or enter into any agreement with respect to the Superior Proposal; (ii) IAMGold terminates the arrangement agreement on the basis that another acquisition proposal is a Superior Proposal (after having given Wheaton River the opportunity to match the offer); (iii) if an acquisition proposal is not withdrawn prior to IAMGold's shareholders meeting and the shareholders of IAMGold do not approve the transactions contemplated in the arrangement agreement (and the arrangement agreement is terminated on that basis) and IAMGold completes the business combination with the person who proposed the acquisition proposal within 9 months from the date of termination of the arrangement agreement; or (iv) IAMGold shareholders do not approve the transactions and certain other matters on or before

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July 22, 2004. Similarly, a break fee is payable by Wheaton River to IAMGold in the event the arrangement agreement is terminated in analogous circumstances relating to Wheaton River other than in (iv) above. The break fee payable is equal to 3% of the market capitalization of the paying party.

In accordance with the terms of their agreement, Golden Star and Coeur d'Alene agreed to net the potential break fees payable under the arrangement agreement such that if both Golden Star and Coeur d'Alene complete their proposed combinations with IAMGold and Wheaton River, respectively, Coeur d'Alene or Wheaton shall pay to IAMGold a fee of \$26 million in lieu of either party paying a break fee under the arrangement agreement.

On June 8, 2004, the shareholders of Wheaton River approved the business combination contemplated by the arrangement agreement with IAMGold. As a result of this approval, it is less likely that we, through our ownership of IAMGold, will receive a break fee and IAMGold may be obligated to pay the break fee referred to above. We estimate the break fee payable to IAMGold to be approximately \$23 million.

ACQUISITION OF SHARES NOT DEPOSITED

Compulsory Acquisition

If, within 120 days after the date of the offer, the offer has been accepted by the holders of not less than 90% of the issued and outstanding IAMGold shares, other than IAMGold shares held at the date of the offer by or on behalf of us or our affiliates and associates (as such terms are defined in the Canadian Business Corporations Act, or CBCA), and we acquire the deposited IAMGold shares under the offer, we currently intend to perform a compulsory acquisition where we would acquire the IAMGold shares not deposited under the offer on the same terms as the IAMGold shares acquired under the offer pursuant to the provisions of section 206 of the CBCA, referred to as a compulsory acquisition.

To complete the compulsory acquisition, we must give notice to each IAMGold shareholder who did not accept the offer (and each person who subsequently acquires any such IAMGold shares) and to the director under the CBCA of such proposed acquisition on or before the earlier of 60 days from the date of the termination of the offer and 180 days from the date of the offer. Within 20 days of the giving of the notice by us, we must pay or transfer to IAMGold the consideration we would have had to pay or transfer to the dissenting offerees if they had elected to accept the offer, to be held in trust for the dissenting offerees. In accordance with section 206 of the CBCA, within 20 days after receipt of the notice from us, each dissenting offeree must send the certificates representing the IAMGold shares held by such dissenting offeree to IAMGold, and must elect either to transfer such IAMGold shares to us on the terms of the offer or to demand payment of the fair value of such IAMGold shares held by such holder. A dissenting offeree who does not notify us within 20 days after the person receives our notice is deemed to have elected to transfer such IAMGold shares to us on the same terms that we acquired IAMGold shares from shareholders who accepted the offer. If a dissenting offeree has elected to demand payment of the fair value of such IAMGold shares, we may apply to a court having jurisdiction to hear an application to fix the fair value of such IAMGold shares of such dissenting offeree. If we fail to apply to the court within 20 days after we made the payment or transferred the consideration to IAMGold referred to above, the dissenting offeree may then apply to the court within a further period of 20 days to have the court fix the fair value. If there is no such application made by the dissenting offeree within such period, the dissenting offeree will be deemed to have elected to transfer such IAMGold shares to us on the same terms that we acquired IAMGold shares from shareholders who accepted the offer. Any judicial determination of the fair value of the IAMGold shares could be more or less than the amount paid under the offer.

The foregoing is a summary only of the right of a compulsory acquisition that may become available to us and is qualified in its entirety by the provisions of section 206 of the CBCA. Section 206 of the CBCA is complex and may require strict adherence to notice and timing provisions, failing which such rights may be lost or altered. Shareholders who wish to be better informed about the provisions of section 206 of the CBCA should consult their legal advisors. See Certain Canadian Federal Income Tax

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Considerations and Certain U.S. Income Tax Considerations, for a discussion of the tax consequences to shareholders in the event of a compulsory acquisition.

Compelled Acquisition

If you do not receive the notice from us regarding a compulsory acquisition, you may, within 90 days after the date of the termination of the offer, or if you did not receive the offer, within 90 days of the later of the date of termination of the offer and the date on which you learned of the offer, require us to acquire your IAMGold shares on the terms of the offer.

The foregoing is a summary only of the right of compelled acquisition that may be available to you and is qualified in its entirety by the provisions of section 206.1 of the CBCA. Section 206.1 of the CBCA is complex and may require strict adherence to notice and timing provisions, failing which such rights may be lost or altered. If you wish to be better informed about the provisions of section 206.1 of the CBCA, you should consult your legal advisors.

Subsequent Acquisition Transaction

If we take up and pay for IAMGold shares validly deposited under the offer and the right of compulsory acquisition described above is not available or we elect not to pursue such right, we currently intend to cause a special meeting of IAMGold shareholders to be called to consider an amalgamation, statutory arrangement, capital reorganization or other transaction involving IAMGold and Golden Star or an affiliate for the purpose of enabling us or our affiliate to acquire all IAMGold shares not acquired pursuant to the offer, referred to as a subsequent acquisition transaction. The timing and details of any such subsequent acquisition transaction will depend on a number of factors, including the number of IAMGold shares acquired pursuant to the offer. If at least 66 2/3% of the issued and outstanding IAMGold shares are taken up under the offer, we should own sufficient IAMGold shares to effect a subsequent acquisition transaction. While we currently intend that the consideration offered under any subsequent acquisition transaction would be the same consideration as the consideration offered under the offer, the consideration offered to holders of IAMGold shares in a subsequent acquisition transaction could ultimately have a higher or lower value than the value of the consideration pursuant to the offer.

Each type of subsequent acquisition transaction described above would be a going private transaction within the meaning of certain applicable Canadian securities legislation and regulations, the Ontario Securities Commission, referred to as the OSC, Rule 61-501 and the Autorité de marchés financiers (Quebec), referred to as the AMF, Policy Q-27, if such subsequent acquisition transaction would result in your interest in IAMGold being terminated without your consent. In certain circumstances, the provisions of Rule 61-501 and Policy Q-27 may also deem certain types of subsequent acquisition transactions to be related party transactions. However, if the subsequent acquisition transaction is a going private transaction carried out in accordance with Rule 61-501 or an exemption therefrom and Policy Q-27 or an exemption therefrom, the related party transaction provisions of Rule 61-501 and Policy Q-27 would not apply to such transaction. We intend to carry out any such going private transaction in accordance with Rule 61-501 and Policy Q-27 or exemptions therefrom such that the related party transaction provisions of Rule 61-501 and Policy Q-27 will not apply to the going private transaction.

Canadian securities legislation and regulations, Rule 61-501 and Policy Q-27 provide that, unless exempted, a corporation proposing to carry out a going private transaction is required to prepare a valuation of the IAMGold shares (and subject to certain exceptions, any non-cash consideration being offered therefor) and provide to the holders of the IAMGold shares a summary of such valuation or the entire valuation. In connection therewith, we intend to rely on any exemption then available or to seek waivers pursuant to Rule 61-501 and Policy Q-27 from the OSC and AMF, respectively, exempting us, IAMGold and any affiliates, as appropriate, from the requirement to prepare a valuation in connection with any subsequent acquisition transaction.

Depending on the nature of the subsequent acquisition transaction, the provisions of the CBCA may require the approval of at least 66 2/3% of the votes cast by holders of the outstanding IAMGold shares at a

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meeting duly called and held for the purpose of approving a subsequent acquisition transaction. Rule 61-501 and Policy Q-27 would in effect also require that, in addition to any other required securityholder approval, in order to complete a going private transaction, the approval of a simple majority of the votes cast by minority holders of the affected securities must be obtained unless an exemption is available or discretionary relief is granted by the OSC and the AMF. In relation to any subsequent acquisition transaction, the minority holders will be, subject to any available exemption or discretionary relief granted by the OSC and the AMF as required, all IAMGold shareholders other than us, our directors and senior officers, any associates or affiliates, any person or company acting jointly or in concert with any of the foregoing persons (other than IAMGold) and any person who is a related party of us as defined by Rule 61-501 and Policy Q-27. Rule 61-501 and Policy Q-27 also provide that we may treat IAMGold shares acquired pursuant to the offer as minority shares and to vote them, or to consider them voted, in favour of a subsequent acquisition transaction that is a going private transaction if the consideration for each security in the subsequent acquisition transaction is at least equal in value to and in the same form as the consideration paid pursuant to the offer. We currently intend that the consideration offered under any subsequent acquisition transaction we proposed would be the same consideration paid to IAMGold shareholders under the offer and we intend to cause the IAMGold shares acquired pursuant to the offer to be voted in favour of such transaction and to be counted as part of any minority approval required in connection with any such transaction.

In addition, under Rule 61-501 and Policy Q-27, if, following the offer, we and our affiliates are the registered holders of 90% or more of the IAMGold shares at the time the subsequent acquisition transaction is initiated, the requirement for minority approval would not apply to the transaction if a statutory right to dissent and seek fair value or a substantially equivalent enforceable right is made available to the minority shareholders. If we decide not to effect a compulsory acquisition or propose a subsequent acquisition transaction involving IAMGold, or we propose a subsequent acquisition transaction but cannot promptly obtain any required approval or exemption, we will evaluate our other alternatives. Such alternatives could include, to the extent permitted by applicable law, purchasing additional IAMGold shares in the open market, in privately negotiated transactions, in another take-over bid or exchange offer or otherwise, or from IAMGold, or taking no further action to acquire additional IAMGold shares. Any additional purchases of IAMGold shares could be for consideration greater than, equal to or less than that to be paid for IAMGold shares under the offer and could be for cash and/or securities or other consideration. Alternatively, we may sell or otherwise dispose of any or all IAMGold shares acquired pursuant to the offer or otherwise. Such transactions may be effected on terms and at prices then determined by us, which may vary from the terms and the price paid for IAMGold shares under the offer.

Any subsequent acquisition transaction may also result in you having the right to dissent and demand payment of the fair value of your IAMGold shares. If the statutory procedures are complied with, this right could lead to a judicial determination of the fair value required to be paid to you for your IAMGold shares. The fair value of IAMGold shares so determined could be more or less than the amount paid per IAMGold shares pursuant to the subsequent acquisition transaction or the offer.

The tax consequences to you of a subsequent acquisition transaction may differ significantly from the tax consequences to you of accepting the offer. See *Certain Canadian Federal Income Tax Considerations* and *Certain U.S. Income Tax Considerations*, respectively. You should consult your legal advisors for a determination of your legal rights with respect to a subsequent acquisition transaction if and when proposed.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

General

The following is a summary, as of the date hereof, of the principal Canadian federal income tax consequences generally applicable to shareholders who dispose of their IAMGold shares pursuant to the offer and who, for purposes of the Income Tax Act (Canada), or Tax Act, hold their IAMGold shares as

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capital property, deal at arm's length and are not affiliated with each of Golden Star and IAMGold at all times up to and including the completion of the offer, and immediately following completion of the offer will not, either alone or together with any person with whom the shareholder does not deal at arm's length, control Golden Star or beneficially own our shares having a fair market value in excess of 50% of the fair market value of all of our outstanding shares. The IAMGold shares will generally constitute capital property to you unless you hold such shares in the course of carrying on a business or have acquired such IAMGold shares in a transaction or transactions considered to be an adventure in the nature of trade. This summary is not applicable to a shareholder who is a tax shelter investment under the Tax Act or that is a financial institution which is subject to the mark-to-market provisions of the Tax Act.

This summary is based upon the current provisions of the Tax Act, the regulations thereunder, all proposed amendments to the Tax Act or the regulations announced by the Minister of Finance prior to the date hereof and our understanding of the current published administrative and assessing practices of Canada Revenue Agency, referred to as the CRA. This summary does not otherwise take into account or anticipate changes in the law, whether by way of judicial, governmental or legislative decision or action, nor does it take into account provincial, territorial or foreign tax legislation or considerations.

This summary is of a general nature only and is not exhaustive of all possible Canadian federal income tax considerations. This summary is not intended to be, nor should it be construed to be, legal or tax advice to any particular shareholder and, accordingly, shareholders should consult their own independent tax advisors for advice with respect to the income tax consequences to them of disposing of their IAMGold shares having regard to their own particular circumstances.

Shareholders Resident in Canada

In addition to the comments set out under the heading *General*, this portion of the summary is applicable only to shareholders who are resident or deemed to be resident in Canada for purposes of the Tax Act, referred to as the resident shareholders.

Certain resident shareholders whose IAMGold shares might not otherwise qualify as capital property may, in certain circumstances, make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have their IAMGold shares and every Canadian security (as defined in the Tax Act) owned by such holders in the taxation year of the election and in all subsequent taxation years deemed to be a capital property.

Resident Shareholders Accepting the Offer

A resident shareholder who exchanges IAMGold shares pursuant to the offer for our shares will, unless the resident shareholder chooses otherwise, be deemed to have disposed of such IAMGold shares for proceeds of disposition equal to the resident shareholder's adjusted cost base thereof. Such resident shareholder would therefore neither recognize a capital gain nor a capital loss in respect of the exchange and would be deemed to acquire our shares at a cost which is equal to the adjusted cost base of our shares for the purposes of computing the adjusted cost base of all Golden Star shares owned by them for purposes of the Tax Act.

Under the current administrative and assessing practice of the CRA, a resident shareholder who receives cash in an amount which does not exceed Cdn\$200 in lieu of a fraction of a Golden Star share pursuant to the exchange of shares under the offer may ignore the computation of any gain or loss on the disposition of the fractional share and reduce the adjusted cost base of the Golden Star shares received on the exchange by the amount of such cash. In the alternative, a resident shareholder may include the capital gain or loss arising on the disposition of the fractional share in the computation of that resident shareholder's income.

Notwithstanding the foregoing, resident shareholders who receive Golden Star shares in exchange for their IAMGold shares may, if they so choose, recognize a capital gain or a capital loss in respect of such disposition by reporting the same in their income tax return for the taxation year during which the

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disposition occurred. Such capital gain (or capital loss) will be equal to the amount by which the fair market value of the Golden Star shares received exceeds (or is exceeded by) the aggregate of the adjusted cost base of their IAMGold shares and any reasonable costs of making the disposition. In such circumstances, the cost of the Golden Star shares acquired will be the fair market value thereof for the purposes of computing the adjusted cost base of all Golden Star shares owned by the holder. One-half of any such capital gain (a taxable capital gain) must be included in computing the resident shareholder's income and one-half of any such capital loss (an allowable capital loss) is deductible by the resident shareholder from taxable capital gains arising in the year of disposition. To the extent that a resident shareholder has insufficient taxable capital gains in the current taxation year against which to apply an allowable capital loss, the deficiency will constitute a net capital loss for the current taxation year and may generally be carried back to any of the three preceding taxation years or carried forward to any future taxation year, subject to the detailed rules in the Tax Act in that regard. The amount of any capital loss realized by a resident shareholder that is a corporation or certain partnerships or trusts may be reduced in certain circumstances in respect of dividends previously received or deemed to be received on the IAMGold shares to the extent and under the circumstances described in the Tax Act.

Acquisition of Shares Not Deposited

Compulsory Acquisition

We may acquire IAMGold shares not deposited under the offer pursuant to a compulsory acquisition. The consequences under the Tax Act of any compulsory acquisition will depend upon the consideration offered by us in respect thereof. Generally speaking, to the extent the IAMGold shares are acquired by us for our shares, the consequences to resident shareholders will generally be as set out above under the heading Resident Shareholders Accepting the Offer.

A resident shareholder who dissents in a compulsory acquisition and elects to receive the fair value for the holder's IAMGold shares will be considered to have disposed of the IAMGold shares for proceeds of disposition equal to the amount received by the resident shareholder less the amount of interest awarded by the court and will realize a capital gain (or a capital loss) in the manner, and subject to the treatment, described above in the last paragraph under Resident Shareholders Accepting the Offer. Any interest awarded to the resident shareholder by the court will be included in the resident shareholder's income for the purposes of the Tax Act.

Subsequent Acquisition Transaction

If we do not acquire all of the IAMGold shares pursuant to the offer or by means of a compulsory acquisition, we may propose other means of acquiring the remaining issued and outstanding IAMGold shares. It is our current intention that the consideration offered under any subsequent acquisition transaction would be identical to the consideration offered under the offer. The tax treatment of a subsequent acquisition transaction to a resident shareholder will depend upon the exact manner in which the subsequent acquisition transaction is carried out.

We may propose to carry out a subsequent acquisition transaction by means of an amalgamation, statutory arrangement, capital reorganization, consolidation or other transaction, the tax consequences of which would depend upon the nature of the particular transaction undertaken and may be substantially the same as, or materially different from, those described above. Depending upon the exact manner in which the transaction is carried out, such tax consequences may include a capital gain or capital loss, a deemed dividend or both a deemed dividend and a capital gain or capital loss. Any such capital loss may, in certain circumstances, be reduced by the amount of certain dividends previously received or deemed to have been received on your IAMGold shares (or on shares of an amalgamated corporation for which the IAMGold shares are exchanged) to the extent and under the circumstances described in the Tax Act.

A resident shareholder that is a corporation should consult its tax advisors for specific advice with respect to the potential application of subsection 55(2) of the Tax Act with respect to any dividends received, or deemed to be received, by such corporation in connection with a subsequent acquisition

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transaction. Subsection 55(2) provides that, where a resident shareholder that is a corporation receives, or is deemed to receive, a dividend, in certain circumstances the dividend or deemed dividend may be treated as proceeds of disposition of the IAMGold shares for the purpose of computing the resident shareholder's capital gain. Subject to the potential application of this provision, dividends received, or deemed to be received, by a corporation in connection with a subsequent acquisition transaction will be included in computing income, but normally will also be deductible in computing its taxable income.

A resident shareholder that is a private corporation or a subject corporation (as such terms are defined in the Tax Act) may be liable under Part IV of the Tax Act to pay a refundable tax of 33 1/3% on dividends received, or deemed to be received, in connection with a subsequent acquisition transaction to the extent that such dividends are deductible in computing such corporation's taxable income.

In the case of a resident shareholder who is an individual (including a trust), dividends received or deemed to be received in connection with a subsequent acquisition transaction will be included in computing the resident shareholder's income, and will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends paid by a taxable Canadian corporation.

If the subsequent acquisition transaction is carried out by means of an amalgamation, under the current administrative practice of the CRA, resident shareholders who exercise their right of dissent in respect of such an amalgamation should be considered to have disposed of their IAMGold shares for proceeds of disposition equal to the amount paid by the amalgamated corporation to the dissenting resident shareholder for such shares, other than interest awarded by the court. Because of uncertainties under the relevant legislation as to whether such amounts paid to a dissenting resident shareholder would be treated entirely as proceeds of disposition, or in part as the payment of a deemed dividend, dissenting resident shareholders should consult with their tax advisors in this regard.

Resident shareholders should consult their own tax advisors for advice with respect to the income tax consequences to them of having their IAMGold shares acquired pursuant to a subsequent acquisition transaction.

Shareholders Not Resident in Canada

In addition to the comments set out above under the heading General, this portion of the summary is applicable to shareholders who, for purposes of the Tax Act, have not been resident in Canada or deemed to be resident in Canada at any time while they held their IAMGold shares, do not carry on an insurance business in Canada and who do not use or hold and are not deemed to use or hold their IAMGold shares in carrying on a business in Canada. Such persons are referred to as non-resident shareholders below.

Non-Resident Shareholders Accepting the Offer

A non-resident shareholder will not be subject to tax under the Tax Act in respect of any capital gain realized on a disposition of IAMGold shares pursuant to the offer unless such shares are or are deemed to be taxable Canadian property and the non-resident shareholder is not afforded any relief under an applicable tax treaty.

Generally, IAMGold shares will not be taxable Canadian property at a particular time provided that such shares are listed on a prescribed stock exchange (which includes the TSX and the AMEX), unless:

(a) at any time during the five year period immediately preceding the disposition of the IAMGold shares by such non-resident shareholder, the non-resident shareholder, persons not dealing at arm's length with such non-resident shareholder, or any combination thereof owned (or had options to acquire) not less than 25% of the issued shares of any class or series of the capital stock of IAMGold; or

(b) the non-resident shareholder's IAMGold shares were acquired in certain types of tax deferred exchanges in consideration for property that was itself taxable Canadian property.

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Even if the IAMGold shares are taxable Canadian property to a non-resident shareholder and the disposition would give rise to a capital gain, an exemption from tax may be available under the terms of an applicable income tax treaty between Canada and the country of residence of the non-resident shareholder.

Acquisition of Shares Not Deposited

The consequences under the Tax Act to a non-resident shareholder of any compulsory acquisition or subsequent acquisition transaction would depend upon the nature of the transaction. In general, the non-resident shareholder would not be subject to taxation under the Tax Act in respect of any capital gain that is recognized unless the non-resident shareholder's IAMGold shares are taxable Canadian property, as described above, and the non-resident shareholder is not afforded any relief under an applicable tax treaty.

Compulsory Acquisition

A non-resident shareholder who dissents in a compulsory acquisition and elects to receive the fair value for the holder's IAMGold shares will be considered to have disposed of the IAMGold shares for proceeds of disposition equal to the amount received by the resident shareholder less the amount of interest awarded by the Court. In such circumstances, the non-resident shareholder would not be subject to taxation under the Tax Act in respect of any capital gain that is recognized unless the non-resident shareholder's IAMGold shares are taxable Canadian property, as described above, and the non-resident shareholder is not afforded any relief under an applicable tax treaty.

Interest awarded to a dissenting non-resident shareholder by a court will be subject to non-resident withholding tax at the rate of 25% unless the rate is reduced under the provisions of an applicable tax treaty.

Subsequent Acquisition Transactions

If we acquire less than 90% of the IAMGold shares under the offer or the right of compulsory acquisition is not available for any reason or if we elect not to proceed under such provisions, we may propose other means of acquiring the remaining issued and outstanding IAMGold shares. It is our current intention that the consideration offered under any subsequent acquisition transaction would be identical to the consideration offered under the offer. The tax treatment of a subsequent acquisition transaction to a non-resident shareholder will depend upon the exact manner in which the subsequent acquisition transaction is carried out. A non-resident shareholder may realize a capital gain or a capital loss and/or a deemed dividend. Dividends paid or deemed to be paid to a non-resident shareholder will be subject to Canadian withholding tax at a rate of 25%. This rate may be reduced under the provisions of an applicable income tax treaty.

Non-resident shareholders should consult their own tax advisors for advice with respect to the potential income tax consequences to them of having their IAMGold shares acquired pursuant to a compulsory acquisition or subsequent acquisition transaction.

CERTAIN U.S. INCOME TAX CONSIDERATIONS

The following is a summary of the material anticipated U.S. Federal income tax consequences of exchanging IAMGold shares for our common shares pursuant to the offer. This summary is based upon the U.S. Internal Revenue Code of 1986, as amended, referred to as the Code, treasury regulations promulgated under the Code, administrative rulings of the U.S. Internal Revenue Service, referred to as the IRS, and judicial decisions of the U.S. courts, in each case as in effect on the date hereof. Changes in the laws may alter the U.S. Federal income tax treatment of our common shares discussed in this summary, possibly with retroactive effect.

This summary is general in nature and does not address the effects of any state or local taxes, or the tax consequences in jurisdictions other than the United States. In addition, this summary does not address

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all U.S. Federal income tax consequences that may be relevant to the particular circumstances of a holder of IAMGold shares, nor to a holder of IAMGold shares with a special status, such as:

a person that owns, has owned, or will own 5% or more (by voting power or value, and taking into account certain attribution rules) of our issued and outstanding shares or IAMGold shares;

a broker, dealer or trader in securities or currencies, or any person who owns IAMGold shares or our shares other than as capital assets within the meaning of Section 1221 of the Code;

a bank, mutual fund, life insurance company or other financial institution;

a tax-exempt organization;

a real estate investment trust or regulated investment company;

a qualified retirement plan or individual retirement account;

a person that holds or will hold their IAMGold shares or Golden Star shares as part of a straddle, hedge, constructive sale or other integrated transaction for tax purposes;

a partnership, S corporation or other pass-through entity, as determined for U.S. Federal income tax purposes;

an investor in a partnership, S corporation or other pass-through entity, as determined for U.S. Federal income tax purposes;

a person whose functional currency for tax purposes is not the U.S. dollar;

a person liable for alternative minimum tax.

It is assumed for purposes of this summary that we are not, have not at any time been and will not be after this offering (a) a controlled foreign corporation, as defined in Section 957(a) of the Code, (b) a foreign investment company, as defined in Section 1246(b) of the Code or (c) a foreign personal holding company, as defined in Section 552 of the Code.

HOLDERS OF IAMGOLD SHARES ARE URGED TO CONSULT THEIR OWN TAX ADVISORS REGARDING THE TAX CONSEQUENCES OF THE ACQUISITION PURSUANT TO THE OFFER, OWNERSHIP AND DISPOSITION OF OUR SHARES IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES, AS WELL AS THE TAX CONSEQUENCES UNDER STATE, LOCAL AND NON-UNITED STATES TAX LAW AND THE POSSIBLE EFFECTS OF CHANGES IN TAX LAW.

For purposes of this discussion, a U.S. Holder means a beneficial owner of a common share of IAMGold, or Golden Star, as the case may be, who is, for U.S. Federal income tax purposes:

an individual citizen or resident of the United States;

a corporation created or organized in or under the laws of the United States or any political subdivision thereof;

an estate the income of which is subject to U.S. Federal income taxation regardless of its source; or

a trust (1) that validly elects to be treated as a U.S. person for U.S. Federal income tax purposes or (2) the administration over which a U.S. court can exercise primary supervision and all of the substantial decisions of which one or more U.S. persons have the authority to control.

Non-U.S. Holder means any person who owns shares of IAMGold, or our shares, as the case may be, and who is not a U.S. Holder.

If a pass-through entity holds IAMGold shares, the tax treatment of an owner of such pass-through entity generally will depend upon the status of such owner and upon the activities of the pass-through entity. An owner of pass-through entity holding IAMGold shares should consult

such owner's tax advisor regarding the specific tax consequences of exchanging IAMGold shares in the offer.

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U.S. Holders of IAMGold Shares

Consequences of Exchanging IAMGold Shares Pursuant to the Offer

We will endeavor to cause the exchange of IAMGold shares pursuant to the offer to be treated as an exchange pursuant a reorganization within the meaning of Section 368(a)(1) of the Code. Any such reorganization likely would be treated as including the exchange of IAMGold shares made pursuant to any compulsory acquisition transaction. However, reorganization treatment may or may not be available, depending upon the precise outcome of any compulsory acquisition or subsequent acquisition transaction. Each U.S. Holder is urged to take into account the possibility that a transfer of IAMGold shares pursuant to the offer may not qualify as an exchange pursuant to a reorganization under Section 368(a)(1) of the Code.

If the exchange of IAMGold shares pursuant to the offer qualifies as an exchange pursuant to a reorganization under Section 368(a)(1) of the Code, the exchange should have the following U.S. Federal income tax consequences:

Golden Star and IAMGold will be treated as parties to the reorganization under Section 368(b) of the Code.

No gain or loss will be recognized by a U.S. Holder of IAMGold shares on the exchange of those shares for our shares.

The aggregate adjusted tax basis of our shares received in the exchange by a U.S. Holder will be the same as the aggregate adjusted tax basis of such U.S. Holder's IAMGold shares exchanged therefore.

The holding period of our shares received in the exchange by a U.S. Holder will include the holding period of such U.S. Holder's IAMGold shares exchanged therefore.

The receipt of cash in lieu of a fractional Golden Star share by a U.S. Holder will generally result in taxable gain or loss to the U.S. Holder equal to the difference between the amount of cash received by the U.S. Holder and the U.S. Holder's adjusted tax basis in such fractional share. Such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the U.S. Holder's holding period exceeds one year upon the closing of the exchange. However, in certain circumstances in which a U.S. Holder maintains a sufficient interest in Golden Star (both direct and constructive), the amount of a cash payment received in lieu of a fractional share by the U.S. Holder may be treated as dividend income to the extent paid out of earnings and profits.

U.S. Holders of IAMGold shares who have acquired different lots of IAMGold shares for different prices per share should consult with their U.S. tax advisors to determine whether they may identify specific lots of our shares as received in exchange for the different lots of IAMGold shares.

If the exchange of IAMGold shares for our shares fails to qualify as an exchange pursuant to a reorganization under Section 368(a)(1) of the Code, a U.S. Holder will recognize taxable gain or loss equal to the difference between the fair market value of our shares received in the offer and the U.S. Holder's adjusted basis in the IAMGold shares exchanged. Any such gain or loss generally will be capital gain or loss, and will be long-term capital gain or loss if the U.S. Holder's holding period in the IAMGold shares exceeds one year upon the consummation of the exchange pursuant to the offer.

For non-corporate U.S. Holders, long-term capital gain recognized in connection with an exchange made pursuant to the offer generally will be taxed at a maximum U.S. Federal income tax rate of 15%. The deductibility of capital losses is subject to limitations.

The tax consequences described above are based upon the assumption that IAMGold is not, and has not been, a passive foreign investment company referred to as a PFIC. If IAMGold were a PFIC for the taxable year that includes any portion of a U.S. Holder's holding period in IAMGold shares, the tax

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consequences to the U.S. Holder who exchanges IAMGold shares for Golden Star shares pursuant to the offer generally would be as follows:

if the exchange is in pursuance of a reorganization under Section 368(a)(1) of the Code, the U.S. Holder would recognize gain (but not loss) on the exchange of IAMGold shares in return for our shares pursuant to the offer, and would recognize gain or loss, or, in some circumstances, dividend income, on the receipt of cash in lieu of fractional shares, with all such gain or income treated as ordinary income; and

if the exchange does not qualify as a reorganization under Section 368(a)(1) of the Code, the U.S. Holder would recognize gain or loss, with such gain treated as ordinary income.

In either case, any such gain or income would be subject to tax as an excess distribution at the highest marginal rates applicable to ordinary income, and would be subject to interest charges to reflect the value of the U.S. income tax deferral, unless the U.S. Holder has timely made an election to mark the IAMGold shares to market or to treat IAMGold as a qualified electing fund.

Transfer of IAMGold Shares Not Exchanged Pursuant to the Offer

We may acquire IAMGold shares not exchanged in the offer pursuant to a compulsory acquisition. The consequences to a U.S. Holder of any compulsory acquisition will depend upon the consideration issued by Golden Star in the compulsory acquisition. To the extent the IAMGold shares are acquired by us for our shares, the consequences to a U.S. Holder should generally be similar to the consequences to a U.S. Holder of exchanging IAMGold shares for our shares pursuant to the offer. Such consequences will depend upon whether the exchange qualifies as an exchange pursuant to a reorganization under Section 368(a)(1) of the Code. See U.S. Holders of IAMGold Shares Consequences of Exchanging IAMGold Shares Pursuant to the Offer, above.

A U.S. Holder that exercises dissent rights and receives cash for its IAMGold shares will recognize gain or loss based on the difference between the cash received and the holder's adjusted tax basis in the IAMGold shares exchanged. Any such gain or loss would generally be treated in the same manner as gain or loss that is recognized in an exchange made pursuant to the offer, as described under U.S. Holders Consequences of Exchanging IAMGold shares Pursuant to the Offer, above.

If we do not acquire all of the IAMGold shares pursuant to the offer or by means of a compulsory acquisition, we may propose other means of acquiring the remaining issued and outstanding IAMGold shares in a subsequent acquisition transaction. The tax treatment of a subsequent acquisition transaction to a U.S. Holder will depend upon the manner in which the subsequent acquisition transaction is carried out, and may or may not result in the recognition of taxable gain.

Distributions on Golden Star Shares

Subject to the discussion under Passive Foreign Investment Company below, the gross amount of distributions, if any, payable on our shares generally will be treated as a foreign source dividend to the extent paid out of current or accumulated earnings and profits, and generally will be passive income for U.S. foreign tax credit purposes. A distribution on our shares in excess of current or accumulated earnings and profits will be treated as a tax-free return of capital to the extent of the U.S. Holder's adjusted tax basis in such shares and, to the extent in excess of adjusted basis, as capital gain. See Sale or Other Disposition of Golden Star Shares, below.

Canadian withholding tax on dividend distributions paid by us to a U.S. Holder is generally reduced to 15% pursuant to the U.S.-Canada tax treaty in the case of U.S. Holders who are eligible for benefits under the U.S.-Canada tax treaty. U.S. Holders generally may treat the amount of any Canadian income taxes withheld from distributions with respect to the common shares either as a deduction from their gross income or as a dollar-for-dollar credit against their U.S. Federal income tax liability, subject to numerous and complex limitations and restrictions, which must be determined and applied on an individual basis by

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each U.S. Holder. Accordingly, you should consult your own tax advisor concerning the foreign tax credit rules in your particular circumstances.

Sale or Other Disposition of Golden Star Shares

Subject to the discussion below under *Passive Foreign Investment Company*, a U.S. Holder who sells or otherwise disposes of our shares in a taxable disposition will recognize gain or loss equal to the difference, if any, between the U.S. dollar value of the amount realized on such sale or other taxable disposition and the U.S. Holder's adjusted tax basis in such shares. Any such gain or loss will be capital gain or loss, and will be long-term capital gain or loss if the holding period for our shares is more than one year at the time of the sale or other disposition. Any such gain or loss will generally be treated as U.S. source income for U.S. foreign tax credit purposes, although special rules apply to U.S. Holders who have a fixed place of business outside the United States to which the gain is attributable. Special considerations may apply to a U.S. Holder who receives foreign currency in connection with a sale or other taxable disposition of our shares.

Passive Foreign Investment Company

If Golden Star were or were to become a PFIC for U.S. Federal income tax purposes, U.S. Holders of our shares would be subject to a special, adverse tax regime (different in significant respects from that described above). If we were, or were to become, a PFIC for any year in which a U.S. Holder owns our shares, gain on a disposition or deemed disposition by the U.S. Holder of our shares, and the amount of distributions, if any, payable on our shares, would be subject to tax as an excess distribution at the highest marginal rates applicable to ordinary income, and would be subject to interest charges to reflect the value of the U.S. income tax deferral, unless the U.S. Holder has timely made a mark-to-market election or a qualified electing fund election. In general terms, we will be a PFIC for any tax year in which either (i) 75% or more of our gross income is passive income or (ii) the average percentage, by fair market value, of our assets that produce or are held for the production of passive income is 50% or more. Passive income includes, for example, dividends, interest, certain rents and royalties, certain gains from the sale of stock and securities, and certain gains from commodities transactions.

We do not believe that we are, nor do we expect to become, a PFIC. However, there can be no assurance that Golden Star's determination concerning our PFIC status will not be challenged by the IRS. There is also a possibility that we could become a PFIC in the future as a result of future financial results.

Non-U.S. Holders

Consequences of Exchanging IAMGold Shares Pursuant to the Offer

If the exchange of IAMGold shares for our shares pursuant to the offer qualifies as an exchange pursuant to a reorganization within the meaning of Section 368(a)(1) of the Code, Non-U.S. Holders generally will not recognize gain or loss for U.S. Federal income tax purposes upon the receipt of our shares in the exchange. However, a Non-U.S. Holder may recognize gain on the receipt of cash in lieu of fractional Golden Star shares if either of the following conditions applies:

Such gain is attributable to an office or other fixed place of business in the United States and, if a treaty applies, such gain is attributable to a permanent establishment or fixed base the Non-U.S. Holder maintains in the United States; or

The Non-U.S. Holder is an individual who is present in the United States for 183 days or more during the taxable year of disposition, has a tax home in the United States, and certain other requirements are met.

If the exchange of IAMGold shares for our shares fails to qualify as an exchange pursuant to a reorganization under Section 368(a)(1) of the Code, a Non-U.S. Holder would not recognize gain on the exchange for U.S. Federal income tax purposes unless either one of the two conditions described immediately above is satisfied.

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Acquisition of IAMGold Shares Not Exchanged Pursuant to the Offer

We may acquire IAMGold shares not exchanged in the offer pursuant to a compulsory acquisition. The consequences to a Non-U.S. Holder of any compulsory acquisition will depend upon the consideration issued by us in the compulsory acquisition. To the extent the IAMGold shares are acquired for our shares, the consequences to a Non-U.S. Holder should generally be similar to the consequences to a Non-U.S. Holder of exchanging IAMGold shares for our shares pursuant to the offer. Such consequences will depend in part upon whether the exchange qualifies as an exchange pursuant to a reorganization under Section 368(a)(1) of the Code. See *Non-U.S. Holders' Consequences of Exchanging IAMGold Shares Pursuant to the Offer*.

A Non-U.S. Holder that exercises dissent rights and receives cash for its IAMGold shares will recognize gain (based on the difference between the cash received and the holder's adjusted tax basis in the IAMGold shares exchanged) only if one of the two conditions apply that are described (and bulleted) in the discussion captioned *Non-U.S. Holders' Consequences of Exchanging IAMGold Shares Pursuant to the Offer*.

If we do not acquire all of the IAMGold shares pursuant to the offer or by means of a compulsory acquisition, we may propose other means of acquiring the remaining issued and outstanding IAMGold shares in a subsequent acquisition transaction. The consequences of a subsequent acquisition will depend upon the circumstances of the subsequent acquisition. In general, however, a Non-U.S. Holder would not recognize gain in a subsequent acquisition unless one of the two conditions apply that are described (and bulleted) in the discussion captioned *Non-U.S. Holders' Consequences of Exchanging IAMGold Shares Pursuant to the Offer*.

Sale or Other Disposition of Golden Star Shares

In general, a Non-U.S. Holder will not be subject to U.S. Federal income tax on any gain realized upon the sale or other disposition of our shares unless:

Such gain is attributable to an office or other fixed place of business in the United States and, if a treaty applies, such gain is attributable to a permanent establishment or fixed base the Non-U.S. Holder maintains in the United States; or

The Non-U.S. Holder is an individual who is present in the United States for 183 days or more during the taxable year of disposition, has a tax home in the United States, and certain other requirements are met.

Information Reporting and Backup Withholding

U.S. Holders of IAMGold shares may be subject to information withholding and may be subject to backup withholding, currently at up to a 28% rate, on cash payments received in exchange for IAMGold shares. Payments of distributions on, or the proceeds from a sale or other disposition of, our shares paid within the U.S. may be subject to information reporting and may be subject to backup withholding. Payments of distributions on, or the proceeds from the sale of, our shares to or through a foreign office of a broker generally will not be subject to backup withholding, although information reporting may apply to those payments in certain circumstances.

Backup withholding will generally not apply, however, to a U.S. Holder who:

furnishes a correct taxpayer identification number and certifies that he, she or it is not subject to backup withholding on the IRS Form W-9 (or substitute form); or

is otherwise exempt from backup withholding.

Non-U.S. Holders generally will not be subject to U.S. information reporting or backup withholding. However, such holders may be required to provide certification of non-U.S. status (generally, on IRS

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Form W-8BEN) in connection with payments received in the United States or through certain U.S.-related financial intermediaries.

Backup withholding is not an additional tax. Any amounts withheld from a payment to a holder under the backup withholding rules may be credited against the holder's U.S. Federal income tax liability, and a holder may obtain a refund of any excess amounts withheld by filing the appropriate claim for refund with the IRS in a timely manner and furnishing any required information.

FINANCIAL ADVISOR, DEALER MANAGER, DEPOSITARY AND INFORMATION AGENT

BMO Nesbitt Burns Inc. has been retained as our financial advisor. In addition, BMO Nesbitt Burns Inc. and Harris Nesbitt Corp., its U.S. affiliate, have been retained to act as dealer manager in connection with the offer. In Canada, BMO Nesbitt Burns Inc. may form a soliciting dealer group comprised of members of the Investment Dealer Association of Canada and members of the stock exchanges in Canada to solicit acceptances of the offer. We will reimburse the dealer manager for its reasonable out-of-pocket expenses, including reasonable attorneys' fees, and have also agreed to indemnify the dealer manager against certain liabilities and expenses in connection with the offer, including certain liabilities under applicable securities laws. We have also retained Innisfree M&A Incorporated to act as Information Agent in connection with the offer. Innisfree will receive reasonable and customary compensation from us for services performed in connection with the offer, will be reimbursed for certain out-of-pocket expenses and will be indemnified against certain liabilities, including liabilities under securities laws and expenses incurred in connection therewith.

We have also retained CIBC Mellon Trust Company to act as depositary under the offer for the receipt of the certificates in respect of the IAMGold shares and related letters of transmittal and notices of guaranteed delivery deposited under the offer. The depositary will receive reasonable and customary compensation from us for its services in connection with the offer and will be reimbursed for certain out-of-pocket expenses. We have also agreed to indemnify the depositary against certain liabilities and expenses in connection with the offer, including liabilities under applicable securities laws.

OFFEREES' STATUTORY RIGHTS

Securities legislation in certain of the provinces and territories of Canada provides securityholders of IAMGold with, in addition to any other rights they may have at law, rights of rescission or damages, or both, if there is a misrepresentation in a circular or a notice that is required to be delivered to such securityholders. However, such rights must be exercised within the time limit prescribed by the securities legislation of the securityholder's province or territory. Holders of IAMGold shares should refer to any applicable provisions of the securities legislation of their province or territory for the particulars of those rights or consult with a lawyer.

COMPARISON OF SHAREHOLDER RIGHTS

Comparison of Rights of Holders of Golden Star Common Shares and IAMGold Common Shares

Golden Star and IAMGold are both corporations organized in Canada and the rights of the respective shareholders are governed by the *Canada Business Corporations Act*, referred to as the "CBCA", and other laws of Canada, and the respective articles and by-laws. Following consummation of the offer, IAMGold shareholders who exchange their shares will become our shareholders and as such their rights will be governed by Canadian law and our articles of arrangement and by-laws.

The following is a summary of the material differences between the rights of holders of IAMGold shares and the rights of holders of our shares. Since both companies are governed by the CBCA, these differences arise from disparities between the respective corporate charters and by-laws of IAMGold and

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Golden Star. This summary is not a complete comparison of rights that may be of interest, and you should therefore read the full text of the respective corporate charters and by-laws of IAMGold and Golden Star.

	IAMGold Shareholder Rights	Golden Star Shareholder Rights
Authorized Capital	The authorized capital of IAMGold consists of an unlimited number of common shares, and an unlimited number of shares of first preference shares and second preference shares. With respect to IAMGold's first and second preference shares, the board of directors is authorized, without shareholder approval, to issue first and second preference shares with the powers, rights and preferences as it may so determine, subject to the requirements of the CBCA.	Our authorized capital consists of an unlimited number of common shares and an unlimited number of first preferred shares. With respect to Golden Star's first preferred shares, the board of directors is authorized, without shareholder approval, to issue the first preferred shares with the powers, rights and preferences as it may so determine, subject to the requirements of the CBCA.
Meetings of Shareholders	A special meeting of IAMGold's shareholders may be called by the directors.	A special meeting of our shareholders may be called by the board, the chairman of the board, or the president.
Notice of Shareholder Meetings	IAMGold's by-laws require shareholders be given not less than 21 nor more than 60 days' notice of a meeting. A notice must be in writing and state the notice of all special business to be transacted in sufficient detail.	Our by-laws require shareholders be given not less than 21 nor more than 50 days' notice of a meeting. Notice of a meeting called for any purpose other than certain matters shall state the nature of such business in sufficient detail and shall state the text of any special resolution to be submitted at the meeting.
Quorum for Meeting of Shareholders	IAMGold's by-laws provide that a quorum for the transaction of business at a shareholders' meeting is two persons present at the opening of the meeting who are entitled to vote and who hold or represent more than five percent (5%) of the outstanding shares entitled to vote at such meeting.	Our by-laws provide that a quorum for the transaction of business at any shareholders' meeting is two shareholders present in person or by proxy. If a quorum is present at the beginning of a meeting, the shareholders may proceed with the business of the meeting notwithstanding that a quorum is not present throughout the meeting.
Number of Directors	IAMGold's articles provide that the board of directors shall consist of not less than 1 or more than 10 directors (although the CBCA prescribes that, as a distributing corporation, IAMGold's board of	The board of directors shall consist of not less than three nor more than fifteen directors.

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	<u>IAMGold Shareholder Rights</u>	<u>Golden Star Shareholder Rights</u>
Removal of Directors; Vacancies	<p>directors shall consist of not less than 3 directors).</p> <p>Shareholders entitled to elect a director may at a shareholder meeting remove such director and may at the same meeting fill the vacancy. If such vacancy is not so filled, the remaining directors may fill the vacancy if a quorum of the directors remains in office.</p>	<p>Shareholders may by resolution posed at a meeting specially called for such purpose remove any director from office. The vacancy created by a removal of a director may be filled at the same meeting; if not so filled, the board of directors may fill the vacancy. A quorum of the board of directors may fill a vacancy in the board, except a vacancy resulting from an increase in the number of directors or from a failure of the shareholders to elect the number or minimum number of directors. Shareholders fill vacancies in the board if there does not exist a quorum of directors or the remaining number of directors are not elected.</p>
Limitation on Personal Liability of Directors	<p>IAMGold's by-laws provide that, so long as such person has acted honestly and in good faith with a view to the best interests of the corporation, no current and former officer and director will be liable for losses sustained or incurred by IAMGold.</p>	<p>Our by-laws provide that no director or officer, so long as he acts honestly and in good faith with a view to the best interests of Golden Star, and exercises reasonably prudent care, diligence and skill, will be personally liable for his acts or negligence that damage us.</p>

ACCOUNTING TREATMENT OF OFFER

As required by Canadian and United States generally accepted accounting principles, Golden Star has used purchase accounting rules in its pro forma financial statements. Purchase accounting specifies that the acquired entity's assets and liabilities be revalued to their fair value prior to consolidating the acquired entity with the acquiring entity.

Once fair value is established for the acquired entity's assets and liabilities, the excess of the purchase price over the net asset value is recorded as goodwill in the consolidated financial statements.

Fair value is estimated by various techniques including analysis of expected future cash flows and market comparables. Purchase accounting also requires that adjustments be made to the acquired entity's financial statements to reconcile any differences in accounting policies between the two entities.

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INTERESTS OF CERTAIN PERSONS IN THE OFFER

Interests of Directors, Officers and Affiliates

Investors should be aware that some Golden Star and IAMGold executive officers and directors may have interests in the proposed transaction that may be different from, or in addition to, their interests as stockholders of Golden Star. Note that the information presented below related to IAMGold is based on public information and has not been verified by us. As a result, we do not make any representation as to the accuracy or completeness of such IAMGold information.

Stock Options

Under Golden Star's Second Amended and Restated 1997 Stock Option Plan, in the event of a change of control, all options outstanding shall become immediately exercisable. Change of control is defined as the occurrence of any of the following: (i) the sale, lease, transfer, conveyance or other disposition, in one or a series of related transactions, of all or substantially all of the assets of the Corporation to any person or group (as such terms are used in Sections 13(d)(3) and 14(d)(2) of the Securities Exchange Act of 1934), (ii) any person or group, is or becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that a person shall be deemed to have beneficial ownership of all shares that any such person has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than 50% of the total voting power of the voting stock of Golden Star, including by way of merger, consolidation or otherwise or (iii) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board of Directors (together with any new directors whose election by such Board of Directors whose nomination for election by the shareholders of Golden Star was approved by a vote of a majority of the directors of Golden Star, then still in office, who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Board of Directors, then in office.

Golden Star understands that IAMGold has in place a Share Incentive Plan that includes a share option plan under which if a take-over bid (within the meaning of the *Securities Act* (Ontario)) is made for the shares of IAMGold, then the IAMGold directors may permit all options outstanding to become immediately exercisable in order to permit IAMGold shares issuable under such options to be tendered to such bid.

Employment Agreements

We have agreed to enter into employment agreements with Messrs. Bradford, Marter, Gray, Jones and Higson-Smith. Each agreement has a one year term and is automatically renewed for successive one year periods unless terminated by either party. If terminated by us without cause, or by the executive for good reason as defined in the agreement, each executive would receive a lump-sum payment equal to one year salary, target bonus and benefits, except for Mr. Bradford who would receive two years salary, target bonus and benefits.

If the executive's employment is terminated without cause by us or by the executive for good reason following a change in control, each executive will be entitled to a lump sum payment equal to two years salary, target bonus and benefits, except for Mr. Bradford, who would receive three years salary, target bonus and benefits. A change in control occurs if any of the following four circumstances occurs: (i) any person or group (within the meaning of Sections 13(d) and 14(d)(2) of the Exchange Act), other than a trustee or other fiduciary holding securities under an employee benefit plan of the Company is or becomes the beneficial owner (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of more than thirty percent (30%) of the then outstanding voting stock of the Company; or (ii) persons who are Incumbent Directors cease to constitute a majority of the Board of Directors; or (iii) the stockholders of the Company approve a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the

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Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least fifty percent (50%) of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation, or (iv) the stockholders approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets. Acceptance of the offer by IAMGold shareholders would not constitute a change of control for these purposes.

Golden Star understands that IAMGold has employment and management agreements with Messrs. Pugliese, Conway, Edey, Phillips, Olmsted and Jones. These agreements contain change of control provisions that provide that, under certain specified circumstances, a change in control of IAMGold is deemed to constitute termination of the applicable person by IAMGold other than for cause, unless waived by such person. These agreements contain a provision that if any such person is terminated by IAMGold other than for cause, Mr. Pugliese is entitled to 12 months base salary, and Messrs. Conway, Edey, Phillips, Jones and Olmsted are entitled to 24 months base salary.

We understand that if the employment of the relevant IAMGold executive officers terminates following the offer under circumstances entitling the executive officers to severance under the employment agreements, the approximate cash amount of the severance payments that would be paid under such agreements (not including any gross-up payments) would be up to Cdn\$3 million.

Other

During the year 2003, Golden Star obtained legal services from a legal firm, to which Mr. MacGregor, our director and Chairman of the Board, is counsel. The total value of all legal services provided in 2003 was Cdn\$169,000. The same law firm continues to provide services to us, including services related to the offer. Mr. MacGregor performed no services (other than services as a director of Golden Star for which he was compensated) for us for which he or the firm received compensation. He did not receive during 2003 and will not receive during 2004 any economic benefit directly or indirectly from payments made by Golden Star for the services performed by the firm.

LIMITATION OF LIABILITY AND INDEMNIFICATION

We have entered into agreements with our directors and officers indemnifying such directors and officers to the extent permitted by the CBCA, and our by-laws. Our by-laws provide that we will indemnify any such person in such circumstances as the CBCA or law permits or requires.

Our ability to indemnify our directors and officers is governed by section 124 of the CBCA. Under this provision, we may indemnify a director or officer, a former director or officer or another individual who acts or acted at our request as a director or officer or in a similar capacity, of another entity (the individual) against all costs, charges, and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by the individual in respect of any civil, criminal, administrative, investigative or other proceeding in which the individual is involved by reason of their association with us or such other entity. However, we may not indemnify an individual unless the individual:

- a. acted honestly and in good faith with a view to the best interests of our or such other entity for which the individual acted as director or officer or in a similar capacity at our request, as the case may be; and
- b. in the case of criminal or administrative action or proceeding that is enforced by a monetary penalty, the individual had reasonable grounds for believing that the individual's conduct was lawful.

We may advance funds to a director, officer or other individual for the costs, charges and expenses of a proceeding referred to above. The individual shall repay the amount advanced if the individual does not fulfill the conditions of sections (a) and (b) above.

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With the approval of a court, we may indemnify an individual, or advance funds, in respect of an action by or on our behalf or by or on behalf of another entity to procure a judgment in our favor to which the individual is made a party because of the individual's association with us or such other entity against all costs, charges and expenses reasonably incurred by the individual in connection with such action if the individual fulfills the conditions in clauses (a) and (b) above.

In addition to the right to indemnification set forth in the agreements with our directors and our by-laws, the CBCA provides that an individual is entitled to indemnification from us in respect of all costs, charges and expenses reasonably incurred by the individual in connection with the defense of any civil, criminal, administrative, investigative or other proceeding to which the individual is subject because of the individual's association with us or such other entity, if the individual seeking indemnity:

a. was not judged by the court of other competent authority to have committed any fault or omitted to do anything that the individual ought to have done; and

b. fulfills the conditions set out in clauses (a) and (b) above.

We maintain a directors' and officers' liability insurance policy which insures directors and officers for losses as a result of claims based upon the acts or omissions of our directors and officers, including liabilities arising under the Securities Act, and also reimburses us for payments made pursuant to the indemnity provisions under the CBCA.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling the registrant pursuant to the foregoing provisions, the registrant has been informed that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

LEGAL MATTERS

Fasken Martineau DuMoulin LLP of Toronto, Ontario has provided its opinion on the validity of the securities offered by this prospectus.

EXPERTS

The financial statements incorporated in this prospectus by reference to the Annual Report on Form 10-K of Golden Star for the year ended December 31, 2003 have been so incorporated in reliance on the reports of PricewaterhouseCoopers LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting.

IAMGold has not permitted its auditor to consent to the use in the registration statement of which this prospectus is a part of the audit report included in IAMGold's Annual Report on Form 40-F for the year ended December 31, 2003.

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ANNEX A

INFORMATION CONCERNING GOLDEN STAR

The following information should be read in conjunction with the information concerning Golden Star appearing elsewhere in the prospectus and incorporated by reference in the prospectus. All references in this Annex A to Golden Star or we mean Golden Star and its consolidated subsidiaries, or any one or more of them as the context requires.

Overview

We are a Canadian international gold mining and exploration company, focused primarily on mining, mine development and exploration in Ghana, West Africa. We produced 174,315 ounces of gold in 2003 at a cash operating cost of \$166 per ounce, and 47,202 ounces in the first quarter of 2004 at a cash operating cost of \$181 per ounce. We expect to produce from 185,000 to 210,000 ounces in 2004 at a cash operating cost of \$200 to \$225 per ounce.

We own 90% interests in two properties in Ghana, the Bogoso/ Prestea open pit mine and related properties and the Wassa project. We operate the Bogoso/ Prestea mine, with ore mined at the Prestea property being processed at the Bogoso processing plant. We commenced development of the Wassa mine in mid-2003. We expect to begin commercial production in the third quarter of 2004 by milling material from the existing heap leach pads, possibly supplemented by higher grade ore from the open pit mine, with full production from the open pit mine anticipated in 2005. We also own a 61% managing interest in the currently inactive Prestea underground mine. As part of our \$21 million 2004 exploration program, we plan to spend \$6.6 million in exploration underground in 2004 as part of our effort to determine whether the underground mine can be reactivated on a profitable basis.

We also hold interests in gold exploration properties in Ghana, Sierra Leone, Mali, Suriname, and French Guiana.

Business Strategy and Development

Our business and development strategy since 1999 has been to focus primarily on the acquisition of gold properties in Ghana and on the exploration, development and operation of these properties. Given our significant mineral resource position at Bogoso/ Prestea, we plan to increase production by adding a carbon-in-leach plant at Bondaye and are completing further technical studies regarding the addition to the existing Bogoso plant of a bio-oxidation circuit. At our Wassa property, we expect to commence production in the third quarter of 2004 by processing material from the existing heap leach pads left by the former owner. We plan to commence full ore production from the Wassa open pit mine in 2005. If our expansion and development plans are realized as expected, our annualized production rate should exceed 350,000 ounces of gold in 2005. However, there can be no assurance that development and start-up will be completed as anticipated or that our production goals will be achieved.

Our objective is to grow our business to become a profitable intermediate gold producer (which we understand to be a producer with annual production from 300,000 to 1 million ounces), with an expanding presence in West Africa. In addition to our increases in production as described above, we have been actively investigating the acquisition of producing, development and advanced stage exploration gold properties and companies. These efforts have culminated in our offer to acquire IAMGold. During 2004 we have significantly increased our exploration activities and expenditures around our mines and on our current exploration properties, primarily in Ghana, with planned expenditures of approximately \$21 million in 2004 compared to \$8.5 million in 2003.

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OUR PROPERTIES

Bogoso/ Prestea

We own 90% of and operate the Bogoso/ Prestea gold mining and milling operation located along the Ashanti Gold Belt in southwestern Ghana. The property consists of several open pit mines and a nominal 6,000 tonne per day carbon-in-leach mill and processing plant. We hold the property under renewable mining leases granted by the Government of Ghana, terminating from 2017 to 2031. In 2003 Bogoso/ Prestea produced 174,315 ounces, an increase over 2002 production due primarily to higher than average ore grades and improved recoveries. Historical and forecast production from Bogoso/ Prestea are shown on the Gold Production and Cash Costs table below.

Following the receipt of necessary permits, we expect to commence construction in the fourth quarter of 2004 of the Bondaye carbon-in-leach plant that we acquired in 2003. We plan that the Bondaye plant will be completed in mid-2005 at a cost of approximately \$17 million, which should approximately double production capacity at Bogoso/ Prestea. Overall production from Bogoso/ Prestea should double by 2006. We also plan to upgrade the Bogoso/ Prestea truck fleet during 2004 at a cost of approximately \$12 million and to expand the truck fleet in 2005 at a cost of approximately \$15.5 million to increase the mining rate once the Bondaye plant commences operations.

We continue technical work for the proposed Bogoso plant bio-oxidation (BIOX) circuit, which is currently estimated to cost approximately \$25 million. Subject to receiving necessary permits and approvals, construction could commence in early 2005 and be completed by year-end 2005.

The Government of Ghana owns the remaining 10% of Bogoso/ Prestea. As required by the law of Ghana for all mining operations, the Government has a carried interest under which it receives 10% of any future dividends from the subsidiaries owning the Bogoso/ Prestea mine, following repayment of all capital, and has no obligation to contribute development or operating expenses. The Government of Ghana also receives a royalty based on total revenues earned from the lease area. For the last three years, we have paid a royalty equal to 3% of our revenues from Bogoso/ Prestea.

Wassa

Our 90% owned Wassa gold mine development property is also located in southwestern Ghana, approximately 35 kilometers east of Bogoso/ Prestea. Wassa was operated by its former owners as a conventional open pit, heap leach gold operation and was shut down in 2001. We acquired the Wassa property in 2002, completed a feasibility study for its redevelopment as an open pit, carbon-in-leach operation in July 2003 and commenced development in mid-2003. We plan to produce approximately 50,000 to 55,000 ounces in the third and fourth quarters of 2004 primarily by milling material from the existing heap leach pads at an estimated cash operating cost of \$200 to \$240 per ounce. Once the material from the heap leach pads is exhausted in 2005, and we begin processing ore mined from the open pit, we expect an annualized production rate at Wassa to average approximately 140,000 ounces at an average cash operating cost of about \$200 per ounce for an initial mine life of four years, based on current reserves.

Construction and development costs at Wassa are projected at approximately \$26 million, excluding mobile equipment. Development is expected to be completed in the third quarter 2004. We expect to incur approximately \$17 million of additional capital cost in 2005 to acquire a mining fleet, for which we have secured third party financing.

We hold the Wassa property under a renewable mining lease expiring in 2022. The Government of Ghana has a 10% carried interest in Wassa.

Prestea Underground

We have an approximately 61% managing interest in the Prestea Underground property, a large underground mine which has produced gold for over 100 years and was shut down in early 2002. We are

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the managing partner in a joint venture with Prestea Gold Resources Limited, the former majority mine owner, and the Government of Ghana, which has a 10% carried interest. We have the sole right to finance exploration and development of the property in return for increases in our joint venture interest and to operate any resulting operations. We expect to continue to increase our interest in Prestea Underground.

We hold the Prestea Underground property under a renewable mining lease expiring in 2031. The mine includes two usable shafts and several kilometres of underground workings on numerous levels extending as deep as 1,400 meters. We are engaged in care and maintenance of the underground mine and are conducting underground drilling, as well as geologic and engineering studies, as part of our evaluation of the potential to resume operations. We expect to spend approximately \$6.6 million at Prestea Underground in 2004.

GOLD PRODUCTION AND CASH COSTS

The following table presents gold production and cash cost information for 2001 through 2003, and anticipated production and cash costs for 2004.

Production and Cash Cost Per Ounce	2001	2002	2003	2004 Projected
BOGOSO/PRESTEA(1)				
Ounces (thousands)	87.9	124.4	174.3	135-155
Cash Operating Cost (\$/oz)	271	193	166	200-225
Total Cash Cost (\$/oz)	283	215	184	210-235
WASSA(2)				
Ounces (thousands)				50-55
Cash Operating Cost (\$/oz)				200-240
Total Cash Cost (\$/oz)				210-250
Total Ounces(3) (thousands)	87.9	124.4	174.3	185-210
Consolidated Cash Operating Cost (\$/oz)	271	193	166	200-225
Consolidated Total Cash Cost (\$/oz)	283	215	184	210-235

- (1) The 2004 anticipated production for Bogoso/ Prestea excludes any impact from the planned expansion program ongoing during 2004.
- (2) The 2004 anticipated production for Wassa assumes production primarily from reprocessing heap leach materials begins in the third quarter with full production from the open pit commencing in the second half of 2005.
- (3) Gold production is shown on a 100% basis, which represents our current beneficial interest in gold production and revenues. Once all capital has been repaid, the Government of Ghana would receive 10% of the dividends from the subsidiaries owning the Bogoso/ Prestea and Wassa mines.

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In this prospectus, the terms *total cash cost* and *cash operating cost* are used on a per ounce of gold basis. Total cash cost per ounce is equivalent to mining operations expense for the period as found on the Consolidated Statements of Operations, divided by the number of ounces of gold sold during the period. Cash operating cost per ounce is equivalent to mining operations expense for the period less production royalties, divided by the number of ounces of gold sold during the period. Set forth below are these reconciliations for the periods stated:

	Year Ended December 31, 2003	Three Months Ended March 31, 2004
	(Dollar figures in thousands, except per ounce amounts)	
Mining operations expense	\$ 32,125	\$ 9,125
Less royalties	3,222	582
Cash operating expense	\$ 28,903	\$ 8,543
Gold sold (oz)	174,315	47,202
Cash operating cost per ounce (\$)	166	181

We have included total cash cost and cash operating cost information to provide investors with information about the cost structure of our mining operations. We use this information for the same purpose and for monitoring the performance of our operations. This information differs from measures of performance determined in accordance with GAAP in Canada and the United States and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. These measures are not necessarily indicative of operating profit or cash flow from operations as determined under GAAP and may not be comparable to similarly titled measures of other companies.

All figures in this table are on a 100% basis, which represents our current beneficial interest in gold production and revenues. Once all capital invested in a Ghanaian subsidiary has been repaid, the Government of Ghana would receive 10% of any dividends declared by the Ghanaian subsidiary.

MINERAL RESERVES AND RESOURCES**Proven and Probable Reserves**

Our proven and probable mineral reserves are estimated in conformance with definitions set out in Canada's National Instrument 43-101. We have filed on SEDAR (www.sedar.com) Technical Reports on our mineral reserves for Bogoso/Prestea and Wassa as required in Canada's National Instrument 43-101.

Our proven and probable mineral reserves as of December 31, 2003 have been estimated at an economic cut-off grade based on a gold price of \$325 per ounce.

As used in Mineral Reserves and Resources, *g/t* means grams per tonne.

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The following table summarizes total and our attributable share of estimated proven and probable mineral reserves as of December 31, 2003.

PROVEN AND PROBABLE MINERAL RESERVES

Property Mineral Reserve Category	Tonnes(1) (Thousands)	Gold Grade (g/t)	Contained(2) Ounces (Thousands)
Bogoso/Prestea(3)			
Proven	8,254	3.31	878
Probable	19,048	3.29	2,011
Sub-total	27,302	3.29	2,890
Attributable share	24,572	3.29	2,601
Wassa(4)			
Probable	16,207	1.28	665
Attributable share	14,586	1.28	599
Total	43,509	2.54	3,555
Attributable share	39,158	2.54	3,200

- (1) Tonnes of mineral reserves are net of a 5% dilution allowance for mining, to account for losses resulting from planned mining methods, and a 98% ore recovery factor.
- (2) Calculation of contained ounces includes adjustments due to rounding.
- (3) Approximately 68% of the 2003 Bogoso/ Prestea mineral reserves are refractory ore. The estimated recovery rates used in our mineral reserve calculations in 2003 ranged from 65% to 85% for oxides and other less-refractory ores, and from 78% to 85% for refractory ore. The estimated cut-off grades used in 2003 ranged from 0.7 g/t to 1.8 g/t for oxide ore and other less-refractory ores and from 1.5 g/t to 2.3 g/t for refractory ore. Included in the December 31, 2003 proven reserves is 0.8 million tonnes at an average grade of 2.4 g/t in stockpiles. Included in probable reserves are the Mampon property reserves of 0.9 million tonnes at an average grade of approximately 5.6 g/t containing approximately 162,000 ounces of gold, acquired in June 2003.
- (4) Wassa reserves are non-refractory. The estimated recoveries used in mineral reserve calculations in 2003 ranged from 92% to 93%. The estimated cut-off grades used in 2003 range from 0.5 g/t to 0.6 g/t. The mineral reserves include 4.2 million tonnes of material grading 0.7 g/t remaining on the leach pads from the previous operation.

Non-Reserves Measured and Indicated Mineral Resources**Cautionary Note to US Investors Concerning Estimates of Measured and Indicated Mineral Resources**

This section uses the terms measured mineral resources and indicated mineral resources. We advise US investors that while those terms are recognized and required by Canadian regulations, the SEC does not recognize them. **U.S. investors are cautioned not to assume that any part or all of the mineral deposits in these categories will ever be converted into mineral reserves.**

Our measured and indicated mineral resources *do not include* proven and probable mineral reserves, and have been estimated in conformance with definitions set out in Canada's National Instrument 43-101. We have filed on SEDAR (www.sedar.com) Technical Reports on our mineral reserves and mineral resources (mineral resources stated in the Technical Reports *include* mineral reserves) for Bogoso/Prestea and Wassa as required in Canada's National Instrument 43-101.

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The measured and indicated mineral resources for our properties have been estimated at an economic cut-off grade based on a gold price of \$375 per ounce for December 31, 2003 and economic constraints that we believe are realistic.

The following table summarizes the total and our share of estimated non-reserves measured and indicated mineral resources as of December 31, 2003.

NON-RESERVES MEASURED AND INDICATED MINERAL RESOURCES

Property Mineral Resource Category	Tonnes (Thousands)	Gold Grade (g/t)
Bogoso/Prestea(1)		
Measured	11,253	2.45
Indicated	16,024	2.53
Sub-total	27,277	2.50
Wassa(2)		
Indicated	9,363	0.96
Dorlin(3)		
Indicated	3,607	1.56
Attributable share		
Measured	10,128	2.45
Indicated	25,968	1.90
Total	36,096	2.06

- (1) Approximately 81% of the 2003 Bogoso/ Prestea measured and indicated mineral resources are refractory. The estimated cut-off grades used in mineral resource calculations in 2003 ranged from 0.7 g/t to 1.8 g/t for non-refractory material and from 0.9 g/t to 2.1 g/t for refractory material. Also included in the December 31, 2003 indicated mineral resource category are mineral resources of 0.4 million tonnes at an average grade of approximately 2.79 g/t, purchased as part of the Dunkwa properties acquisition in June 2003.
- (2) All of the 2003 Wassa measured and indicated mineral resources are non-refractory. The estimated cut-off grades used in 2003 ranged from 0.5 g/t to 0.6 g/t.
- (3) Dorlin is located in French Guiana, South America, and Golden Star owns approximately an 86.5% beneficial interest in Dorlin. The estimated cut-off grades used in mineral resource calculations in 2003 was 0.5 g/t. The Company has announced its intention to sell its interests in the Yaou and Dorlin properties.

Non-Reserves Inferred Mineral Resources**Cautionary Note to US Investors Concerning Estimates of Inferred Mineral Resources**

This section uses the term inferred mineral resources. We advise US investors that while this term is recognized and required by Canadian regulations, the SEC does not recognize it. Inferred mineral resources have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resources will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources could not form the basis of feasibility or other economic studies. **US investors are cautioned not to assume that part or all of the inferred mineral resource exists, or is economically or legally mineable.**

Our inferred mineral resources **do not include** proven and probable mineral reserves or measured and indicated mineral resources, and have been estimated in conformance with definitions set out in Canada's National Instrument 43-101. We have filed on SEDAR (www.sedar.com) Technical Reports on our

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mineral reserves and mineral resources (mineral resources stated in the Technical Reports *include* mineral reserves) for Bogoso/ Prestea and Wassa as required in Canada's National Instrument 43-101.

The inferred mineral resources for our properties have been estimated at economic cut-off grades based on a gold price of \$375 per ounce as of December 31, 2003 and economic constraints that we believe are realistic.

The following table summarizes the total and our share of estimated non-reserves inferred mineral resources as of December 31, 2003.

NON-RESERVES INFERRED MINERAL RESOURCES

Property Mineral Resource Category	Tonnes (Thousands)	Gold Grade (g/t)
Bogoso/ Prestea(1)		
Inferred	29,690	2.43
Wassa(2)		
Inferred	30,768	1.27
Prestea Underground(3)		
Inferred	1,606	8.58
Yaou(4)		
Inferred	12,074	2.63
Dorlin(5)		
Inferred	3,375	1.43
Paul Isnard(6)		
Inferred	8,215	1.78
Attributable share		
Inferred	75,218	2.06

- (1) Approximately 84% of the 2003 Bogoso/ Prestea inferred mineral resources are refractory. The estimated cut-off grades used in inferred mineral resource calculations in 2003 ranged from 0.7 g/t to 1.8 g/t for non-refractory material and from 0.9 g/t to 2.1 g/t for refractory material. Also included in the 2003 inferred resources are the Dunkwa properties resources of 2.4 million tonnes of ore at an average grade of approximately 2.69 g/t, purchased as part of the Dunkwa properties acquisition in June 2003.
- (2) All of the Wassa inferred resources are non-refractory. The estimated cut-off grades utilized in resource calculations in 2003 ranged from 0.5 g/t to 0.6 g/t.
- (3) All of the Prestea Underground inferred mineral resources are refractory. Golden Star owns approximately 61% managing interest in the property. The estimated cut-off grade utilized in mineral resource calculations in 2003 was 4.2 g/t.
- (4) Yaou is located in French Guiana, South America, and Golden Star owns approximately an 86.5% beneficial interest in the property. The estimated cut-off grade utilized in mineral resource calculations in 2003 was 0.5 g/t. The property is undeveloped and has been on a care and maintenance basis in recent years. We have announced our intent to sell our interest in this property.
- (5) Dorlin is located in French Guiana, South America, and Golden Star owns approximately an 86.5% beneficial interest in the property. The estimated cut-off grade utilized in mineral resource calculations in 2003 was 0.5 g/t. The property is undeveloped and has been on a care and maintenance basis in recent years. We have announced our intent to sell our interest in this property.
- (6) Paul Isnard is located in French Guiana, South America, and Golden Star owns approximately a 73% beneficial interest in the property. The estimated cut-off grades utilized in mineral resource

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calculations in 2003 was 0.4 g/t. The property is undeveloped and has been on a care and maintenance basis in recent years.

EXPLORATION

Most of our exploration efforts in 2003 were focused on the Prestea Underground, Prestea, Wassa and the Akropong Trend properties in Ghana. We spent approximately \$8.5 million in exploration activities during 2003, including \$2.2 million at Wassa establishing mineral reserves in the existing pits and in areas outside the pits, \$3.1 million at the Prestea Underground, including underground care and maintenance costs, \$2.3 million on exploration projects outside the Wassa and Bogoso/ Prestea areas and \$0.9 million developing new mineral reserves in the Plant North area. Exploration spending during 2003 was less than expected due to a shortage of drill rigs in Ghana. Increases in exploration activity in Ghana by us and our competitors have adversely impacted drill rig availability and as a result some of our planned work was delayed, including drilling at the Prestea Underground which was delayed several months.

During 2004, we plan to spend approximately \$21 million on gold exploration, of which approximately \$4.9 million was spent in the first quarter 2004. Approximately \$6 million will be used to evaluate surface projects in and around Bogoso/ Prestea including the Akropong Trend and Dunkwa properties. Approximately \$6.6 million is planned for the continued exploration efforts at the Prestea Underground project, \$2.5 million is scheduled for the Wassa area, \$2.4 million is expected to be spent on the properties in Sierra Leone and Mali, both in West Africa, \$1.7 million is expected to be used to identify and evaluate projects in South America, including some of Guyanor's holdings, and \$1.6 million is planned for our project generation program.

Golden Star and Guyanor announced in late May plans to make certain changes to the ownership and management of Guyanor. The impact of these changes is unlikely to be material to Golden Star.

DESCRIPTION OF SECURITIES

Our authorized capital includes an unlimited number of common shares and an unlimited number of first preferred shares, without nominal or par value, issuable in series.

Common Shares

As of June 8, 2004, there were 138,646,013 Golden Star common shares outstanding.

Dividend Rights

Holders of our common shares may receive dividends when, as and if declared by our board on the common shares, subject to the preferential dividend rights of any other classes or series of our shares. In no event may a dividend be declared or paid on the common shares if payment of the dividend would cause the realizable value of our assets to be less than the aggregate of its liabilities and the amount required to redeem all of the shares having redemption or retraction rights, which are then outstanding.

Voting and Other Rights

Holders of our common shares are entitled to one vote per share, and in general, all matters will be determined by a majority of votes cast.

Liquidation

In the event of any liquidation, dissolution or winding up of Golden Star, holders of the common shares have the right to a ratable portion of the assets remaining after payment of liabilities and liquidation preferences of any preferred shares or other securities that may then be outstanding.

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Redemption

Our common shares are not redeemable or convertible.

Rights Agreement

Rights to purchase our common shares have been issued to holders of our common shares under a rights agreement between us and CIBC Mellon Trust Company. One right is attached to each common share. If the rights become exercisable following the occurrence of certain specified events, each right will entitle the holder, within certain limitations, to purchase one common share at an exercise price equal to three times the market price of the common share, as determined under the terms of the agreement. In certain events (including when a person or group becomes the beneficial owner of 20% or more of any class of our voting shares without complying with the permitted bid provisions of the rights agreement or without the approval of our board of directors), exercise of the rights would entitle the holders of the rights (other than the acquiring person or group) to acquire that number of our common shares having an aggregate market price on the date of the event equal to twice the exercise price of the rights for an amount in cash equal to the exercise price. Accordingly, exercise of the rights may cause substantial dilution to a person who attempts to acquire us. The rights, which expire in 2007 (unless extended as provided in the rights agreement), may be redeemed at a price of Cdn\$0.00001 per right at any time until a person or group has acquired 20% of our common shares, except as otherwise provided in the rights agreement. The rights agreement may have certain anti-takeover effects.

Other Provisions

All outstanding common shares are, and the common shares to be issued in connection with the offer, if issued in the manner described in this Circular, will be, fully paid and non-assessable.

This section is a summary and may not describe every aspect of our common shares that may be important to you. We urge you to read our Articles of Arrangement and our by-laws, because they, and not this description, define your rights as a holder of our common shares. A copy of the Articles of Arrangement and by-laws will be provided upon a request, by contacting the Company at 10901 W. Toller Drive, Suite 300, Littleton, Colorado 80127-6312 U.S.A., Attention: Corporate Secretary.

First Preferred Shares

As of June 8, 2004, no first preferred shares were issued and outstanding. The board of directors of Golden Star is authorized to approve the issuance of one or more series of first preferred shares without further authorization of the shareholders of Golden Star and to fix the number of shares, the designations, rights, privileges, restrictions and conditions of any such series.

The board of directors of Golden Star will determine the number of shares, particular designation, relative rights and preferences and the limitations of any series of first preferred shares, which terms will include the following:

(i) the maximum number of shares to constitute the series and the designation thereof;

(ii) the annual dividend rate, if any, on shares of the series, whether such rate is fixed or variable or both, the date or dates from which dividends will begin to accrue or accumulate, whether dividends will be cumulative and whether such dividends shall be paid in cash, common shares or otherwise;

(iii) whether the shares of the series will be redeemable and, if so, the price at and the terms and conditions on which the shares of the series may be redeemed, including the time during which shares of the series may be redeemed and any accumulated dividends thereon that the holders of shares of the series shall be entitled to receive upon the redemption thereof;

(iv) the liquidation preference, if any, applicable to shares of the series;

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(v) whether the shares of the series will be subject to operation of a retirement or sinking fund and, if so, the extent and manner in which any such fund shall be applied to the purchase or redemption of the shares of the series for retirement or for other corporate purposes, and the terms and provisions relating to the operation of such fund;

(vi) the terms and conditions, if any, on which the shares of the series shall be convertible into, or exchangeable for, shares of any other class or classes of capital stock of Golden Star or any series of any other class or classes, or of any other series of the same class, including the price or prices or the rate or rates of conversion or exchange and the method, if any, of adjusting the same;

(vii) the voting rights, if any, of the shares of the series;

(viii) the currency or units based on or relating to currencies in which such series is denominated and/or in which payments will or may be payable;

(ix) the methods by which amounts payable in respect of such series may be calculated and any commodities, currencies or indices, or price, rate or value, relevant to such calculation;

(x) any listing of the shares of the series on a securities exchange; and

(xi) any other preferences and relative, participating, optional or other rights or qualifications, limitations or restrictions thereof.

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This table should be read in conjunction with our consolidated financial statements and related notes incorporated by reference into this prospectus and the unaudited pro forma consolidated financial statements and related notes included in the pro forma consolidated financial statements in this prospectus.

The following table shows our capitalization as of March 31, 2004 on an actual basis for Golden Star alone and on a pro forma basis after the combination of IAMGold and Golden Star:

	As of March 31, 2004	
	(in thousands)	
	Golden Star As Reported	Golden Star/IAMGold Pro Forma
Cash and cash equivalents	\$ 86,017	\$ 125,374
Long term debt and lease obligations	610	12,009
Shareholders' Equity:		
Common shares: unlimited shares authorized; actual 133,312,412 shares issued and outstanding; pro forma 304,969,131 shares issued and outstanding	328,209	1,203,086
Deferred stock-based compensation		(3,748)
Share purchase loans		(266)
Retained earnings	(124,022)	(124,022)
Total shareholders' equity	<u>\$ 204,187</u>	<u>\$ 1,075,050</u>

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The following table sets out, for each of Golden Star's Directors and Executive Officers, the person's name, municipality of residence, age, position with Golden Star and, if a Director, the date on which the person became a Director. Each of the Directors has been elected to serve until the next annual meeting of shareholders of Golden Star.

Name and Municipality of Residence	Age	Position with Golden Star	Director Since
Peter J. Bradford Littleton, Colorado	46	President, Chief Executive Officer, Director	August 8, 2000
Richard Q. Gray Accra, Ghana	45	Senior Vice-President and Chief Operating Officer	
Allan J. Marter Denver, Colorado	56	Senior Vice-President, Chief Financial Officer	
Bruce Higson-Smith Denver, Colorado	43	Vice-President, Corporate Development	
Douglas A. Jones Perth, Australia	50	Vice-President, Exploration	
Ian MacGregor Toronto, Ontario	70	Chairman	April 3, 2000
James E. Askew Denver, Colorado	55	Director	June 15, 1999
David K. Fagin Englewood, Colorado	66	Director	January 1, 1992
Lars-Eric Johansson Oakville, Ontario	57	Director	January 27, 2004
Michael P. Martineau Hildenborough, Kent, United Kingdom	59	Director	May 20, 2004

Information regarding Golden Star's directors and executive officers are set forth below.

Peter J. Bradford	President and Chief Executive Officer of Golden Star since November 1999; director of Anvil Mining N.L. and its successor company since September 1998 and Managing Director of Anvil Mining from May 1998 to October 1999.
Allan J. Marter	Senior Vice President since May 2002 (prior to May 2002 Vice President), Chief Financial Officer since November 1999, and Secretary of Golden Star since June 2001; principal of Waiata Resources, Littleton (mining financial advisory services) from 1996 to 1999.
Bruce Higson-Smith	Vice President, Corporate Development since September 2003; independent consultant from October 2002 to September 2003; Vice President and Investment Manager with Resource Capital Funds from September 1998 to October 2002.
Douglas A. Jones	Vice President, Exploration since March 2003; consultant from December 2002 to February 2003; Chief Geologist of AurionGold Ltd. (formerly Delta Gold Ltd.) from August 1998 through November 2002.

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Richard Q. Gray	Senior Vice President since May 2002 (prior to May 2002 Vice President), Chief Operating Officer since June 2001, Vice President, Ghana since January 2000, Managing Director of Wexford Goldfields Limited since October 2002 and Managing Director of Bogoso Gold Limited since November 1999; General Manager of Bogoso Gold Mine from March 1998 to October 1999.
Ian MacGregor	Chairman of the Board since January 27, 2004; corporate director; counsel of Fasken Martineau DuMoulin LLP (Barristers and Solicitors) since February 2000 and prior thereto, a partner of Fasken Martineau DuMoulin LLP.
James E. Askew	President and Chairman of International Mining and Finance Company from January 1997 to present; Managing Director and Chief Executive Officer of Black Range Minerals NL from November 1999 to 2001; director of Ausdrill Limited, Yamana Gold Inc., AGD Mining Ltd., Climax Mining Limited and Sino Gold Limited; President and Chief Executive Officer of Golden Star from March 1999 to October 1999; President and Chief Executive Officer of Rayrock Resources Inc. from September 1998 to March 1999.
David K. Fagin	Director on the boards of Pacific Rim Mining Company, Canyon Resources Corporation and of the public mutual funds of T. Rowe Price Associates, Inc.; and Chairman and Chief Executive Officer of Western Exploration from July 1997 to January 2000.
Lars-Eric Johansson	Executive Vice President and Chief Financial Officer of Kinross Gold Corporation from June 1, 2004 to present; Special Advisor on project financing to Falconbridge Limited (a subsidiary of Noranda Inc.) Koniambo nickel project in New Caledonia from November 2003 to May 2004; Executive Vice President and Chief Financial Officer of Noranda Inc. from May 2002 to November 2003; Senior Vice President and Chief Financial Officer for Falconbridge from September 1989 to May 2002; a director of Aber Diamond Corporation and Novicourt Inc. and Chairman of Forsbecks AB, Sweden.
Michael P. Martineau	Founder and President of AXMIN Inc. from January 1999 to present; Director of Ashanti Goldfields from February 1999 to present; Deputy Chairman from February 2000 to present and Chief Executive Officer from February 2000 to August 2002 of Eurasia Mining plc; Director of Angus and Ross plc since April 2000.

PRINCIPAL SHAREHOLDERS

To the knowledge of the directors and officers of Golden Star, as of June 4, 2004, there are no persons who own, beneficially or of record, directly or indirectly, or who exercise control or direction over, more than 5% of the Golden Star common shares.

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PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS OF GOLDEN STAR RESOURCES LTD.

DESCRIPTION OF OFFER TO PURCHASE IAMGOLD CORPORATION

(All monetary figures are in United States dollars)

Golden Star Resources Ltd. (Golden Star , the Company , us , we) announced on May 27, 2004 a proposed business combination with IAMGold Corporation (IAMGold). On June 9, 2004 we commenced our offer to exchange 1.15 Golden Star common shares for each common share of IAMGold, or approximately 171.7 million of Golden Star common shares for approximately 149.3 million IAMGold common shares, assuming all in-the-money options to purchase IAMGold common shares are exercised.

Assuming all IAMGold shares are exchanged in this offer, immediately following the exchange, approximately 48% of the shares would be held by current Golden Star shareholders and approximately 52% of the shares would be held by current IAMGold shareholders, calculated on a fully diluted basis. As the relative share ownership of the two groups of shareholders is similar, it is expected that Golden Star's board of directors and management will retain their positions in the combined entity and Golden Star's corporate office will continue to be the headquarters of the combined entity. Golden Star is considered to be the acquirer for the purposes of purchase accounting. In accordance with this assumption, IAMGold's assets and liabilities have been restated in the pro forma financial statements presented below, to reflect their estimated fair values as of the date of the announcement of the proposed acquisition.

The pro forma financial statements are based upon a Golden Star common share price of \$5.10, this amount being the average closing common share price of Golden Star three days before and after the day of the date of the public announcement of Golden Star's proposed business combination with IAMGold.

As a consequence of the nature of the transaction, there may be, and likely will be, actions and other events or changes initiated by IAMGold that would significantly change purchase prices and purchase price allocations. Also, Golden Star has not had access to proprietary and confidential corporate financial and other information of IAMGold and has not had an opportunity to undertake any due diligence procedures. Such information and procedures may provide Golden Star with additional information that could materially affect the purchase price paid for the acquisition of IAMGold, the purchase price allocation and, accordingly, the assumptions and pro forma adjustments. Identified factors which may have a significant impact on the basis and results of the combinations are described in Note 3 of the accompanying notes to the Pro Forma Consolidated Financial Statements.

The combination of Golden Star and IAMGold is subject to, among other things, regulatory approval. The fair value of IAMGold's assets and liabilities will ultimately be determined after the completion of the transaction. Therefore, it is likely that the fair values of assets and liabilities will vary from those shown and the differences may be material.

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The preliminary allocation of the purchase price (\$000s) summarized in the table below is subject to change:

Purchase price	
149,266,712 IAMGold shares (1)	\$ 874,877
Estimated acquisition costs	10,000
	\$ 884,877
Net assets acquired	
Cash and cash equivalents	\$ 49,357
Non-cash working capital	72,561
Other long-term assets	30,748
Equity investments in mine properties	77,000
Royalty interests	78,000
Property, plant and equipment	116,382
Goodwill	527,956
Rehabilitation provision	(6,034)
Long-term debt	(11,399)
Future income taxes, net	(53,707)
Share purchase loans	266
Deferred stock-based compensation	3,748
	\$ 884,877

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1. The amount shown is an estimated price based on the number of IAMGold shares outstanding on June 4, 2004 and assumes the exercise of all IAMGold options where the market price on June 4, 2004 exceeds such option's exercise price, or in-the-money IAMGold options.
 2. The allocation shown above assumes IAMGold will pay a \$23 million break fee to Wheaton River. If Wheaton River were to combine with Coeur d'Alene, we would then receive a \$26 million payment in lieu of the break fee from Coeur d'Alene per an agreement between us and Coeur d'Alene. See Pre-Offer Agreement with Coeur d'Alene. If we receive the \$26 million payment from Coeur d'Alene, our cash would be \$49 million higher and the goodwill would be \$49 million lower than shown above.

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BASIS OF PRESENTATION

Set out below are the unaudited consolidated pro forma statements of operation for the year ended December 31, 2003 and three months ended March 31, 2004 and the unaudited consolidated pro forma balance sheet of Golden Star at March 31, 2004. These statements have been prepared by the management of Golden Star to assist you in your analysis of the financial effects of the proposed business combination of Golden Star and IAMGold.

The Golden Star information has been derived from our historical unaudited financial statements as of and for the three months ended March 31, 2004 and from our historical audited financial statements for the year ended December 31, 2003. Our historical data was prepared using accounting principles generally accepted in Canada.

IAMGold's information has been compiled solely from publicly available information for the same periods as Golden Star's, as described above. IAMGold has not provided us access to their detailed accounting records nor has IAMGold assisted us in preparing any of the data contained in the pro forma financial statements shown below. IAMGold's historical data was prepared using accounting principles generally accepted in Canada.

It is management's opinion that these pro forma consolidated financial statements include all adjustments necessary for the fair presentation, in all material respects, of the transaction described above in accordance with Canadian generally accepted accounting principles applied on a basis consistent with Golden Star's accounting policies.

The pro forma consolidated financial statements are not intended to reflect the results of operations or the financial position of Golden Star which would have actually resulted had the proposed transactions been effected on the dates indicated. Further, the pro forma financial information is not necessarily indicative of the results of operations that may be obtained in the future. The unaudited pro forma consolidated financial statements should be read in conjunction with the historical financial statements and notes thereto of Golden Star and IAMGold, described above.

The pro forma consolidated financial statements assume that IAMGold will combine with Golden Star, and Wheaton River will not combine with Coeur d'Alene. As a result, IAMGold would be required to pay a \$23 million break fee to Wheaton River. If Wheaton River agrees to combine with Coeur d'Alene, rather than IAMGold paying a \$23 million break fee, we would receive a \$26 million break fee from Coeur d'Alene. The accounting effect of this event on the pro forma financial statements would be a \$49 million increase in the combined entity's cash and a \$49 million reduction in goodwill on the balance sheet of the combined entity both at March 31, 2004 under Canadian GAAP and at December 31, 2003 under US GAAP. This change would not affect net income or earnings per share.

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Year ended December 31, 2003

(Unaudited)

(Expressed in thousands of United States dollars, except per share amounts and unless otherwise stated)

	As Reported				
	Golden Star	IAMGold	Note	Pro Forma Adjustments	Pro Forma Consolidated
Gold sales	\$63,512	\$ 96,607	3(l)	\$(1,654)	\$ 158,465
Royalties		4,504			4,504
Interest and other income	858				858
Total Revenues	64,370	101,111		(1,654)	163,827
Cost of mining operations	32,125	56,336			88,461
Depreciation, depletion and amortization	4,993	26,552	3(g)(k)	6,405	37,950
Accretion of asset retirement obligation	578	1,368	3(k)	(1,084)	862
Exploration expense	594	5,496	3(j)	(5,496)	594
General and administrative expense	5,566	6,626	3(k)	1,840	14,032
Foreign exchange (gain)/loss	(2,331)	576			(1,755)
Interest and other expense	217	987			1,204
Total Expenses	41,742	97,941		1,665	141,348
Income before investment income, equity income and minority interest	22,628	3,170		(3,319)	22,479
Investment income	1,905	2,421			4,326
Equity income		9,650		(551)	9,099
Minority interest	(2,577)				(2,577)
Income before income taxes	21,956	15,241		(3,870)	33,327
Income tax		(202)	3(h)	710	508
Net income	\$21,956	\$ 15,039		\$(3,160)	\$ 33,835
Earnings per share			1A(a)		
Basic					\$ 0.120
Diluted					\$ 0.115
Weighted-average number of shares outstanding (in thousands of shares)			1A(b)		
Basic					282,608
Diluted					293,726

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First Quarter ended March 31, 2004

(Unaudited)

(Expressed in thousands of United States dollars, except per share amounts and unless otherwise stated)

	As Reported			Pro Forma Adjustments	Pro Forma Consolidated
	Golden Star	IAMGold	Note		
Gold sales	\$ 19,265	\$ 26,105	3(l)	\$ (414)	\$ 44,956
Royalties		1,527			1,527
Interest and other income	592	1,324			1,916
Total Revenues	19,857	28,956		(414)	48,399
Cost of mining operations	9,125	15,558			24,683
Depreciation, depletion, amortization and accretion	2,437	7,582	3(g)	1,833	11,852
Exploration expense	234	1,068	3(j)	(1,068)	234
General and administrative expense	1,856	2,328			4,184
Interest and other expense/(income)	289	(43)			246
Total Expenses	13,941	26,493		765	41,199
Income before investment income, equity income and minority interest	5,916	2,463		(1,179)	7,200
Equity income		4,116		(115)	4,001
Minority interest	(722)				(722)
Income before income taxes	5,194	6,579		(1,294)	10,479
Income tax		(673)	3(h)	453	(220)
Net income	\$ 5,194	\$ 5,906		\$ (841)	\$ 10,259
Earnings per share			1B(a)		
Basic					\$ 0.034
Diluted					\$ 0.032
Weighted-average number of shares outstanding (in thousands of shares)			1B(b)		
Basic					304,815
Diluted					318,044

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March 31, 2004

(Unaudited)
(Expressed in thousands of United States dollars)

As Reported

	Golden Star	IAMGold	Note	Pro Forma Adjustments	Pro Forma Consolidated
ASSETS					
CURRENT					
Cash and cash equivalents	\$ 86,017	\$ 65,745	3(d)	\$ (26,388)	\$ 125,374
Gold bullion		47,445	3(c)	14,054	61,499
Accounts receivable	1,667	20,646			22,313
Inventory	14,227	9,601			23,828
Other	1,918				1,918
	<u>103,829</u>	<u>143,437</u>		<u>(12,334)</u>	<u>234,932</u>
Restricted cash	3,317				3,317
Marketable securities		1,102	3(c)	1,377	2,479
Property plant and equipment	18,930	83,397	3(c)	32,985	135,312
Deferred exploration and development	3,850		3(c)	5,500	9,350
Mine construction in progress	32,988				32,988
Mining properties	64,398				64,398
Stockpiled ore		14,598			14,598
Equity investment in mining properties		63,922	3(c)	13,078	77,000
Royalty interest		62,089	3(c)	15,911	78,000
Goodwill		74,886	3(e)	453,070	527,956
Future income taxes		43	3(c)	(43)	
Long-term receivables		6,933			6,933
Other	2,282	1,238			3,520
	<u>\$ 229,594</u>	<u>\$ 451,645</u>		<u>\$ 509,544</u>	<u>\$ 1,190,783</u>
LIABILITIES					
CURRENT					
Accounts payable and accrued liabilities	\$ 6,582	\$ 19,186		\$	\$ 25,768
Construction retention payable	1,375				1,375
Royalties payable	582				582
Current debt	142				142
	<u>8,681</u>	<u>19,186</u>			<u>27,867</u>
Long-term debt	610	11,399			12,009
Future income taxes		20,336	3(h)	33,371	53,707
Asset retirement obligations	7,919	6,034			13,953
Other		1,241	3(c)	(1,241)	
	<u>17,210</u>	<u>58,196</u>		<u>32,130</u>	<u>107,536</u>
Minority interest	8,197				8,197
SHAREHOLDERS EQUITY					
Share purchase options		4,560	3(c)	(4,560)	
Deferred stock-based compensation				(3,748)	(3,748)

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Share purchase loans		(266)		(266)
Share capital	328,209	343,243	(343,243)	328,209
			874,877	874,877
Retained earnings	(124,022)	45,912	(45,912)	(124,022)
	<u>\$ 229,594</u>	<u>\$ 451,645</u>	<u>\$ 509,544</u>	<u>\$ 1,190,783</u>

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Table of Contents**NOTES TO THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS****(Unaudited)****(Expressed in thousands of United States dollars or shares except per share amounts)****1. PRO FORMA EARNINGS PER SHARE****A. Based on Golden Star's common shares outstanding at December 31, 2003.**

(a) Pro forma basic earnings per share	
The number of Golden Star common shares outstanding is as follows:	
Number of Golden Star common shares outstanding as of December 31, 2003	132,924
The number of Golden Star common shares to be issued to IAMGold shareholders	171,657
	<u> </u>
Pro forma number of Golden Star common shares outstanding	304,581
	<u> </u>

The weighted-average number of Golden Star common shares for computation of pro forma basic earnings per share is as follows:

Weighted-average number of Golden Star common shares outstanding as of December 31, 2003	110,951
The number of Golden Star common shares to be issued to IAMGold shareholders	171,657
	<u> </u>
Pro forma basic weighted-average number of Golden Star common shares outstanding	282,608
	<u> </u>
Pro forma net income	\$ 33,835
	<u> </u>
Pro forma basic earnings per share	\$ 0.120
	<u> </u>
(b) Pro forma diluted earnings per share	
Pro forma weighted-average number of Golden Star common shares outstanding	282,608
Dilutive effect of Golden Star stock options and warrants	11,118
	<u> </u>
Pro forma dilutive weighted-average number of Golden Star common shares outstanding	293,726
	<u> </u>
Pro forma dilutive earnings per share	\$ 0.115
	<u> </u>

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(Unaudited)

(Expressed in thousands of United States dollars or shares except per share amounts)

B. Based on Golden Star's common shares outstanding at March 31, 2004.

(a) Pro forma basic earnings per share	
The number of Golden Star common shares outstanding is as follows:	
Number of Golden Star common shares outstanding as of March 31, 2004	133,312
The number of Golden Star common shares to be issued to IAMGold shareholders	171,657
	<u> </u>
Pro forma number of Golden Star common shares outstanding	304,969
	<u> </u>

The weighted-average number of Golden Star common shares for computation of pro forma basic earnings per share is as follows:

Weighted-average number of Golden Star common shares outstanding as of March 31, 2004	133,158
The number of Golden Star common shares to be issued to IAMGold shareholders	171,657
	<u> </u>
Pro forma basic weighted-average number of Golden Star common shares	304,815
	<u> </u>
Pro forma net income	\$ 10,259
	<u> </u>
Pro forma basic earnings per share	\$ 0.034
	<u> </u>
(b) Pro forma diluted earnings per share	
Pro forma weighted-average number of Golden Star common shares outstanding	304,815
Dilutive effect of Golden Star stock options and warrants	13,229
	<u> </u>
Pro forma dilutive weighted-average number of Golden Star common shares outstanding	318,044
	<u> </u>
Pro forma dilutive earnings per share	\$ 0.032
	<u> </u>

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Table of Contents**2. PRO FORMA FINANCIAL STATEMENTS UNDER U.S. GAAP****A. Pro Forma Consolidated Balance Sheet Under U.S. GAAP as of December 31, 2003****(Unaudited)****(Expressed in thousands of United States dollars)**

	As Reported			Pro Forma Adjustments	Pro Forma Consolidated
	Golden Star	IAMGold	Note		
ASSETS					
CURRENT					
Cash and cash equivalents	\$ 89,970	\$ 53,171	3(d)	\$ (26,388)	\$ 116,753
Gold bullion		47,283	3(c)	12,958	60,241
Accounts receivable	790	2,714			3,504
Inventory	12,661				12,661
Other	1,514	155			1,669
	<u>104,935</u>	<u>103,323</u>		<u>(13,430)</u>	<u>194,828</u>
Restricted cash	3,317				3,317
Marketable securities		2,479			2,479
Property plant and equipment	18,202				18,202
Deferred exploration and development			3(c)	5,500	5,500
Mine construction in progress	25,647				25,647
Mining properties	46,478				46,478
Equity investment in mining properties		175,665	3(c)	48,839	224,505
Royalty interest		62,603	3(c)	15,397	78,000
Goodwill		74,886	3(e)	463,317	538,203
Long-term receivables	1,000	975	3(c)	(975)	1,000
Other	758	1,239			1,997
	<u>\$ 200,337</u>	<u>\$ 421,170</u>		<u>\$ 518,648</u>	<u>\$ 1,140,155</u>
LIABILITIES					
Current liabilities	\$ 8,151	\$ 12,941		\$	\$ 21,092
Long-term debt	657				657
Future income taxes		21,425	3(h)	34,589	56,014
Asset retirement obligations	7,745				7,745
	<u>16,553</u>	<u>34,366</u>		<u>34,589</u>	<u>85,508</u>
Minority interest	3,367				3,367
SHAREHOLDERS EQUITY					
Share purchase options		8,789	3(c)	(8,789)	
Deferred stock-based compensation				(3,748)	(3,748)
Share purchase loans		(266)			(266)
Share capital	324,609	347,681		(347,681)	324,609
				874,877	874,877
Contributed surplus		78		(78)	
Accumulated comprehensive income	1,316	1,086		(1,086)	1,316
Retained earnings	(145,508)	29,436		(29,436)	(145,508)
	<u>\$ 200,337</u>	<u>\$ 421,170</u>		<u>\$ 518,648</u>	<u>\$ 1,140,155</u>

Table of Contents**B. Reconciliation of December 2003 Statement of Operations to U.S. GAAP**

Golden Star net income as reported	\$ 13,357
IAMGold's net income as reported	12,802
Additional depreciation, depletion and amortization from increases in IAMGold's asset fair values	(5,963)
Eliminate deferred revenue - fair value nil	(1,654)
Income tax impact of adjustments	2,666
	<hr/>
Pro forma net income - U.S. GAAP	\$ 21,208
	<hr/>
Other comprehensive income:	
IAMGold's gain on marketable securities	1,086
Eliminate IAMGold's gain on marketable securities - note 3(n)	(1,086)
Golden Star's loss on marketable securities	(548)
	<hr/>
Pro forma comprehensive income	\$ 20,660
	<hr/>
Earning per share (in U.S. dollars)	
Basic	\$ 0.075
Diluted	\$ 0.072
Comprehensive income per share (in U.S. dollars)	
Basic	\$ 0.073
Diluted	\$ 0.070
Weighted average number of shares outstanding (in thousands of shares)	
Basic	282,608
Diluted	293,726

Financial statements for IAMGold at March 31, 2004 and for the three months then ended, prepared in accordance with U.S. GAAP are not available.

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(Expressed in thousands of United States dollars or shares except per share amounts)

C. Pro Forma Earnings Per Share Under U.S. GAAP for the Year Ended December 31, 2003 (Unaudited)**(a) Pro forma basic earnings per share under U.S. GAAP**

The number of Golden Star common shares outstanding is as follows:

Number of Golden Star common shares outstanding as of December 31, 2003	132,924
The number of Golden Star common shares to be issued to IAMGold shareholders	171,657
	<hr/>
Pro forma number of Golden Star common shares outstanding	304,581
	<hr/>

The weighted-average number of Golden Star common shares for computation of pro forma basic earnings per share is as follows:

Weighted-average number of Golden Star common shares outstanding as of December 31, 2003	110,951
The number of Golden Star common shares to be issued to IAMGold shareholders	171,657
	<hr/>
Pro forma basic weighted-average number of Golden Star common shares outstanding	282,608
	<hr/>
Pro forma net income under U.S. GAAP	\$ 21,208
	<hr/>
Pro forma basic earnings per share under U.S. GAAP	\$ 0.075
	<hr/>

(b) Pro forma diluted earnings per share under U.S. GAAP

Pro forma weighted-average number of Golden Star common shares outstanding	282,608
Dilutive effect of Golden Star stock options and warrants	11,118
	<hr/>
Pro forma dilutive weighted-average number of Golden Star common shares outstanding	293,726
	<hr/>
Pro forma dilutive earnings per share under U.S. GAAP	\$ 0.072
	<hr/>

(c) Pro forma comprehensive income per share

Comprehensive income per share basic	\$0.073
	<hr/>
Comprehensive income per share diluted	\$0.070
	<hr/>

3. SIGNIFICANT ASSUMPTIONS AND ADJUSTMENTS

The pro forma consolidated financial statements include the following pro forma assumptions and adjustments:

(a) The unaudited pro forma consolidated financial statements have been compiled using the significant accounting policies as set out in the audited financial statements of Golden Star for the year ended December 31, 2003.

(b) The December 31, 2003 and the March 31, 2004 pro forma statements of operations assume that the acquisition occurred on January 1, 2003. The March 31, 2004 balance sheet assumes the acquisition occurred at March 31, 2004.

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(c) All of IAMGold's assets and liabilities have been restated where appropriate to reflect estimated fair values using purchase accounting concepts. Estimated mining property and equity investment fair values are based upon discounted cash flow analysis.

(d) IAMGold's transaction costs are estimated to be \$5 million. Golden Star's transaction costs and fees, including advisors, legal, accounting, exchange fees, regulatory fees, and IAMGold rationalization costs will total approximately \$10 million. It is also assumed that IAMGold will pay a \$23 million break fee to Wheaton River. See Pre-Offer Agreement with Coeur d'Alene. Assumes that in-the-money IAMGold options outstanding as of June 4, 2004 are exercised for cash and the IAMGold shares issued are exchanged for Golden Star shares.

(e) The excess of the purchase price over the fair value of the net assets is shown as goodwill. The goodwill shown in the pro forma financial statements is based upon a preliminary analysis of the factors involved in determining fair values. The final allocation of the purchase price and the fair values of IAMGold's assets and liabilities is subject to completion of definitive appraisals which would be carried out following completion of the acquisition.

(f) No adjustments have been made to reflect expected synergies or cost savings of the proposed transaction.

(g) Amortization has been adjusted to reflect adjustments of asset basis to fair value.

(h) The impact of differences between the fair value and the tax value of assets and liabilities has been reflected in the future tax balance and the resulting impact on income tax expense has been reflected on the statements of operations.

(i) The pro forma information has been compiled using a Golden Star common share price of \$5.10 per share, being the average of the closing price on the AMEX for the three days before and after May 27, 2004, the date of announcement of Golden Star's proposed business combination with IAMGold.

(j) IAMGold's 2003 and first quarter 2004 exploration costs have been capitalized as deferred exploration to correspond with Golden Star's accounting policy.

(k) During the first quarter of 2004, IAMGold changed its accounting policies with respect to the accounting for Asset Retirement Obligations and share options. Golden Star changed its accounting policies for Asset Retirement Obligations and share options effective January 1, 2003. Therefore, IAMGold's statement of operations for the year ended December 31, 2003 has been restated to account for these changes in accounting policies using the information disclosed in IAMGold's audited consolidated financial statements for the year ended December 31, 2003, and the consolidated financial statements for the three months ended March 31, 2004.

(l) Deferred revenues related to hedge positions closed in past periods were assigned a fair value of nil and therefore the revenue recognized in IAMGold's statements of operations has been reversed on the Golden Star pro forma statements of operation.

(m) The gain on marketable securities recognized by IAMGold in comprehensive income is eliminated as a pro forma adjustment since the marketable securities were adjusted to fair value in the acquisition of IAMGold by Golden Star.

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The Depositary for the Offer is:

CIBC MELLON TRUST COMPANY

Toronto

By Mail

P.O. Box 1036
Adelaide Street Postal Station
Toronto, ON M5C 2K4

By Hand or by Courier:

199 Bay Street
Commerce Court West
Securities Level
Toronto, ON M5L 1G9

Telephone: (416) 643-5500
Toll Free: 1-800-387-0825
E-Mail: inquiries@cibcmellon.com

Vancouver

By Hand or by Courier

1066 West Hastings Street

Suite 1600
Vancouver, B.C.
V6E 3X1

The Dealer Manager for the Offer is:

BMO NESBITT BURNS

In Canada

BMO Nesbitt Burns Inc.
1 First Canadian Place
4th Floor, PO Box 150
Toronto, Ontario
M5X 1H3

In the United States

Harris Nesbitt Corp.
3 Times Square
New York, New York
10036

Telephone: 1-866-758-9860

The Information Agent for the Offer is:

INNISFREE M&A INCORPORATED

501 Madison Avenue, 20th Floor
New York, New York
10022

Shareholders Call Toll-Free:

1-877-825-8772 (English speakers)

1-877-825-8777 (French speakers)

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Banks and Brokers Call Collect:

212-750-5833

Any questions and requests for assistance may be directed by Shareholders to the Dealer Manager, the Depositary or the Information Agent at their respective telephone numbers and locations set out above.

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PART II

INFORMATION NOT REQUIRED IN THE PROSPECTUS

Item 20. *Indemnification of Officers and Directors.*

We have entered into agreements with our directors and officers indemnifying such directors and officers to the extent permitted by the CBCA, and our by-laws. Our by-laws provide that we will indemnify any such person in such other circumstance as the CBCA or law permits or requires.

Our ability to indemnify our directors and officers is governed by section 124 of the CBCA. Under these provisions, we may indemnify a director or officer, a former director or officer or another individual who acts or acted at our request as a director or officer or in a similar capacity, of another entity (the individual) against all costs, charges, and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by the individual in respect of any civil, criminal, administrative, investigative or other proceeding in which the individual is involved by reason of their association with us or such other entity. However, we may not indemnify an individual unless the individual:

a. acted honestly and in good faith with a view to the best interests of our or such other entity for which the individual acted as director or officer or in a similar capacity at our request, as the case may be; and

b. in the case of criminal or administrative action or proceeding that is enforced by a monetary penalty, the individual had reasonable grounds for believing that the individual's conduct was lawful.

We may advance funds to a director, officer or other individual for the costs, charges and expenses of a proceeding referred to above. The individual shall repay the amount advanced if the individual does not fulfill the conditions of sections (a) and (b) above.

With the approval of a court, we may indemnify an individual, or advance funds, in respect of an action by or on our behalf or by or on behalf of another entity to procure a judgment in our favor to which the individual is made a party because of the individual's association with us or such other entity against all costs, charges and expenses reasonably incurred by the individual in connection with such action if the individual fulfills the conditions in clauses (a) and (b) above.

In addition to the right to indemnification set forth in the agreements with our directors and our by-laws, the CBCA provides that an individual is entitled to indemnification from us in respect of all costs, charges and expenses reasonably incurred by the individual in connection with the defense of any civil, criminal, administrative, investigative or other proceeding to which the individual is subject because of the individual's association with us or such other entity, if the individual seeking indemnity:

a. was not judged by the court of other competent authority to have committed any fault or omitted to do anything that the individual ought to have done; and

b. fulfills the conditions set out in clauses (a) and (b) above.

We maintain a directors' and officers' liability insurance policy which insures directors and officers for losses as a result of claims based upon the acts or omissions as our directors and officers, including liabilities arising under the Securities Act of 1933, or the 33 Act, and also reimburses us for payments made pursuant to the indemnity provisions under the CBCA.

Insofar as indemnification for liabilities arising under the 33 Act may be permitted to directors, officers or persons controlling the registrant pursuant to the foregoing provisions, the registrant has been informed that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the 33 Act and is therefore unenforceable.

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Item 21. Exhibits.

- 3(i) Incorporating Documents of the Company, including: Articles of Arrangement dated May 14, 1992, with Plan of Arrangement attached, with Certificate of Amendment with respect thereto dated May 15, 1992; Certificate of Amendment dated May 15, 1992, with Articles of Amendment; Certificate of Amendment dated March 26, 1993, with Articles of Amendment; Articles of Arrangement dated March 7, 1995, with Plan of Arrangement attached, with Certificate of Amendment with respect thereto dated March 14, 1995; Certificate of Amendment dated July 29, 1996, with Articles of Amendment; and Certificate of Amendment dated July 10, 2002, with Articles of Amendment (all incorporated by reference to Exhibit 4.1 to the Company's Form 8-K filed on January 23, 2003)
- 3(ii) By-laws of the Company, including: Bylaw Number One, amended and restated as of April 3, 2002 (incorporated by reference to Exhibit 4.3 to the Company's Registration Statement on Form S-3 (Reg. No. 333-102225) filed on December 27, 2002); Bylaw Number Two, effective May 15, 1992 (incorporated by reference to Exhibit 4.2 to the Company's Form 8-K filed on January 23, 2003); and Bylaw Number Three, effective May 15, 1992 (incorporated by reference to Exhibit 4.2 to the Company's Form 8-K filed on January 23, 2003)
- 4.1 Form of Specimen Certificate for Common Shares (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-3/ A (Reg. No. 333-91666) filed on July 15, 2002)
- 4.2 Warrants dated as of September 11, 2001 between the Company and Barnato Exploration Limited (incorporated by reference to Exhibit 4.4 to the Company's Form 10-K for the year ended December 31, 2002)
- 4.3 Warrants dated as of September 11, 2001 between the Company and Ware Limited (incorporated by reference to Exhibit 4.5 to the Company's Form 10-K for the year ended December 31, 2002)
- 4.4 Form of Warrant, dated as of January 2, 2002 (incorporated by reference to the Company's Form S-3 (Reg. No. 333-82106) filed on February 4, 2002)
- 4.5 Warrant Indenture, dated July 17, 2002, among the Company and CIBC Mellon Trust, as Trustee, including the Form of Warrant (incorporated by reference to Exhibit 4.1 to the Company's Form 8-K filed on August 5, 2002)
- 4.6 Form of Underwriters' Warrants (incorporated by reference to Exhibit 4.3 to the Company's Registration Statement on Form S-3/ A (Reg. 333-91666) filed on July 15, 2002)
- 4.7 Form of Warrant, dated December 12, 2002 (incorporated by reference to Exhibit 4.1 to the Company's Form 8-K filed on December 13, 2002)
- 4.8 Warrant Indenture, dated as of February 14, 2003, between Golden Star Resources Ltd. and CIBC Mellon Trust Company, including the Form of Warrant (incorporated by reference to Exhibit 4.1 of the Company's Form 8-K filed on February 14, 2003)
- 4.9 Form of Underwriters' Warrant, dated February 14, 2003 (incorporated by reference to Exhibit 4.2 of the Company's Form 8-K filed on February 14, 2003)
- 4.11 Amended and Restated Shareholder Rights Plan Agreement dated as of May 20, 2004 between the Company and CIBC Mellon Trust Company as Rights Agent (incorporated by reference to Exhibit 4.1 to the Company's Form 8-K filed on June 3, 2004)
- 5 Opinion of Fasken Martineau DuMoulin LLP regarding the validity of the shares being registered(1)
- 10.1 Summary of Executive Management Performance Bonus Plan (incorporated by reference to Exhibit 10.1 of the Company's Form 8-K filed on January 23, 2003)
- 10.2 Amended and Restated 1997 Stock Option Plan, effective as of April 3, 2002 (incorporated by reference to Exhibit 10.2 of the Company's Form 8-K filed on January 23, 2003)
- 10.3 Form of Indemnification Agreement between the Company and its officers and directors (incorporated by reference to Exhibit 10.3 of the Company's Form 8-K filed on January 23, 2003)
- 10.4 Summary of Severance Arrangements between the Company and certain executive officers (incorporated by reference to Exhibit 10.4 of the Company's Form 8-K filed on January 23, 2003)

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10.5	Employees Stock Bonus Plan amended and restated to April 6, 2000 (incorporated by reference to Exhibit 10(j) to the Company's Form 10-K for the year ended December 31, 2000)
10.6	Guyanor Ressources S.A. Stock Option Plan amended and restated as of June 15, 1999 (English translation) (incorporated by reference to Exhibit 10.35(a) to the Company's Form 10-K for the year ended December 31, 1999)
10.7	Employment contract with Mr. Peter Bradford dated November 1, 1999 (incorporated by reference to Exhibit 10.38 (c) to the Company's Form 10-K for the year ended December 31, 1999)
10.8	Employment agreement with Mr. Allan J. Marter dated November 8, 1999 (incorporated by reference to Exhibit 10.2 to the Company's Form 10-Q for the quarter ended September 30, 2003)
10.9	Employment agreement with Mr. Douglas Jones dated February 16, 2003 (incorporated by reference to Exhibit 10.2 to the Company's Form 10-Q for the quarter ended March 31, 2003)
10.10	Employment agreement with Mr. Bruce Higson-Smith dated September 22, 2003 (incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q for the quarter ended September 30, 2003)
10.11	Agreements between the Company and its outside directors granting them options to purchase Guyanor Class B common shares, (1) dated December 8, 1995, and December 10, 1996 (incorporated by reference as Exhibit 10.39 to the Company's Form 10-K for the year ended December 31, 1996), (2) dated December 9, 1997 (incorporated by reference to Exhibit 10.39(a) to the Company's Form 10-K for the year ended December 31, 1997), (3) dated December 8, 1998 (incorporated by reference to Exhibit 10.39(b) to the Company's Form 10-K for the year ended December 31, 1998), (4) dated June 15, 1999 (incorporated by reference to Exhibit 10.39(c) to the Company's Form 10-K for the year ended December 31, 1999), and (5) dated August 16, 2001
10.12	Agreement for the Sale and Purchase of Certain of the Assets of Satellite Goldfields Limited between The Law Debenture Trust Corporation P.L.C. and Wexford Goldfields Limited dated March 1, 2002 (incorporated by reference to Exhibit 2.1 of the Company's Form 8-K filed on September 30, 2002)
10.13	Agreement for the Sale and Purchase of Certain of the Assets of Satellite Goldfields Limited between Satellite Goldfields Limited, The Law Debenture Trust Corporation P.L.C. and Wexford Goldfields Limited dated March 15, 2002 (incorporated by reference to Exhibit 2.2 of the Company's Form 8-K filed on September 30, 2002)
10.14	Common Terms Agreement for Wassa Gold Project between Wexford Goldfields Limited, any other Obligor Party thereto from time to time, Standard Bank London Limited and The Law Debenture Trust Corporation P.L.C. dated June 26, 2002 (incorporated by reference to Exhibit 2.3 of the Company's Form 8-K filed on September 30, 2002)
10.15	Wassa Project Facility Agreement between Wexford Goldfields Limited, the lenders listed in Schedule 1 thereto and Standard Bank London Limited dated June 25, 2002 (incorporated by reference to Exhibit 2.4 of the Company's Form 8-K filed on September 30, 2002)
10.16	Royalty Agreement between Wexford Goldfields Limited and The Law Debenture Trust Corporation P.L.C. dated June 26, 2002 (incorporated by reference to Exhibit 2.5 of the Company's Form 8-K filed on September 30, 2002)
10.17	Agreement for the Sale and Purchase of 90% of the Issued Capital of Wexford Goldfields Limited between The Law Debenture Trust Corporation P.L.C. and Wasford Holdings dated June 26, 2002, and amendment thereto dated September 13, 2002 (incorporated by reference to Exhibit 2.6 of the Company's Form 8-K filed on September 30, 2002)
10.18	Support Agreement for Wassa Gold Project between Golden Star Resources Ltd. and Standard Bank London Limited dated September 13, 2002 (incorporated by reference to Exhibit 2.7 of the Company's Form 8-K filed on September 30, 2002)

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10.19	Wassa Project Conversion Agreement between Wexford Goldfields Limited, Bayerische Hypo-Und Vereinsbank AG, Dresdner Bank AG London Branch, Fortis Bank (Nederland) N.V. and Standard Bank London Limited dated September 13, 2002 (incorporated by reference to Exhibit 2.8 of the Company's Form 8-K filed on September 30, 2002)
10.20	Wassa Gold Project Second Royalty Agreement between Wexford Goldfields Limited, the persons from time to time party thereto and Standard Bank London Limited dated September 13, 2002 (incorporated by reference to Exhibit 2.9 of the Company's Form 8-K filed on September 30, 2002)
10.21	Sale of Shares Agreement with Barnato Exploration Ltd., dated June 21, 2001, for the purchase of Prestea mining lease rights and Barnex Isle of Man (incorporated by reference to Exhibit 10(z) of the Company's Form 10-K for the year ended December 31, 2001)
10.22	Agreement, dated November 16, 2001, between Bogoso Gold Limited and Prestea Gold Resources Limited for the purchase of Prestea mining lease rights and option payments (incorporated by reference to Exhibit 10.2 to the Company's Form 8-K filed on March 6, 2002)
10.23	Share and Asset Acquisition Agreement, dated August 6, 2001, among Anvil Mining NL, Anvil International Finance Limited and the Company, regarding purchase of 20% interest in Bogoso Gold Limited (incorporated by reference to Exhibit 10(bb) to the Company's Form 10-K for the year ended December 31, 2001)
10.24	Guiana Shield Transaction Agreement with Cambior Inc. dated October 25, 2001 for the sale and swap of Golden Star's interest in Gross Rosebel and other properties (incorporated by reference to Exhibit 10.3 to the Company's Form 8-K filed March 6, 2002)
10.25	Mining lease, dated June 29, 2001, between the Government of the Republic of Ghana and Bogoso Gold Limited, relating to the Prestea property (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on March 6, 2002)
10.26	Joint Operating Agreement, dated January 31, 2002, between Bogoso Gold Limited and Prestea Gold Resources Limited (incorporated by reference to Exhibit 10.25 to the Company's Form 10-K for the year ended December 31, 2002)
10.27	Memorandum of Agreement, dated March 14, 2002, among Prestea Gold Resources, Bogoso Gold Limited and others (incorporated by reference to Exhibit 10.26 to the Company's Form 10-K for the year ended December 31, 2002)
10.28	Second Amended and Restated 1997 Stock Option Plan, effective as of April 8, 2004(1)
21	Subsidiaries of the Company (incorporated by reference to Exhibit 21 to the Company's Form 10-K for the year ended December 31, 2003)
23.1	Consent of PricewaterhouseCoopers LLP (filed herewith)
23.2	Consent of Fasken Martineau DuMoulin LLP (contained in Exhibit 5)
24	Power of Attorney(1)
99.1	Offer to Purchase dated June 9, 2004 (filed herewith)

(1) Previously filed on the Company's Registration Statement on Form S-4.

Item 22. Undertakings.

(a) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and

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any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the Calculation of Registration Fee table in the effective registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to section 15(d) of the Exchange Act) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) The undersigned registrant hereby undertakes to deliver or cause to be delivered with the prospectus, to each person to whom the prospectus is sent or given, the latest annual report to security holders that is incorporated by reference in the prospectus and furnished pursuant to and meeting the requirements of Rule 14a-3 or Rule 14c-3 under the Exchange Act; and, where interim financial information required to be presented by Article 3 of Regulation S-X are not set forth in the prospectus, to deliver, or cause to be delivered to each person to whom the prospectus is sent or given, the latest quarterly report that is specifically incorporated by reference in the prospectus to provide such interim financial information.

(d) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question, whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

(e) The undersigned registrant hereby undertakes to respond to requests for information that is incorporated by reference into the prospectus pursuant to Item 4, 10(b), 11 or 13 of this Form, within one business day of receipt of request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

(f) The undersigned registrant hereby undertakes to supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in the registration statement when it became effective.

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Exhibit Number	Description
3(i)	Incorporating Documents of the Company, including: Articles of Arrangement dated May 14, 1992, with Plan of Arrangement attached, with Certificate of Amendment with respect thereto dated May 15, 1992; Certificate of Amendment dated May 15, 1992, with Articles of Amendment; Certificate of Amendment dated March 26, 1993, with Articles of Amendment; Articles of Arrangement dated March 7, 1995, with Plan of Arrangement attached, with Certificate of Amendment with respect thereto dated March 14, 1995; Certificate of Amendment dated July 29, 1996, with Articles of Amendment; and Certificate of Amendment dated July 10, 2002, with Articles of Amendment (all incorporated by reference to Exhibit 4.1 to the Company's Form 8-K filed on January 23, 2003)
3(ii)	By-laws of the Company, including: Bylaw Number One, amended and restated as of April 3, 2002 (incorporated by reference to Exhibit 4.3 to the Company's Registration Statement on Form S-3 (Reg. No. 333-102225) filed on December 27, 2002); Bylaw Number Two, effective May 15, 1992 (incorporated by reference to Exhibit 4.2 to the Company's Form 8-K filed on January 23, 2003); and Bylaw Number Three, effective May 15, 1992 (incorporated by reference to Exhibit 4.2 to the Company's Form 8-K filed on January 23, 2003)
4.1	Form of Specimen Certificate for Common Shares (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-3/A (Reg. No. 333-91666) filed on July 15, 2002)
4.2	Warrants dated as of September 11, 2001 between the Company and Barnato Exploration Limited (incorporated by reference to Exhibit 4.4 to the Company's Form 10-K for the year ended December 31, 2002)
4.3	Warrants dated as of September 11, 2001 between the Company and Ware Limited (incorporated by reference to Exhibit 4.5 to the Company's Form 10-K for the year ended December 31, 2002)
4.4	Form of Warrant, dated as of January 2, 2002 (incorporated by reference to the Company's Form S-3 (Reg. No. 333-82106) filed on February 4, 2002)
4.5	Warrant Indenture, dated July 17, 2002, among the Company and CIBC Mellon Trust, as Trustee, including the Form of Warrant (incorporated by reference to Exhibit 4.1 to the Company's Form 8-K filed on August 5, 2002)
4.6	Form of Underwriters' Warrants (incorporated by reference to Exhibit 4.3 to the Company's Registration Statement on Form S-3/A (Reg. 333-91666) filed on July 15, 2002)
4.7	Form of Warrant, dated December 12, 2002 (incorporated by reference to Exhibit 4.1 to the Company's Form 8-K filed on December 13, 2002)
4.8	Warrant Indenture, dated as of February 14, 2003, between Golden Star Resources Ltd. and CIBC Mellon Trust Company, including the Form of Warrant (incorporated by reference to Exhibit 4.1 of the Company's Form 8-K filed on February 14, 2003)
4.9	Form of Underwriters' Warrant, dated February 14, 2003 (incorporated by reference to Exhibit 4.2 of the Company's Form 8-K filed on February 14, 2003)
4.11	Amended and Restated Shareholder Rights Plan Agreement dated as of May 20, 2004 between the Company and CIBC Mellon Trust Company as Rights Agent (incorporated by reference to Exhibit 4.1 to the Company's Form 8-K filed on June 3, 2004)
5	Opinion of Fasken Martineau DuMoulin LLP regarding the validity of the shares being registered(1)
10.1	Summary of Executive Management Performance Bonus Plan (incorporated by reference to Exhibit 10.1 of the Company's Form 8-K filed on January 23, 2003)
10.2	Amended and Restated 1997 Stock Option Plan, effective as of April 3, 2002 (incorporated by reference to Exhibit 10.2 of the Company's Form 8-K filed on January 23, 2003)
10.3	Form of Indemnification Agreement between the Company and its officers and directors (incorporated by reference to Exhibit 10.3 of the Company's Form 8-K filed on January 23, 2003)

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Exhibit Number	Description
10.4	Summary of Severance Arrangements between the Company and certain executive officers (incorporated by reference to Exhibit 10.4 of the Company's Form 8-K filed on January 23, 2003)
10.5	Employees' Stock Bonus Plan amended and restated to April 6, 2000 (incorporated by reference to Exhibit 10(j) to the Company's Form 10-K for the year ended December 31, 2000)
10.6	Guyanor Ressources S.A. Stock Option Plan amended and restated as of June 15, 1999 (English translation) (incorporated by reference to Exhibit 10.35(a) to the Company's Form 10-K for the year ended December 31, 1999)
10.7	Employment contract with Mr. Peter Bradford dated November 1, 1999 (incorporated by reference to Exhibit 10.38 (c) to the Company's Form 10-K for the year ended December 31, 1999)
10.8	Employment agreement with Mr. Allan J. Marter dated November 8, 1999 (incorporated by reference to Exhibit 10.2 to the Company's Form 10-Q for the quarter ended September 30, 2003)
10.9	Employment agreement with Mr. Douglas Jones dated February 16, 2003 (incorporated by reference to Exhibit 10.2 to the Company's Form 10-Q for the quarter ended March 31, 2003)
10.10	Employment agreement with Mr. Bruce Higson-Smith dated September 22, 2003 (incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q for the quarter ended September 30, 2003)
10.11	Agreements between the Company and its outside directors granting them options to purchase Guyanor Class B common shares, (1) dated December 8, 1995, and December 10, 1996 (incorporated by reference as Exhibit 10.39 to the Company's Form 10-K for the year ended December 31, 1996), (2) dated December 9, 1997 (incorporated by reference to Exhibit 10.39(a) to the Company's Form 10-K for the year ended December 31, 1997), (3) dated December 8, 1998 (incorporated by reference to Exhibit 10.39(b) to the Company's Form 10-K for the year ended December 31, 1998), (4) dated June 15, 1999 (incorporated by reference to Exhibit 10.39(c) to the Company's Form 10-K for the year ended December 31, 1999), and (5) dated August 16, 2001
10.12	Agreement for the Sale and Purchase of Certain of the Assets of Satellite Goldfields Limited between The Law Debenture Trust Corporation P.L.C. and Wexford Goldfields Limited dated March 1, 2002 (incorporated by reference to Exhibit 2.1 of the Company's Form 8-K filed on September 30, 2002)
10.13	Agreement for the Sale and Purchase of Certain of the Assets of Satellite Goldfields Limited between Satellite Goldfields Limited, The Law Debenture Trust Corporation P.L.C. and Wexford Goldfields Limited dated March 15, 2002 (incorporated by reference to Exhibit 2.2 of the Company's Form 8-K filed on September 30, 2002)
10.14	Common Terms Agreement for Wassa Gold Project between Wexford Goldfields Limited, any other Obligor Party thereto from time to time, Standard Bank London Limited and The Law Debenture Trust Corporation P.L.C. dated June 26, 2002 (incorporated by reference to Exhibit 2.3 of the Company's Form 8-K filed on September 30, 2002)
10.15	Wassa Project Facility Agreement between Wexford Goldfields Limited, the lenders listed in Schedule 1 thereto and Standard Bank London Limited dated June 25, 2002 (incorporated by reference to Exhibit 2.4 of the Company's Form 8-K filed on September 30, 2002)
10.16	Royalty Agreement between Wexford Goldfields Limited and The Law Debenture Trust Corporation P.L.C. dated June 26, 2002 (incorporated by reference to Exhibit 2.5 of the Company's Form 8-K filed on September 30, 2002)
10.17	Agreement for the Sale and Purchase of 90% of the Issued Capital of Wexford Goldfields Limited between The Law Debenture Trust Corporation P.L.C. and Wasford Holdings dated June 26, 2002, and amendment thereto dated September 13, 2002 (incorporated by reference to Exhibit 2.6 of the Company's Form 8-K filed on September 30, 2002)
10.18	Support Agreement for Wassa Gold Project between Golden Star Resources Ltd. and Standard Bank London Limited dated September 13, 2002 (incorporated by reference to Exhibit 2.7 of the Company's Form 8-K filed on September 30, 2002)

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Exhibit Number	Description
10.19	Wassa Project Conversion Agreement between Wexford Goldfields Limited, Bayerische Hypo-Und Vereinsbank AG, Dresdner Bank AG London Branch, Fortis Bank (Nederland) N.V. and Standard Bank London Limited dated September 13, 2002 (incorporated by reference to Exhibit 2.8 of the Company's Form 8-K filed on September 30, 2002)
10.20	Wassa Gold Project Second Royalty Agreement between Wexford Goldfields Limited, the persons from time to time party thereto and Standard Bank London Limited dated September 13, 2002 (incorporated by reference to Exhibit 2.9 of the Company's Form 8-K filed on September 30, 2002)
10.21	Sale of Shares Agreement with Barnato Exploration Ltd., dated June 21, 2001, for the purchase of Prestea mining lease rights and Barnex Isle of Man (incorporated by reference to Exhibit 10(z) of the Company's Form 10-K for the year ended December 31, 2001)
10.22	Agreement, dated November 16, 2001, between Bogoso Gold Limited and Prestea Gold Resources Limited for the purchase of Prestea mining lease rights and option payments (incorporated by reference to Exhibit 10.2 to the Company's Form 8-K filed on March 6, 2002)
10.23	Share and Asset Acquisition Agreement, dated August 6, 2001, among Anvil Mining NL, Anvil International Finance Limited and the Company, regarding purchase of 20% interest in Bogoso Gold Limited (incorporated by reference to Exhibit 10(bb) to the Company's Form 10-K for the year ended December 31, 2001)
10.24	Guiana Shield Transaction Agreement with Cambior Inc. dated October 25, 2001 for the sale and swap of Golden Star's interest in Gross Rosebel and other properties (incorporated by reference to Exhibit 10.3 to the Company's Form 8-K filed March 6, 2002)
10.25	Mining lease, dated June 29, 2001, between the Government of the Republic of Ghana and Bogoso Gold Limited, relating to the Prestea property (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on March 6, 2002)
10.26	Joint Operating Agreement, dated January 31, 2002, between Bogoso Gold Limited and Prestea Gold Resources Limited (incorporated by reference to Exhibit 10.25 to the Company's Form 10-K for the year ended December 31, 2002)
10.27	Memorandum of Agreement, dated March 14, 2002, among Prestea Gold Resources, Bogoso Gold Limited and others (incorporated by reference to Exhibit 10.26 to the Company's Form 10-K for the year ended December 31, 2002)
10.28	Second Amended and Restated 1997 Stock Option Plan, effective as of April 8, 2004(1)
21	Subsidiaries of the Company (incorporated by reference to Exhibit 21 to the Company's Form 10-K for the year ended December 31, 2003)
23.1	Consent of PricewaterhouseCoopers LLP (filed herewith)
23.2	Consent of Fasken Martineau DuMoulin LLP (contained in Exhibit 5)
24	Power of Attorney(1)
99.1	Offer to Purchase dated June 9, 2004 (filed herewith)

(1) Previously filed on the Company's Registration Statement on Form S-4.

is based on the Internal Revenue Code of 1986, as amended to the date hereof, administrative pronouncements, judicial decisions and final, temporary and proposed Treasury Regulations, changes to any of which may affect the tax consequences described herein. Holders should consult their tax advisors with regard to the application of the United States federal income tax laws to their particular situations as well as any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

This discussion is also based, in part, on representations of the depository and the assumption that each obligation in the deposit agreement and any related agreement will be performed in accordance with its terms.

As used herein, the term "United States holder" means a beneficial owner of preferred class A shares, common shares, or American depository shares that is for U.S. federal income tax purposes:

a citizen or resident alien individual of the United States,

a corporation created or organized in or under the laws of the United States or of any political subdivision thereof,
or

an estate or trust the income of which is subject to United States federal income taxation regardless of its source. The term United States holder also includes certain former citizens of the United States.

In general, for U.S. federal income tax purposes, holders of American depositary receipts evidencing American depositary shares will be treated as the beneficial owners of the preferred class A shares or common shares represented by those American depositary shares. Deposits and withdrawals of preferred class A shares or common shares by holders in exchange for American depositary shares will not result in the realization of gain or loss for U.S. federal income tax purposes.

Taxation of dividends. Distributions paid on American depositary shares, preferred class A shares or common shares, including distributions paid in the form of payments of interest on capital for Brazilian tax purposes, out of our current or accumulated earnings and profits, as determined for U.S. federal tax purposes, before reduction for any Brazilian income tax withheld by us, will be taxable to you as foreign source dividend income and will not be eligible for the dividends-received deduction allowed to corporations.

You will be required to include dividends paid in *reais* in income in an amount equal to their U.S. dollar value calculated by reference to an exchange rate in effect on the date such items are received. If you hold American depositary shares, you will be considered to receive a dividend when the dividend is received by the depositary.

Subject to certain exceptions for short-term and hedged positions, the U.S. dollar amount of dividends received by an individual prior to January 1, 2009 with respect to the American depositary shares will be subject to taxation at a maximum rate of 15% if the dividends are qualified dividends. Dividends paid on the American depositary shares will be treated as qualified dividends if (i) the American depositary shares are readily tradable on an established securities market in the United States and (ii) the Company was not, in the year prior to the year in which the dividend was paid, and is not, in the year in which the dividend is paid, a passive foreign investment company (PFIC), foreign personal holding company (FPHC) or foreign investment company (FIC). The American depositary shares are listed on the New York Stock Exchange and will qualify as readily tradable on an established securities market in the United States so long as they are so listed. Based on CVRD's audited financial statements and relevant market and shareholder data, CVRD believes that it was not treated as a PFIC, FPHC or FIC for U.S. federal income tax purposes with respect to its 2003 taxable year. In addition, based on CVRD's audited financial statements and its current expectations regarding the value and nature of its assets, the sources and nature of its income, and relevant market and shareholder data, we do not anticipate becoming a PFIC, FPHC or FIC for its 2004 taxable year.

Based on existing guidance, it is not entirely clear whether dividends received with respect to the preferred class A shares and common shares will be treated as qualified dividends, because the preferred class A shares and common shares are not themselves listed on a U.S. exchange. In addition, the U.S. Treasury has announced its intention to promulgate rules pursuant to which holders of American depositary shares, preferred class A shares or common stock and intermediaries through whom such securities are held will be permitted to rely on certifications from issuers to establish that dividends are treated as qualified dividends. Because such procedures have not yet been issued, it is not clear whether we will be able to comply with them. Holders of American depositary shares, preferred class A shares and common shares should consult their own tax advisers regarding the availability of the reduced dividend tax rate in the light of their own particular circumstances.

Subject to generally applicable limitations and restrictions, you will be entitled to a credit against your United States federal income tax liability, or a deduction in computing your U.S. federal taxable income, for Brazilian income taxes withheld by us. You must satisfy minimum holding period requirements to be eligible to claim a foreign tax credit for Brazilian taxes withheld on dividends. The limitation on foreign taxes eligible for credit is calculated separately for specific classes of income. For this purpose dividends paid by us on our shares will generally constitute passive income (or, for some holders, financial services income).

Taxation of capital gains. Upon a sale or exchange of preferred class A shares, common shares or American depositary shares, you will recognize a capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the amount realized on the sale or exchange and your adjusted tax basis in the preferred class A shares, common shares or American depositary shares. Long-term capital gains recognized by an individual United States holder are subject to taxation at a reduced rate. This gain or loss will be long-term capital gain or loss if your holding period in the American depositary shares exceeds one year. Any gain or loss will be U.S. source gain or loss for U.S. foreign tax credit purposes. Consequently, if a Brazilian withholding tax is imposed on the sale

or disposition of American depositary shares, preferred class A shares or common shares, and you do not receive significant foreign source income from other sources you may not be able to derive effective U.S. foreign tax credit benefits in respect of such Brazilian withholding tax. You should consult your own tax advisor regarding the application of the foreign tax credit rules to your investment in, and disposition of, American depositary shares, preferred class A shares or common shares.

If a Brazilian tax is withheld on the sale or disposition of shares, the amount realized by a U.S. holder will include the gross amount of the proceeds of such sale or disposition before deduction of the Brazilian tax. See *Item 10. Additional Information Taxation Brazilian Tax Considerations*.

Information reporting and backup withholding

Information returns may be filed with the Internal Revenue Service in connection with distributions on the preferred class A shares, common shares or American depositary shares and the proceeds from their sale or other disposition. You may be subject to United States backup withholding tax on these payments if you fail to provide your taxpayer identification number or comply with certain certification procedures or otherwise establish an exemption from backup withholding.

The amount of any backup withholding from a payment to you will be allowed as a credit against your U.S. federal income tax liability and may entitle you to a refund, provided that the required information is furnished to the Internal Revenue Service.

DOCUMENTS ON DISPLAY

We are subject to the information requirements of the Securities Exchange Act of 1934, as amended, and accordingly file reports and other information with the SEC. Reports and other information filed by us with the SEC may be inspected and copied at the public reference facilities maintained by the SEC at Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549. You may obtain copies of these materials by mail from the Public Reference Section of the SEC, 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. You may also inspect CVRD s reports and other information at the offices of the New York Stock Exchange, 11 Wall Street, New York, New York 10005, on which CVRD s American depositary shares are listed. Our SEC filings are also available to the public from the SEC s website at <http://www.sec.gov>. For further information on obtaining copies of CVRD s public filings at the New York Stock Exchange, you should call (212) 656-5060.

We also file financial statements and other periodic reports with the CVM.

Item 11. Quantitative and Qualitative Disclosures About Market Risk

The principal market risks we face are interest rate risk, exchange rate risk and commodity price risk. We manage some of these risks through the use of derivative instruments. Our policy has been to settle all commodity derivatives contracts in cash without physical delivery of product.

Our risk management activities follow policies and guidelines reviewed and approved by our board of directors. These policies and guidelines generally prohibit speculative trading and short selling and require diversification of transactions and counter-parties. We monitor and evaluate our overall position daily in order to evaluate financial results and impact on our cash flow. We also periodically review the credit limits and creditworthiness of our hedging counter-parties. We report the results of our hedging activities to senior management on a monthly basis.

As of January 1, 2001, we have adopted SFAS 133 Accounting for Derivative Financial Instruments and Hedging Activities, as amended by SFAS 137 and SFAS 138, and we recognize all derivatives on our balance sheet at fair value. Accordingly we recognized an initial transition adjustment of US\$ 12 million as a charge in our statement of income relative to net unrealized losses on contracts open as of December 31, 2000. Since January 1, 2001, all derivatives have been adjusted to fair market value at each balance sheet date and the gain or loss included in current earnings.

The asset (liability) balances at December 31, 2003 and 2002 and the movement in fair value of derivative financial instruments is as follows:

	Gold	Interest rates (LIBOR)	Currencies	Alumina	Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Initial unrealized gains and (losses) at January 1, 2002	US\$7	US\$(36)	US\$ (4)	US\$	US\$(33)
Gains recognized upon consolidation of Alunorte				2	2
Financial settlement	(2)	21	3	1	23
Unrealized gains (losses) in the period	(22)	(60)	(1)		(83)
Effect of exchange rate changes	2	15	1		18
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Unrealized gains and (losses) at December 31, 2002	US\$(15)	US\$(60)	US\$ (1)	US\$ 3	US\$(73)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Financial settlement	8	30			38
Unrealized gains (losses) in the period	(24)	(3)	6	(22)	(43)
Effect of exchange rate changes	(1)	(13)		1	(13)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Unrealized gains and (losses) at December 31, 2003	US\$(32)	US\$(46)	US\$ 5	US\$(18)	US\$(91)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

INTEREST RATE AND EXCHANGE RATE RISK

The table below sets forth our floating and fixed rate long-term debt, categorized by local and foreign currency, and as a percentage of our total long-term debt portfolio at the dates indicated, including loans from both related and unrelated parties, as reflected in our consolidated financial statements.

	At December 31,			
	2002		2003	
	(in millions of US\$, except percentages)			
Floating rate debt:				
<i>Real</i> -denominated	US\$ 126	5.3%	US\$ 208	7.5%
Foreign currency denominated	1,293	54.8	1,427	51.6
Fixed rate debt:				
Foreign currency denominated	940	39.9	1,132	40.9
	US\$2,359	100.0	US\$2,767	100.0

The table below provides information about our debt obligations as of December 31, 2003, which are sensitive to changes in interest rates and exchange rates. The table presents the principal cash flows and related weighted-average interest rates of these obligations by expected maturity date. Weighted-average variable interest rates are based on the applicable reference rate (LIBOR or TJLP) at December 31, 2003. The debt obligations' actual cash flows are denominated in U.S. dollars or Brazilian *reais*, as indicated.

	2005	2006	2007	2008	to 2014	Total	Fair Value Cash Flow at December 31, 2003	Fair Value Accounting at December 31, 2003
	(in millions of US\$)							
U.S. dollar-denominated:								
Fixed rate								
Bonds up to 7%	US\$	US\$	US\$	US\$	US\$	US\$	US\$ 334	US\$ 337
Bonds over 7%			300		300	600	325	335
Loans up to 7%	13	39	34	33	153	272	272	272
Loans over 7%	64	42	43	38	73	260	260	260

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	77	81	377	71	526	1,132	1,191	1,204
Floating rate								
Loans up to 7%	364	449	156	110	310	1,389	1,328	1,389
Loans over 7%	10	10	7	6	5	38	39	38
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	374	459	163	116	315	1,427	1,367	1,427
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Subtotal	451	540	540	187	841	2,559	2,558	2,631
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Real-denominated:</i>								
Floating rate								
Loans up to 7%	3	1			90	94	95	94
Loans over 7%	26	23	14	11	40	114	108	114
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Subtotal	29	24	14	11	130	208	203	208
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	US\$480	US\$564	US\$554	US\$198	US\$971	US\$2,767	US\$2,761	US\$2,839
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Interest Rate Risk

We are exposed to interest rate risk in our floating-rate debt. Our floating-rate debt consists principally of U.S. dollar borrowings related to trade finance and loans from commercial banks and multilateral organizations. In general, our foreign currency floating rate debt is principally subject to changes in the London Interbank Offered Rate, or LIBOR. Our floating rate debt denominated in *reais* is principally subject to changes in the TJLP, as fixed by the Central Bank of Brazil.

We enter into interest rate derivative transactions primarily to hedge against interest rate fluctuations on our LIBOR-based debt. We generally do not hedge our TJLP-based debt. Our interest rate derivatives portfolio generally consists of option trades which aim to cap our exposure to interest rate fluctuations. A cap is the maximum rate we will be required to pay on the notional amount of the debt. Conversely, a floor is the minimum rate we will be required to pay on the notional amount of the debt. Certain caps are subject to knock-out provisions which, if triggered, eliminate the protection provided by the cap.

The table below sets forth certain information with respect to our interest rate derivatives portfolio at December 31, 2002 and 2003:

	At December 31, 2002			At December 31, 2003			
	Notional	Rate	Unrealized	Notional	Rate	Unrealized	Final
	Value	Range	(loss)	Value	Range	(loss)	maturity
			(in millions of US\$, except rate ranges)				
Floor Swap	500	5.7-6.3%	(13)	500	5.7-6.0%	(16)	Nov/06
	475	5.8-6.7%	(47)	454	5.8-6.7%	(30)	Oct/07
Total			US\$(60)			US\$(46)	

The unrealized loss in the amount of US\$ 60 million and US\$ 46 million represents the amount payable if all transactions had been settled on December 31, 2002 and 2003, respectively.

Exchange Rate Risk

We are exposed to exchange rate risk associated with our foreign currency denominated debt. On the other hand, a substantial proportion of our revenues are denominated in, or automatically indexed to, the U.S. dollar, while the majority of our costs are expressed in *reais*. This provides a natural hedge against any devaluation of the Brazilian *real* against the U.S. dollar. When devaluation occurs, the immediate negative impact on foreign currency denominated debt is offset over time by the positive effect of devaluation on future cash flows. In light of this framework, we generally do not use derivative instruments to manage the currency exposure on our long-term dollar denominated debt. However, we do monitor market fluctuations and occasionally use derivatives to minimize the effects of the volatility of the exchange rates in the cash flow.

From time to time we enter into foreign exchange derivative swap transactions seeking to change the characteristics of our *real*-denominated cash investments to US dollar-indexed instruments. The extent of such transactions depends on our perception of market and currency risk, but is never speculative in nature. All such deals are marked-to-market at each balance sheet date and the effect included in financial income or expense. During the years ended December 31, 2003 and 2002 our use of such instruments was not significant.

As mentioned above, the main exposure to exchange rate risk we have is related to U.S. dollars. We have other exposures related to our indebtedness that are denominated in euros and in Japanese yen, and we use derivative instruments to protect ourselves against the risks associated with exchange rate movements in these foreign currencies against the U.S. dollars.

The table below sets forth certain information with respect to our exchange rate derivatives portfolio at December 31, 2002 and 2003. These derivatives are structured forwards that we have purchased, which will require us to purchase foreign currencies as specified below:

	At December 31, 2002			At December 31, 2003			Final Maturity
	Notional Value	Price Range	Unrealized Loss	Notional Value	Price Range	Unrealized Gain	
			(in millions, except yen amounts)				
Yen purchased	¥3,543	¥83- 91 Per US\$ US\$	US\$	¥3,385	¥ 79-83 Per US\$ US\$	US\$ 3	Apr/05
Euro purchased	5	1.18-1.23 Per US\$	(1)	23	1.22-1.23 Per US\$	2	Dec/11
			—			—	
Total			US\$ (1)			US\$ 5	
			—			—	

The unrealized losses in the amounts of US\$ 1 million and unrealized gains of US\$ 5 million represent the amounts payable if all transactions had been settled on December 31, 2002 and December 31, 2003, respectively.

COMMODITY PRICE RISK

We are also exposed to various market risks relating to the volatility of world market prices for:

iron ore and pellets, which represented 63.1% of our 2003 consolidated revenues;

manganese ore and ferroalloys, which represented 6.3% of our 2003 consolidated revenues;

aluminum-related products, which represented 15.4% of our 2003 consolidated revenues;

gold, which represented 0.4% of our 2003 consolidated revenues, and which we expect to begin producing again in 2004 upon the commencement of commercial operations of our Sossego copper mine; and

copper, which we expect to begin producing in 2004.

We do not enter into derivatives transactions to hedge our iron ore, manganese ore or ferroalloys exposure. See *Item 5. Operating and Financial Review and Prospects*.

To manage the risk associated with fluctuations in aluminum prices, our affiliates Albras and Alunorte engage in hedging transactions involving put and call options, as well as forward contracts. These derivative instruments allow Albras and Alunorte to establish minimum average profits for their future aluminum production in excess of their expected production costs and therefore ensure stable cash generation. However, they also have the effect of reducing potential gains from price increases in the spot market for aluminum.

The table below sets forth certain information with respect to Albras' derivatives portfolio at December 31, 2002 and 2003. We have a 51% voting capital interest and a 51% total capital interest in Albras.

At December 31, 2002

At December 31, 2003

	Notional Value	Price Range	Unrealized gain (loss)	Notional Value	Price Range	Unrealized Gain (loss)	Final maturity
	(tons of aluminum)	(US\$ per ton)	(in millions of US\$)	(tons of aluminum)	(US\$ per ton)	(in millions of US\$)	
Puts purchased	46,500	US\$ 1,390-1,500	US\$ 5.4	148,500	US\$ 1,390-1,450	US\$ 1.9	Jun/05
Forwards sold	39,250	1,400-1,600	5.9	27,000	1,400-1,600	(5.4)	Dec/06
Calls sold	59,500	1,580-1,700		160,500	1,570-1,630	(9.8)	Jun/05
Other instruments	106,000		(0.8)	246,000	1,390-1,680	(6.9)	Dec/08
			<u>US\$ 10.5</u>			<u>US\$ (20.2)</u>	
Total			US\$ 10.5			US\$ (20.2)	

The table below sets forth certain information with respect to Alunorte's derivatives portfolio at December 31, 2002 and 2003. We have a 61.29% voting capital interest and a 57.0% total capital interest in Alunorte. We consolidate Alunorte's operations in our financial statements.

	At December 31, 2002			At December 31, 2003			Final Maturity
	Notional Value	Price Range	Unrealized gain (loss)	Notional Value	Price Range	Unrealized Gain (loss)	
	(tons of aluminum)	(US\$ per ton)	(in millions of US\$)	(tons of aluminum)	(US\$ per ton)	(in millions of US\$)	
Puts purchased	27,500	US\$1,400-1,530	US\$ 2.3	101,000	US\$1,390-1,450	US\$ 0.7	Jun/05
Forwards sold	12,000	1,400-1,578	1.7		1,540-1,580		
Calls sold	27,250	1,710-1,732	(0.3)	113,000	1,380-1,690	(6.1)	Jun/05
Other instruments	69,500		(0.6)	240,000		(12.6)	Dec/08
Total			US\$ 3.1			US\$(18.0)	

To manage the risk associated with fluctuations in gold prices, we enter into derivative instruments which allow us to establish a minimum profit level for future gold production or the content of gold associated with the production of copper. However, they may also have the effect of eliminating potential gains on certain price increases in the spot market for gold.

The table below sets forth certain information with respect to our gold derivatives portfolio at December 31, 2002 and 2003.

	At December 31, 2002			At December 31, 2003			Final Maturity
	Quantity	Price Range	Unrealized gain (loss)	Quantity	Price Range	Unrealized gain (loss)	
	(oz.)	(US\$ per oz.)	(in millions of US\$)	(oz.)	(US\$ per oz.)	(in millions of US\$)	
Puts purchased	428,000	US\$270-355	US\$ 3.1	393,000	US\$270-385	US\$ 1.1	Dec/08
Calls sold	595,000	316-407	(17.8)	423,000	317-440	(31.5)	Dec/08
Other instruments	20,000			20,000		(1.4)	Nov/06
Total			US\$(14.7)			US\$(31.8)	

The unrealized loss in the amount of US\$ 15 million and US\$ 32 million represents the amount payable if all transactions had been settled on December 31, 2002 and 2003, respectively.

CREDIT RISK

Financial Institutions Risk & Exposure

CVRD has a strict policy regarding the financial risk we can assume with Financial Institutions.

On a 6-month basis, our portfolio is evaluated according to very specific criteria, including its financial strength, rated by international rating agencies. In addition, we also consider the range of financial products the institution is able to provide. The process is submitted to the management, which is responsible for approving and defining the final conditions.

With this procedure, we take a position of mitigating our financial risk and ensuring the quality of our credit exposure.

CVRD invests its cash holdings and engages into transactions with derivatives only with financial institutions that have at least an A credit rating.

Commercial Credit Exposure

CVRD began implementing its commercial credit policy in 2003. The policy establishes a set of rules under which the Executive Board approves an Annual Commercial Exposure Limit, representing the maximum commercial credit exposure CVRD will risk. This exposure limit is applied to each business segment of CVRD. The policy outlines a procedure for measuring, granting and controlling commercial credit within CVRD which requires that each customer seeking commercial credit undergo an evaluation of its financial statements, company size, past payment performance and country risk.

In 2004, we expect to extend the commercial credit policy to all of CVRD's consolidated companies.

Item 12. Description of Securities Other than Equity Securities

Not applicable.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

None.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

None.

Item 15. Controls and Procedures

CVRD has carried out an evaluation under the supervision and with the participation of CVRD's management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of CVRD's disclosure controls and procedures as of the end of the period covered by this annual report. Vale Overseas carried out a similar evaluation that relied primarily on CVRD's evaluation of its controls. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based upon the evaluation described above, the Chief Executive Officer and Chief Financial Officer of CVRD and the Director and Principal Executive Officer and Director and Principal Financial Officer of Vale Overseas concluded that, as of the end of the period covered by this annual report, the disclosure controls and procedures are effective to provide reasonable assurance that information required to be disclosed in the reports CVRD or Vale Overseas, as applicable, files and submits under the Exchange Act is recorded, processed, summarized and reported as and when required.

There has been no change in CVRD's or Vale Overseas' internal control over financial reporting during CVRD's and Vale Overseas' fiscal year ended December 31, 2003 that has materially affected or is reasonably likely to materially affect CVRD's or Vale Overseas' internal control over financial reporting.

Item 16A. Audit Committee Financial Expert

CVRD's board of directors has determined that CVRD board members Arlindo Magno de Oliveira, Ricardo Carvalho Giambroni, Mário da Silveira Teixeira Júnior e Renato da Cruz Gomes are audit committee financial experts.

Item 16B. Code of Ethics

CVRD has adopted a code of ethics that applies to all board members, executive officers and employees, including the Chief Executive Officer and the Chief Financial Officer and Principal Accounting Officer of CVRD. CVRD's code

of ethics is also applicable to Vale Overseas and applies to its directors. We have posted copies of these codes of ethics on our Internet website at the following address: <http://www.cvr.com.br>. Copies of our codes of ethics may be obtained without charge by writing to us at the address set forth on the front cover of this Form 20-F. Neither CVRD nor Vale Overseas has granted any implicit or explicit waivers from any provision of its code of ethics to the officers described above since adoption of the code.

Item 16C. Principal Accountant Fees and Services

Principal Accountant Fees

PricewaterhouseCoopers Auditores Independentes billed the following fees to us for professional services in 2002 and 2003.

	Year ended December 31,	
	2002	2003
	(thousands of US\$)	
Audit Fees	US\$316	US\$673
Audit-Related Fees	5	
Tax Fees		
All Other Fees	—	—
Total Fees	US\$321	US\$673

Audit Fees are the aggregate fees billed by PricewaterhouseCoopers for the audit of our consolidated and annual financial statements, reviews of interim financial statements and attestation services that are provided in connection with statutory and regulatory filings or engagements. Audit-Related Fees are fees charged by PricewaterhouseCoopers for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and are not reported under Audit Fees. In 2002, this category included fees for consultations regarding the Brazilian GAAP accounting treatment of certain investments in electrical energy consortia.

Audit Committee Pre-Approval Policies and Procedures

Our board of directors currently serves as our audit committee for purposes of the Sarbanes-Oxley Act of 2002. Our board of directors requires management to obtain the board's approval before engaging independent auditors to provide any audit or permitted non-audit services to us or our subsidiaries. Pursuant to this policy, our board of directors pre-approves all audit and non-audit services provided to CVRD and its subsidiaries by their respective independent auditors.

The board's pre-approval process works as follows. Each year, each of the independent auditors of CVRD and its subsidiaries prepares a detailed list of services that it proposes to perform during the coming year. These proposed services are presented first to our advisory audit committee and then to the board of directors, which considers and approves the services. Management is not permitted to engage our auditors for any audit or non-audit service that is not on the list of services approved by the board of directors without first returning the board of directors for approval of such additional services.

PART III

Item 17. Financial Statements

The Registrant has responded to *Item 18* in lieu of responding to this Item.

Item 18. Financial Statements

Reference is made to pages F-1 through F-47 and B-1 through B-21.

Item 19. Exhibits

**Exhibit
Number**

- | | |
|---------|---|
| 1.1 | Bylaws of Companhia Vale do Rio Doce (English translation) |
| 1.2 (*) | Memorandum & Articles of Association of Vale Overseas Limited |
| 1.3 | Amendment to the Memorandum & Articles of Association of Vale Overseas Limited dated March 6, 2002. |
| 1.4 | Amendment to the Memorandum & Articles of Association of Vale Overseas Limited dated July 23, 2003. |
| 1.5 | Amendment to the Memorandum & Articles of Association of Vale Overseas Limited dated January 7, 2004 |
| 8 | List of Subsidiaries |
| 12.1 | Certification of Chief Executive Officer of CVRD pursuant to Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934. |
| 12.2 | Certification of Chief Financial Officer of CVRD pursuant to Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934. |
| 12.3 | Certification of Director and Principal Executive Officer of Vale Overseas pursuant to Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934. |
| 12.4 | Certification of Director and Principal Financial Officer of Vale Overseas pursuant to Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934. |
| 13.1 | Certification of Chief Executive Officer and Chief Financial Officer of CVRD, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 13.2 | Certification of Principal Executive Officer and Principal Financial Officer of Vale Overseas, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 14.1 | Consent of PricewaterhouseCoopers (CVRD and Vale Overseas). |
| 14.2 | Consent of Trevisan (Albras). |
| 14.3 | Consent of Deloitte Touche Tohmatsu (Albras). |
| 14.4 | Consent of Trevisan (Alunorte). |
| 14.5 | Consent of Deloitte Touche Tohmatsu (Alunorte). |
| 14.6 | Consent of KPMG LLP (CSI). |

- 14.7 Consent of Deloitte Touche Tohmatsu (Cenibra).
- 14.8 Consent of Deloitte Touche Tohmatsu (Docenave).
- 14.9 Consent of Deloitte Touche Tohmatsu (Hispanobras).
- 14.10 Consent of Deloitte Touche Tohmatsu (Itabrasco).
- 14.11 Consent of Deloitte Touche Tohmatsu (Kobrasco).

**Exhibit
Number**

14.12 Consent of Deloitte Touche Tohmatsu (MRN).

14.13 Consent of Deloitte Touche Tohmatsu (Nibrasco).

14.14 Consent of Deloitte Touche Tohmatsu (Valesul).

14.15 Consent of KPMG Auditores Independentes (Valesul).

14.16 Consent of Deloitte Touche Tohmatsu (RDM).

14.17 Consent of Deloitte Touche Tohmatsu (Urucum).

14.18 Consent of Golder Associates S.A.

(*) Incorporated by reference to the annual report on Form 20-F of CVRD and Vale Overseas Limited for the year ended December 31, 2002.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

COMPANHIA VALE DO RIO DOCE

By: /s/ Roger Agnelli

Name: Roger Agnelli
Title: Chief Executive Officer

By: /s/ Fabio de Oliveira Barbosa

Name: Fabio de Oliveira Barbosa
Title: Chief Financial Officer

VALE OVERSEAS LIMITED

By: /s/ Fabio de Oliveira Barbosa

Name: Fabio de Oliveira Barbosa
Title: Director and Principal Executive
Officer

By: /s/ Fernando Ramos Nóbrega

Name: Fernando Ramos Nóbrega
Title: Director and Principal Financial
Officer

Date: June 10, 2004

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders of Companhia Vale do Rio Doce

In our opinion, based upon our audits and the reports of other auditors, the accompanying consolidated balance sheets and the related consolidated statements of income, of cash flows and of changes in stockholders' equity, present fairly, in all material respects, the financial position of Companhia Vale do Rio Doce and its subsidiaries at December 31, 2003 and 2002, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of certain affiliates, the investments in which total US\$ 376 million and US\$343 million at December 31, 2003 and 2002, respectively, and equity in earnings of US\$157 million, US\$60 million and US\$53 million for 2003, 2002 and 2001, respectively. Also, we did not audit the financial statements of certain majority-owned subsidiaries as at and for the years ended December 31, 2003, 2002 and 2001, which statements reflect total assets of US\$1,352 million and US\$969 million at December 31, 2003 and 2002, respectively, and total revenues of US\$839 million, US\$426 million and US\$407 million for 2003, 2002 and 2001, respectively. The financial statements of these affiliates and subsidiaries were audited by other auditors whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts for these affiliates and subsidiaries, is based solely on the reports of the other auditors. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits and the reports of other auditors provide a reasonable basis for the opinion expressed above.

As discussed in Note 4 to the financial statements, the Company changed its method of accounting for asset retirement obligations, as from January 1, 2003.

PricewaterhouseCoopers
Auditores Independentes

Rio de Janeiro, Brazil
February 20, 2004

Consolidated Balance Sheets
Expressed in millions of United States dollars

	As of December 31,	
	2003	2002
Assets		
Current assets		
Cash and cash equivalents	585	1,091
Accounts receivable		
Related parties	115	121
Unrelated parties	703	539
Loans and advances to related parties	56	49
Inventories	505	292
Deferred income tax	91	211
Others	419	286
	<u>2,474</u>	<u>2,589</u>
Property, plant and equipment, net	6,484	3,297
Investments in affiliated companies and joint ventures and other investments, net of provision for losses on equity investments	1,034	732
Other assets		
Goodwill on acquisition of subsidiaries	451	412
Loans and advances		
Related parties	40	89
Unrelated parties	68	73
Prepaid pension cost	82	79
Deferred income tax	234	358
Judicial deposits	407	239
Unrealized gain on derivative instruments	5	3
Others	155	84
	<u>1,442</u>	<u>1,337</u>
TOTAL	<u>11,434</u>	<u>7,955</u>

Consolidated Balance Sheets
Expressed in millions of United States dollars
(Except number of shares)

(Continued)

	As of December 31,	
	2003	2002
Liabilities and stockholders' equity		
Current liabilities		
Suppliers	482	365
Payroll and related charges	78	76
Interest attributed to stockholders	118	3
Current portion of long-term debt - unrelated parties	1,009	717
Short-term debt	129	184
Loans from related parties	119	64
Others	318	99
	2,253	1,508
Long-term liabilities		
Employees post-retirement benefits	198	141
Long-term debt - unrelated parties	2,767	2,359
Loans from related parties	4	7
Provisions for contingencies (Note 18)	635	428
Unrealized loss on derivative instruments	96	76
Others	268	122
	3,968	3,133
Minority interests	329	27
Stockholders' equity		
Preferred class A stock - 600,000,000 no-par-value shares authorized and 138,575,913 issued	1,055	904
Common stock - 300,000,000 no-par-value shares authorized and 249,983,143 issued	1,902	1,630
Treasury stock - 4,183 (2002 - 4,481) preferred and 4,715,170 common shares	(88)	(88)
Additional paid-in capital	498	498
Other cumulative comprehensive income	(4,375)	(5,175)

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Appropriated retained earnings	3,035	2,230
Unappropriated retained earnings	2,857	3,288
	<u>4,884</u>	<u>3,287</u>
TOTAL	<u>11,434</u>	<u>7,955</u>

See notes to consolidated financial statements.

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Consolidated Statements of Income
Expressed in millions of United States dollars
(except number of shares and per-share amounts)

	Year ended December 31,		
	2003	2002	2001
Operating revenues, net of discounts, returns and allowances			
Sales of ores and metals			
Iron ore and pellets	3,500	2,820	2,600
Gold	21	103	139
Manganese and ferroalloys	349	283	259
Potash	94	91	71
Others	96	45	41
	4,060	3,342	3,110
Revenues from logistic services	604	458	608
Aluminum products	852	462	284
Other products and services	29	20	75
	5,545	4,282	4,077
Value-added tax	(195)	(159)	(142)
	5,350	4,123	3,935
Operating costs and expenses			
Cost of ores and metals sold	(2,066)	(1,579)	(1,550)
Cost of logistic services	(370)	(252)	(378)
Cost of aluminum products	(678)	(412)	(269)
Others	(14)	(20)	(75)
	(3,128)	(2,263)	(2,272)
Selling, general and administrative expenses	(265)	(224)	(241)
Research and development	(82)	(50)	(43)
Employee profit sharing plan	(32)	(38)	(38)
Others	(199)	(119)	(379)
	(3,706)	(2,694)	(2,973)

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Operating income	1,644	1,429	962
Non-operating income (expenses)			
Financial income	102	127	135
Financial expenses	(351)	(375)	(335)
Foreign exchange and monetary gains (losses), net	242	(580)	(426)
Gain on sale of investments	17		784
	10	(828)	158
Income before income taxes, equity results and minority interests	1,654	601	1,120
Income taxes			
Current	(90)	(12)	46
Deferred	(207)	161	172
	(297)	149	218
Equity in results of affiliates and joint ventures and change in provision for losses on equity investments	306	(87)	(53)
Minority interests	(105)	17	2
Income from continuing operations	1,558	680	1,287
Change in accounting practice for asset retirement obligations (Note 4)	(10)		
Net income	1,548	680	1,287
Basic earnings per Preferred Class A Share	4.03	1.77	3.34
Basic earnings per Common Share	4.03	1.77	3.34
Weighted average number of shares outstanding (thousands of shares)			
Common shares	245,268	249,864	249,864
Preferred Class A shares	138,571	135,042	135,042

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows
Expressed in millions of United States dollars

	Year ended December 31,		
	2003	2002	2001
Cash flows from operating activities:			
Net income	1,548	680	1,287
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation, depletion and amortization	238	214	212
Dividends received	197	91	132
Equity in results of affiliates and joint ventures and change in provision for losses on equity investments	(306)	87	53
Deferred income taxes	207	(161)	(172)
Current income taxes contingency			
Provisions for other contingencies	9	53	79
Impairment of property, plant and equipment	51	62	79
Gain on sale of investments	(17)		(784)
Change in accounting practice for asset retirement obligations (Note 4)	10		
Pension plan	12	11	32
Foreign exchange and monetary losses (gains)	(382)	1,031	460
Net unrealized derivative losses (gains)	43	83	38
Minority interests	105	(17)	(2)
Others	(15)	46	131
Decrease (increase) in assets:			
Accounts receivable	37	(123)	(49)
Inventories	(22)	(69)	(40)
Others	(9)	(105)	17
Increase (decrease) in liabilities:			
Suppliers	(18)	102	21
Payroll and related charges	(25)	23	42
Others	94	94	(18)
	<u>1,757</u>	<u>2,102</u>	<u>1,518</u>
Net cash provided by operating activities			
Cash flows from investing activities:			
Loans and advances receivable			
Related parties			
Additions	(157)	(101)	(75)
Repayments	71	75	79
Others	35	20	7
Guarantees and deposits	(99)	(78)	(85)
Additions to investments	(68)	(1)	(338)
Additions to property, plant and equipment	(1,543)	(766)	(595)
Proceeds from disposal of investments	83		989

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Proceeds from disposals of property, plant and equipment	58	7	3
Cash used to acquire subsidiaries, net of cash acquired	(380)	(45)	(516)
	<u> </u>	<u> </u>	<u> </u>
Net cash used in investing activities	(2,000)	(889)	(531)
	<u> </u>	<u> </u>	<u> </u>
Cash flows from financing activities:			
Short-term debt, net issuances (repayments)	(38)	(345)	(28)
Loans			
Related parties			
Additions	72	54	145
Repayments	(26)	(75)	(44)
Issuances of long-term debt			
Related parties	14	17	66
Others	1,025	698	317
Repayments of long-term debt			
Related parties	(4)	(15)	(40)
Others	(766)	(330)	(310)
Interest attributed to stockholders	(675)	(602)	(1,066)
Treasury stock			(27)
	<u> </u>	<u> </u>	<u> </u>
Net cash used in financing activities	(398)	(598)	(987)
	<u> </u>	<u> </u>	<u> </u>
Increase (decrease) in cash and cash equivalents	(641)	615	
Effect of exchange rate changes on cash and cash equivalents	135	(641)	(94)
Cash and cash equivalents, beginning of period	1,091	1,117	1,211
	<u> </u>	<u> </u>	<u> </u>
Cash and cash equivalents, end of period	585	1,091	1,117
	<u> </u>	<u> </u>	<u> </u>
Cash paid during the period for:			
Interest on short-term debt	(7)	(46)	(45)
Interest on long-term debt	(178)	(157)	(164)
Income tax	(55)	(12)	(46)
Non-cash transactions			
Special pension plan contribution in shares of CSN			(249)
Conversion of loans receivable to investments	(187)	(55)	(35)
Income tax paid with credits	(81)		

See notes to consolidated financial statements.

Consolidated Statements of Changes in Stockholders' Equity
Expressed in millions of United States dollars
(except number of shares and per-share amounts)

	Year ended December 31,		
	2003	2002	2001
Preferred class A stock (including one special share)			
Beginning of the period	904	820	709
Transfer from appropriated retained earnings	151	84	111
End of the period	1,055	904	820
Common stock			
Beginning of the period	1,630	1,479	1,279
Transfer from appropriated retained earnings	272	151	200
End of the period	1,902	1,630	1,479
Treasury stock			
Beginning of the period	(88)	(88)	(61)
Acquisitions in 2001			(27)
End of the period	(88)	(88)	(88)
Additional paid-in capital			
End of the period	498	498	498
Other cumulative comprehensive income			
Amounts not recognized as net periodic pension cost			
Beginning of the period			(100)
Excess of additional minimum liability			151
Tax effect on above			(51)
End of the period			

Cumulative translation adjustments			
Beginning of the period	(5,185)	(3,475)	(2,972)
Change in the period	736	(1,710)	(503)
	<u> </u>	<u> </u>	<u> </u>
End of the period	(4,449)	(5,185)	(3,475)
	<u> </u>	<u> </u>	<u> </u>
Unrealized gain on available-for-sale securities			
Beginning of the period			24
Change in the period	74		(24)
	<u> </u>	<u> </u>	<u> </u>
End of the period	74		
	<u> </u>	<u> </u>	<u> </u>
Adjustments relating to investments in affiliates			
Beginning of the period	10	10	8
Change in the period			2
Transfer to retained earnings	(10)		
	<u> </u>	<u> </u>	<u> </u>
End of the period		10	10
	<u> </u>	<u> </u>	<u> </u>
Total other cumulative comprehensive income	(4,375)	(5,175)	(3,465)
	<u> </u>	<u> </u>	<u> </u>
Appropriated retained earnings			
Beginning of the period	2,230	3,212	3,537
Transfer (to) from retained earnings	1,228	(747)	(14)
Transfer to capital stock	(423)	(235)	(311)
	<u> </u>	<u> </u>	<u> </u>
End of the period	3,035	2,230	3,212
	<u> </u>	<u> </u>	<u> </u>
Retained earnings			
Beginning of the period	3,288	2,184	1,647
Net income	1,548	680	1,287
Interest attributed to stockholders			
Preferred class A stock	(275)	(117)	(276)
Common stock	(486)	(206)	(488)
Appropriation (to) from reserves	(1,218)	747	14
	<u> </u>	<u> </u>	<u> </u>
End of the period	2,857	3,288	2,184
	<u> </u>	<u> </u>	<u> </u>

Total stockholders' equity	4,884	3,287	4,640
Comprehensive income (loss) is comprised as follows:			
Net income	1,548	680	1,287
Amounts not recognized as net periodic pension cost			100
Cumulative translation adjustments	736	(1,710)	(503)
Unrealized gain (loss) on available-for-sale securities	74		(24)
Adjustments relating to investments in affiliates			2
Total comprehensive income (loss)	2,358	(1,030)	862
Shares			
Preferred class A stock (including one special share)	138,575,913	138,575,913	138,575,913
Common stock	249,983,143	249,983,143	249,983,143
Treasury stock (1)			
Beginning of the period	(4,719,651)	(4,715,261)	(3,659,311)
Acquisitions		(4,390)	(1,055,950)
Sales	298		
End of the period	(4,719,353)	(4,719,651)	(4,715,261)
	383,839,703	383,839,405	383,843,795
Interest attributed to stockholders (per share)			
Preferred class A stock (including one special share)	1.98	0.84	1.99
Common stock	1.98	0.84	1.99

See notes to consolidated financial statements.

(1) As of December 31, 2003, 4,715,170 common shares and 4,183 preferred shares were held in treasury in the amount of US\$ 88. The 4,715,170 common shares guarantee a loan of to our subsidiary Alunorte.

Notes to the Consolidated Financial Statements**Expressed in millions of United States dollars, unless otherwise stated****1 The Company and its operations**

Companhia Vale do Rio Doce (CVRD) is a limited liability company, duly organized and existing under the laws of the Federative Republic of Brazil. Our operations are carried out through CVRD and its subsidiary companies, joint ventures and affiliates, and mainly consist of mining, non-ferrous metal production and logistics, as well as energy, aluminum and steel activities. Further details of our operations and those of our joint ventures and affiliates are described in Note 13.

The main operating subsidiaries we consolidate are as follows:

Subsidiary	% ownership	Head office location	Principal activity
Alumina do Norte do Brasil S.A. Alunorte	57	Brazil	Aluminum
CADAM S.A. (2) (4)	37	Brazil	Kaolin
CELMAR S.A. Indústria de Celulose e Papel (3)	100	Brazil	Forestry
CVRD Overseas Ltd.	100	Cayman Island	Trading
Ferrovias Centro-Atlântica S.A. (4)	100	Brazil	Logistics
Ferteco Mineração S.A. FERTECO (3)	100	Brazil	Iron ore and Pellets
Itabira Rio Doce Company Ltd. ITACO	100	Cayman Island	Trading
Mineração Serra do Sossego S.A. (1) (5)	100	Brazil	Copper
Minerações Brasileiras Reunidas S.A. MBR (4) (7)	56	Brazil	Iron ore
Navegação Vale do Rio Doce S.A. DOCENAVE	100	Brazil	Shipping
Pará Pigmentos S.A.	82	Brazil	Kaolin
Rio Doce International Finance Ltd. RDIF	100	Bahamas	International finance
Rio Doce Manganês Europe RDME	100	France	Ferroalloys
Rio Doce Manganese Norway RDMN	100	Norway	Ferroalloys
Salobo Metais S.A. (1)	100	Brazil	Copper
Rio Doce Manganês S.A. (6)	100	Brazil	Manganese and Ferroalloys
Urucum Mineração S.A.	100	Brazil	Iron ore, Ferroalloys and Manganese
Vale do Rio Doce Alumínio S.A. ALUVALE (5)	100	Brazil	Aluminum

(1) Development stage companies

(2) Through Caemi Mineração e Metalurgia S.A.

(3) Merged with CVRD on August 29, 2003

(4) Consolidated as from September 2003

(5) Merged with CVRD on December 30, 2003

(6) Formerly Sibra-Eletrosiderúrgica Brasileira S.A.

(7) Through Caemi Mineração e Metalurgia S.A. and Belém Administrações e Participações Ltda.

2 Basis of consolidation

All majority-owned subsidiaries where we have both share and management control are consolidated, with elimination of all significant intercompany accounts and transactions. Investments in unconsolidated affiliates and joint ventures are reported at cost plus our equity in undistributed earnings or losses. Included in this category are certain joint ventures in which we have majority ownership but, by force of shareholders' agreements, do not have effective management control. We provide for losses on equity investments with negative stockholders' equity where applicable (see Note 13).

We evaluate the carrying value of our listed investments relative to publicly available quoted market prices. If the quoted market price is below book value, and such decline is considered other than temporary, we write-down our equity investments to quoted market value.

We define joint ventures as businesses in which we and a small group of other partners

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each participate actively in the overall entity management, based on a shareholders agreement. We define affiliates as businesses in which we participate as a minority stockholder but with significant influence over the operating and financial policies of the investee.

3 Summary of significant accounting policies

In preparing the consolidated financial statements, we are required to use estimates to account for certain assets, liabilities, revenues and expenses. Our consolidated financial statements therefore include various estimates concerning the selection of useful lives of property, plant and equipment, provisions necessary for contingent liabilities, fair values assigned to assets and liabilities acquired in business combinations, income tax valuation allowances, employee post-retirement benefits and other similar evaluations; actual results may vary from our estimates.

(a) Basis of presentation

We have prepared the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (US GAAP), which differ in certain respects from the accounting practices adopted in Brazil that we use in preparing our statutory financial statements.

The U.S. dollar amounts for the years presented have been remeasured (translated) from the Brazilian currency amounts in accordance with the criteria set forth in Statement of Financial Accounting Standards 52 Foreign Currency Translation (SFAS 52).

Prior to July 1, 1997, Brazil was considered under SFAS 52 to have a highly inflationary economy and accordingly, up to June 30, 1997, we adopted the U.S. dollar as both our functional currency and reporting currency.

As from July 1, 1997, we concluded that the Brazilian economy had ceased to be highly inflationary and changed our functional currency from the reporting currency (U.S. dollars) to the local currency (Brazilian reais), for Brazilian operations and extensions thereof. Accordingly, we translated the U.S. dollar amounts of non-monetary assets and liabilities into reais at the current exchange rate, and those amounts became the new accounting bases for such assets and liabilities.

We have remeasured all assets and liabilities into U.S. dollars at the current exchange rate at each balance sheet date (R\$2.8892 and R\$3.5333 to US\$1.00 at December 31, 2003 and 2002, respectively), and all accounts in the statements of income (including amounts relative to local currency indexation and exchange variances on assets and liabilities denominated in foreign currency) at the average rates prevailing during the period. The translation gain or loss resulting from this remeasurement process is included in the cumulative translation adjustments account in stockholders equity.

The net exchange transaction gain (loss) included in our statement of income was \$222, (\$515) and (\$410) in 2003, 2002 and 2001, respectively, included within the line Foreign exchange and monetary losses, net .

(b) Business combinations

We adopt the procedures determined by SFAS 141 Business Combinations to recognize acquisitions of interests in other companies. The method of accounting used in our business combination transactions is the purchase method , which requires that acquirers reasonably determine the fair value of the identifiable assets and liabilities of acquired companies, individually, in order to determine the goodwill paid in the purchase to be recognized as

an intangible asset. On the acquisition of assets, which include the rights to mine reserves of natural resources, the establishment of values for these assets includes the placing of fair values on purchased reserves, which are classified in the balance sheet as property, plant and equipment.

Goodwill was amortized in a systematic manner over the periods estimated to be benefited through December 31, 2001. As required by SFAS 142

Goodwill and Other Intangible

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Assets from January 1, 2002 goodwill resulting from the acquisitions is not amortized, but is tested for impairment at least annually and reduced to fair value to the extent any such impairment is identified.

(c) Inventories

Inventories are stated at the average cost of purchase or production, lower than replacement or realizable values. We record allowances for slow moving or obsolete inventories when considered appropriate, reflecting our periodic assessment of recoverability. A write-down of inventory utilizing the allowance establishes a new cost basis for the related inventory.

Finished goods inventories include all related materials, labor and direct production expenditures, and exclude general and administrative expenses.

(d) Property, plant and equipment

Property, plant and equipment are recorded at cost, including interest cost incurred during the construction of major new facilities. We compute depreciation on the straight-line basis at annual rates which take into consideration the useful lives of the items, such as: from 2% to 20% for the railroads, 5% for ships, 3% for buildings, from 2% to 5% for installations and from 5% to 20% for mining and other equipment. Expenditures for maintenance and repairs are charged to operating costs and expenses as incurred.

We capitalize the costs of developing major new ore bodies or expanding the capacity of operating mines and amortize these to operations on the unit-of-production method based on the total probable and proven quantity of ore to be recovered. Exploration costs are expensed until economic viability of mining activities is established; subsequently such costs are capitalized together with further exploration costs. We capitalize mine development costs as from the time we actually begin such development.

(e) Available-for-sale equity securities

Equity securities classified as available-for-sale are recorded in accordance with SFAS 115 Accounting for Certain Investments in Debt and Equity Securities. Accordingly, we exclude unrealized holding gains and losses, net of taxes, if applicable, from income and recognize them as a separate component of stockholders' equity until realized.

(f) Revenues and expenses

Revenues are recognized when title has transferred to the customer or services are rendered. Revenue from exported products is recognized when such products are loaded on board the ship. Revenue from products sold in the domestic market is recognized when delivery is made to the customer. Revenue from transportation services, other than shipping operations, is recognized when the service order has been fulfilled. Shipping operations are recorded on the completed voyage basis and net revenue, costs and expenses of voyages not completed at period-end are deferred. Anticipated losses on voyages are provided when probable and can be reasonably estimated. Expenses and costs are recognized on the accrual basis.

(g) Environmental and site reclamation and restoration costs

Expenditures relating to ongoing compliance with environmental regulations are charged against earnings or capitalized as appropriate. These ongoing programs are designed to minimize the environmental impact of our activities. With respect to our major iron ore mine at Carajás, which has extensive remaining reserves, liabilities

for final site reclamation and restoration costs will be recorded when the respective reclamation and restoration strategies can be reasonably determined and the related costs can be reasonably estimated.

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(h) Compensated absences

We fully accrue the employees compensation liability for vacations vested during the year.

(i) Income taxes

In accordance with SFAS 109 Accounting for Income Taxes, the deferred tax effects of tax loss carryforwards and temporary differences have been recognized in the consolidated financial statements. A valuation allowance is made when we believe that it is more likely than not that tax assets will not be fully recoverable in the future.

(j) Statement of cash flows

Cash flows relating to overnight financing and investment are reported net. Short-term investments that have a ready market and maturity to us, when purchased, of 90 days or less are considered cash equivalents.

(k) Earnings per share

Earnings per share are computed by dividing net income by the weighted average number of common and preferred shares outstanding during the period.

(l) Interest attributed to stockholders

As from January 1, 1996 Brazilian corporations are permitted to attribute interest on stockholders' equity. The calculation is based on the stockholders' equity amounts as stated in the statutory accounting records and the interest rate applied may not exceed the long-term interest rate (TJLP) determined by the Brazilian Central Bank. Also, such interest may not exceed 50% of net income for the year nor 50% of retained earnings plus revenue reserves.

The amount of interest attributed to stockholders is deductible for income tax purposes. Accordingly, the benefit to us, as opposed to making a dividend payment, is a reduction in our income tax charge equivalent to the statutory tax rate applied to such amount. Income tax is withheld from the stockholders relative to interest at the rate of 15%.

Under Brazilian law, interest attributable to stockholders is considered as part of the annual minimum dividend (See Note 16). Accordingly such distributions are treated as dividends for accounting purposes.

We have opted to pay such tax-deductible interest to our stockholders and have therefore accrued the amounts due as of December 31, 2003, 2002 and 2001, with a direct charge to stockholders' equity.

(m) Derivatives and hedging activities

As of January 1, 2001 we adopted SFAS 133 Accounting for Derivative Financial Instruments and Hedging Activities, as amended by SFAS 137, SFAS 138 and SFAS 149. Those standards require that we recognize all derivative financial instruments as either assets or liabilities on our balance sheet and measure such instruments at fair value. Changes in the fair value of derivatives are recorded in each period in current earnings or in other comprehensive income, in the latter case depending on whether a transaction is designated as an effective hedge.

The transition adjustment relating to the fair value of derivatives existing as of December 31, 2000 is recorded as a charge of \$8 in our statement of income for the year ended December 31, 2001. In view of the immateriality of

this effect of a change in accounting principle the corresponding amount was included with other non-operating expenses. Certain of our affiliated companies and joint ventures also recorded similar charges, of which our portion of \$4 is included in the caption Equity in results of affiliates and joint ventures in the statement of income.

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Further information about our derivatives and hedging activities is included in Note 22.

(n) Comprehensive income

We have disclosed comprehensive income as part of the Statement of Changes in Stockholders' Equity, in compliance with SFAS 130 Reporting Comprehensive Income .

(o) Reclassification

Certain minor reclassifications have been made to the financial statements for 2002 and 2001 to make them comparable with the 2003 presentation.

4 Change in accounting practice

In June 2001, the FASB issued SFAS 143 Accounting for Asset Retirement Obligations . We adopted SFAS 143 as from January 1, 2003, and as a consequence an additional \$26 for asset retirement obligations was recorded as Others long-term liabilities , a net increase of \$11 in mine development costs was registered within Property, plant and equipment and a resulting charge of \$10 was registered as Change in Accounting Practice for Asset Retirement Obligations on the Statement of Income, net of income tax (\$15 gross of deferred income tax). Over time the liabilities will be accreted for the change in their present value and initial capitalized costs will be amortized over the useful lives of the related assets.

5 Recently-issued accounting pronouncements

In December 2003, the FASB issued FIN 46R Consolidation of Variable Interest Entities, (revised December 2003) . The primary objectives of FIN 46R are to provide guidance on the identification of entities for which control is achieved through means other than through voting rights (variable interest entities or VIEs) and how to determine when and which business enterprise should consolidate the VIE (the primary beneficiary). This new model for consolidation applies to an entity in which either (1) the equity investors (if any) do not have a controlling financial interest or (2) the equity investment at risk is insufficient to finance that entity's activities without receiving additional subordinated financial support from other parties. In addition, FIN 46R requires that both the primary beneficiary and all other enterprises with a significant variable interest in a VIE make additional disclosures regarding the nature, purpose, size and activities of the VIE and the enterprise's maximum exposure to loss as a result of its involvement with the VIE.

The implementation date of FIN 46R is the first period ending after December 15, 2003 for Special Purpose Entities (SPEs) and as from January 1 2004 for previously existing variable interest entities which are not SPEs. FIN 46R may be applied prospectively with a cumulative adjustment as of the date on which it is first applied or by restating previously issued financing statements for one or more years with a cumulative-effect adjustment as of the beginning of the first year restated. It is possible that we will consolidate or disclose information in relation to certain joint ventures and equity investments.

With respect to SPEs the adoption of FIN 46R did not result in consolidation of any additional entities at December 31, 2003 and it is reasonably possible that Albras Alumínio Brasileiro S.A., an aluminum producer with total assets of \$ 649 at December 31, 2003 will be consolidated in 2004.

We are evaluating the impact of implementing FIN 46R as from January 1, 2004 with respect to consolidating variable interest entities which are not SPEs.

In May 2003 FASB issued SFAS No. 150 Accounting For Certain Financial Instruments with Characteristics of both Liabilities and Equity , which establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both

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liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances). The FASB decided to make this statement effective shortly after issuance for contracts created or modified after it is issued and for existing contracts at the beginning of the first interim period beginning after June 15, 2003. We do not expect SFAS 150 to have a material impact on our financial statements.

Emerging Issue Task Force No. 01-08 (EITF 01-08), *Determining Whether an Arrangement is a Lease*, provides guidance in determining whether an arrangement should be considered a lease subject to the requirements of FASB Statement No. 13 (FAS 13), *Accounting for Leases*. The rule defines, among others, that an arrangement conveys the right to use the property, plant, and equipment (PP&E) if the purchaser (lessee) has (1) the ability to operate the PP&E, (2) control physical access to the PP&E, or (3) it is remote that one or more other parties will take more than a minor amount of the output and the pricing for the output is not fixed per unit or based on current market prices at the date of delivery.

The consensus is to be applied to arrangements agreed or committed to, modified, or acquired in business combinations initiated after the beginning of an entity's next reporting period beginning after May 28, 2003. We have not entered into significant arrangements since this date.

6 Our privatization

In May 1997, we were privatized by the Brazilian Government, which transferred voting control to Valepar S.A. (Valepar). The Brazilian Government has retained certain rights with respect to our future decisions and those of Valepar and has also caused us to enter into agreements which may affect our activities and results of operations in the future. These rights and agreements are:

Preferred Special Share. The Brazilian Government holds a preferred special share of CVRD which confers upon it permanent veto rights over changes in our (i) name, (ii) headquarters location, (iii) corporate purpose with respect to mineral exploration, (iv) continued operation of our integrated iron ore mining systems and (v) certain other matters.

Preferred Class A Share of Valepar. The Brazilian Government held a preferred class A share of Vale par which confers upon it approval rights for a period of five years in respect of (i) concentration of ownership of Vale par by particular types of investors in excess of prescribed limitations and (ii) changes in the Valepar holding company structure relating to ownership of our common shares. This share was cancelled on April 28, 2003.

Shareholder revenue interests. On July 7, 1997, we issued to shareholders of record on April 18, 1997 (including the Brazilian Government) revenue interests providing holders thereof with the right to receive semi-annual payments based on a percentage of our net revenues above threshold production volumes from identified mining resources. These instruments are not secured by the corresponding mineral reserves and deposits.

In addition to the preferred special share mentioned above, the National Treasury and the Banco Nacional de Desenvolvimento Econômico e Social - BNDES, the Government-owned development bank, together held 32% of our common shares and 4% of our preferred shares, which in aggregate represented 22% of our total capital at December 31, 2001. These common shares were sold through a public offering in Brazil and abroad which was completed on March 27, 2002.

7 Major acquisitions and disposals during the years presented

We made the following acquisitions during the periods presented. Pro forma information with respect to our acquisitions of the control of Alunorte in June 2002 and Caemi in September 2003 is shown in items (b) and

(c) below:

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- (a) On April 27, 2001 we acquired 100% of Ferteco Mineração S.A. FERTECO, a non-public company whose main activity is production and commercialization of iron ore and pellets, for \$523 in cash.

The assets and liabilities acquired and corresponding goodwill were as follows:

Fair value of assets	401
Fair value of liabilities	(251)
	<hr/>
Net assets at fair value	150
Purchase price	523
	<hr/>
Goodwill	373
	<hr style="border-top: 3px solid black;"/>

For FERTECO inventories were valued at \$57, property, plant and equipment were valued at \$178, and the deferred tax liability was \$24.

- (b) In December 2001, acting through our wholly-owned foreign subsidiary Itabira Rio Doce Company Ltd. Itaco, we acquired 659,375,000 common shares of Caemi Mineração e Metalurgia S.A. (Caemi), corresponding to 16.82% of its total capital and 50% of its voting capital from Cayman Iron Ore Investment Co., Ltd., a wholly-owned subsidiary of Mitsui & Co., Ltd. (Mitsui) for US\$ 279. Caemi is a Brazilian company headquartered in Rio de Janeiro, which operates in the iron ore, kaolin, refractory bauxite and railroad sectors and was accounted for as an equity investee up to September 2, 2003 (see below).

This acquisition was approved by the European Commission subject to the commitment for Caemi to sell its equity investment in Quebec Cartier Mining Company (QCM), a Canadian producer of iron ore and pellets. On December 31, 2003 Caemi sold its holding of QCM's common shares to the Quebec Provincial Government for the symbolic amount of 100 Canadian dollars and converted loans to QCM of 20 million Canadian dollars into preferred stock with no voting rights (other than on matters required by law). Caemi will continue to guarantee certain financings of QCM until 2007 and has undertaken to provide further financial support to QCM, if necessary, in the form of subordinated loans up to 2010, limited to 34.5 million Canadian dollars (equivalent to \$27 at December 31, 2003). The fair value of this commitment has been fully provided.

CVRD and Mitsui, each of which held 50% of Caemi's common shares, entered into a shareholder agreement requiring both shareholders to approve all major decisions affecting Caemi.

The estimated net assets and corresponding goodwill were as follows:

	December 31,
	2001
	<hr/>
Estimated fair value of assets	1,127
Estimated fair value of liabilities	(734)
	<hr/>

Net assets at fair value	393
Interest in total capital acquired	16.82%
Estimated fair value of net assets acquired	66
Purchase price	279
	<hr/>
Goodwill	213
	<hr/>

On September 2, 2003 we acquired a further 43.37% of the capital of Caemi for \$426, increasing our participation to 60.23%. Caemi has been consolidated as from this date.

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The acquisition cost of the 43.37% of Caemi, net of cash acquired, was as follows:

	September 2, 2003
Estimated fair value of assets	1,699
Estimated fair value of liabilities	(716)
	<hr/>
Net assets at fair value	983
Interest in total capital acquired	43.37%
Estimated fair value of net assets acquired	426
Purchase price	426
Less cash acquired	(46)
	<hr/>
Acquisition cost of Caemi, net of cash acquired	380
	<hr/>

Caemi Pro forma

The unaudited condensed pro forma income statement below shows the impact of the acquisition of Caemi on the consolidated statements of income as if the current 60.23% participation in Caemi had been acquired on January 1, 2002 (instead of the 16.86% equity investment previously held, being 16.82% initially acquired and 0.04% purchased subsequently).

	2003			2002		
	CVRD Consolidated	Pre- acquisition CAEMI (1)	Pro Forma	CVRD Consolidated	CAEMI (2)	Pro Forma
		(unaudited)			(unaudited)	
Net operating revenues	5,350	424	5,774	4,123	572	4,695
Operating costs and expenses	(3,706)	(343)	(4,049)	(2,694)	(545)	(3,239)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Operating income (loss)	1,644	81	1,725	1,429	27	1,456
Non-operating income (expenses)	10	16	26	(828)	(101)	(929)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Income before income taxes, equity results and minority interests	1,654	97	1,751	601	(74)	527
Income taxes	(297)	(41)	(338)	149	12	161
Equity in results of affiliates and joint ventures and change in provision for	306	(20)	286	(87)	(2)(3)	(89)

losses on equity investments						
Minority interests	(105)	18	(87)	17	64	81
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Income from continuing operations	1,558	54	1,612	680		680
Change in accounting practice for asset retirement obligations	(10)		(10)			
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net income	<u>1,548</u>	<u>54</u>	<u>1,602</u>	<u>680</u>		<u>680</u>

(1) Period from January to August, 2003 (Consolidated as from September 2003).

(2) Period from January to December, 2002, net of consolidation adjustments.

(3) Includes elimination of Caemi equity investment write-down based on quoted market price \$86.

- (c) On June 27, 2002 we acquired a further 12.62% of the capital of ALUNORTE for \$42, increasing our participation to 57.03% (represented by 62.09% of total common stock and 19.05% of total preferred stock). ALUNORTE has been consolidated as from this date.

Unaudited pro forma information with respect to the effect on our consolidated statements of income, reflecting the consolidation of ALUNORTE as if control has been acquired as at January 1, 2001 is as follows:

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	2002			2001		
	Pre-		Pro Forma	Pre-		Pro Forma
	CVRD Consolidated	acquisition ALUNORTE		CVRD Consolidated	ALUNORTE	
			(unaudited)			(unaudited)
Net operating revenues	4,123	138	4,261	3,935	294	4,229
Operating costs and expenses	(2,694)	(151)	(2,845)	(2,973)	(219)	(3,192)
Operating income	1,429	(13)	1,416	962	75	1,037
Non-operating income (expenses)	(828)	(38)	(866)	158	(83)	75
Income before income taxes, equity results and minority interests	601	(51)	550	1,120	(8)	1,112
Income taxes	149		149	218	(5)	213
Equity in results of affiliates and joint ventures	(28)	23	(5)	(49)	7	(42)
Change in provision for losses on equity investments	(59)		(59)	(4)		(4)
Minority interests	17	28	45	2		2
Net income	680		680	1,287	(6)	1,281

- (d) On March 9, 2001 we transferred our 10.33% interest in Companhia Siderúrgica Nacional – CSN to VALIA, as a special pension plan contribution, for \$249 (fair market value determined based on the weighted average price of the last thirty trading sessions at the São Paulo stock exchange in the period ended on March 9, 2001). This transfer resulted in a gain of \$107. We have provided VALIA with a guarantee that we will make additional contributions to the pension plan if the market value of the CSN shares falls below threshold levels prior to the sale thereof by VALIA. At December 31, 2003 we have provided \$1 in respect of this commitment.
- (e) On April 27, 2001 we concluded the sale of our 32.00% interest in Bahia Sul Celulose S.A. – BSC for \$318, received in cash on May 7, 2001. This operation resulted in a gain of \$170.
- (f) On June 6, 2001 we concluded the sale of our 51.48% interest in Celulose Nipo-Brasileira S.A. – CENIBRA for \$671, received in cash on September 14, 2001. This operation resulted in a gain of \$507.
- (g) On October 10, 2003, the subsidiary Companhia Paulista de Ferro Ligas (CPFL) finalized the sale of its shares in Fertilizantes Fosfatados S.A. (Fosfértil) to Bunge Fertilizantes S.A. for \$84. The profit on the operation was \$61.

This transaction is in line with CVRD's focus on mining and logistics and its strategy to sell equity participations which had assumed the nature of portfolio investments.

- (h) On November 7, 2003 we sold our investment in Companhia Ferroviária do Nordeste (CFN) to CSN for a symbolic amount, recording a loss on this transaction of \$44.

8 Income taxes

Income taxes in Brazil comprise federal income tax and social contribution, which is an additional federal tax. The statutory composite enacted tax rate applicable in the periods presented is 34% represented by a 25% federal income tax rate plus a 9% social contribution rate.

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The amount reported as income tax expense in our consolidated financial statements is reconciled to the statutory rates as follows:

	Year ended December 31,		
	2003	2002	2001
Income before income taxes, equity results and minority interests	1,654	601	1,120
Federal income tax and social contribution expense at statutory enacted rates	(562)	(204)	(381)
Adjustments to derive effective tax rate:			
Tax benefit on interest attributed to stockholders	271	99	260
Exempt foreign income (expenses)	(59)	196	226
Difference on tax basis of equity investees	(56)	20	58
Tax effect related to provision for losses and write-downs		29	59
Tax incentives	60	4	26
Valuation allowance reversal (provision)	53	(12)	(44)
Other non-taxable gains (losses)	(4)	17	14
Federal income tax and social contribution expense in consolidated statements of income	(297)	149	218

We have certain tax incentives relative to our iron ore and manganese operations in Carajás and relative to alumina in Barcarena. The incentives relative to iron ore and manganese comprise full income tax exemption on defined production levels up to 2005 and partial exemption up to 2013. Both incentives relative to alumina expire in 2010. An amount equal to the tax saving must be appropriated to a reserve account within stockholders' equity and may not be distributed in the form of cash dividends.

The major components of the deferred tax accounts in the balance sheet are as follows:

	As of December 31	
	2003	2002
Net current deferred tax assets		
Accrued expenses deductible only when disbursed	91	211
	91	211
Long-term deferred tax assets and liabilities		
Assets		
Deferred tax relative to temporary differences	3	5
Tax deductible goodwill in business combinations	79	66

Related to provision for losses and write-downs of investments	149	158
Additional retirement benefits provision, net of unrecognized pension obligation	73	47
Tax loss carryforwards	132	187
Other temporary differences	206	211
	<u> </u>	<u> </u>
	642	674
	<u> </u>	<u> </u>
Liabilities		
Inflationary income	(26)	(21)
Relative to investments acquired	(202)	
Prepaid retirement benefit	(28)	(27)
Fair value adjustments in business combinations	(40)	(38)
	<u> </u>	<u> </u>
	(296)	(86)
	<u> </u>	<u> </u>
Valuation allowance		
Beginning balance	(230)	(213)
Translation adjustments	(37)	73
Business acquisition, sales and others	102	(78)
Net change in allowance	53	(12)
	<u> </u>	<u> </u>
Ending balance	(112)	(230)
	<u> </u>	<u> </u>
Net long-term deferred tax assets	234	358
	<u> </u>	<u> </u>

9 Cash and cash equivalents

	As of December 31	
	2003	2002
Cash	88	51
Deposits in local currency	267	220
Deposits in United States dollars	230	820
	<u>585</u>	<u>1,091</u>

10 Accounts receivable

	As of December 31	
	2003	2002
Customers		
Domestic	195	189
Export, all denominated in United States dollars	665	503
	<u>860</u>	<u>692</u>
Allowance for doubtful accounts	(30)	(26)
Allowance for ore weight credits	(12)	(6)
	<u>818</u>	<u>660</u>

Accounts receivable from customers in the steel industry amount to 27.5% and 18.4% of domestic receivables (export receivables 88.1% and 95.1%) at December 31, 2003 and 2002, respectively. No single customer accounted for more than 10% of total revenues in any of the years presented.

11 Inventories

	As of December 31	
	2003	2002
Finished products		
Iron ore and pellets	146	86
Manganese and ferroalloys	78	51

Alumina	20	15
Kaolin	16	6
Others	8	6
Spare parts and maintenance supplies	237	128
	<u> </u>	<u> </u>
	505	292
	<u> </u>	<u> </u>

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12 Property, plant and equipment**a) Per business area:**

	As of December 31, 2003			As of December 31, 2002		
	Cost	Accumulated depreciation	Net	Cost	Accumulated depreciation	Net
Ferrous						
Ferrous Southern System						
Mining	2,196	812	1,384	728	318	410
Railroads	866	389	477	646	308	338
Marine terminals	183	87	96	99	60	39
	<u>3,245</u>	<u>1,288</u>	<u>1,957</u>	<u>1,473</u>	<u>686</u>	<u>787</u>
Ferrous Northern System						
Mining	676	277	399	483	208	275
Railroads	924	376	548	727	292	435
Marine terminals	196	85	111	139	65	74
	<u>1,796</u>	<u>738</u>	<u>1,058</u>	<u>1,349</u>	<u>565</u>	<u>784</u>
Pelletizing	382	133	249	283	76	207
Ferroalloys	273	153	120	171	96	75
Energy	128	11	117	58	6	52
Construction in progress	914		914	406		406
	<u>6,738</u>	<u>2,323</u>	<u>4,415</u>	<u>3,740</u>	<u>1,429</u>	<u>2,311</u>
Non-Ferrous						
Potash	54	22	32	39	15	24
Gold	27	25	2	119	100	19
Kaolin	220	75	145	71	17	54
Research and projects	86	62	24	63	48	15
Construction in progress	797		797	288		288
	<u>1,184</u>	<u>184</u>	<u>1,000</u>	<u>580</u>	<u>180</u>	<u>400</u>
Logistics						
General cargo	575	188	387	232	109	123
Maritime transportation	8	6	2	10	8	2

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Construction in progress	35		35	19		19
	<u>618</u>	<u>194</u>	<u>424</u>	<u>261</u>	<u>117</u>	<u>144</u>
Holdings						
Aluminum	545	92	453	248	55	193
Others	2	1	1	12	2	10
Construction in progress	111		111	204		204
	<u>658</u>	<u>93</u>	<u>565</u>	<u>464</u>	<u>57</u>	<u>407</u>
Corporate Center						
Corporate	67	28	39	35	13	22
Construction in progress	41		41	13		13
	<u>108</u>	<u>28</u>	<u>80</u>	<u>48</u>	<u>13</u>	<u>35</u>
Total	<u>9,306</u>	<u>2,822</u>	<u>6,484</u>	<u>5,093</u>	<u>1,796</u>	<u>3,297</u>

b) Per type of assets:

	As of December 31, 2003			As of December 31, 2002		
	Cost	Accumulated depreciation	Net	Cost	Accumulated depreciation	Net
Land and buildings	749	303	446	489	188	301
Installations	2,466	932	1,534	1,448	590	858
Equipment	883	405	478	391	196	195
Railroads	1,741	756	985	1,258	568	690
Mine development costs	353	115	238	193	53	140
Purchased mining reserves	578	8	570			
Others	638	303	335	384	201	183
	<u>7,408</u>	<u>2,822</u>	<u>4,586</u>	<u>4,163</u>	<u>1,796</u>	<u>2,367</u>
Construction in progress	1,898		1,898	930		930
	<u>9,306</u>	<u>2,822</u>	<u>6,484</u>	<u>5,093</u>	<u>1,796</u>	<u>3,297</u>

Losses on disposals and impairments of property, plant and equipment totaled \$51, \$62 and \$79 in 2003, 2002 and 2001, respectively. Disposals and impairments mainly relate to impairment of gold mines, sales of ships and trucks, locomotives and other equipment which were replaced in the normal course of business.

In 2002 we sold certain forestry assets of our subsidiary Florestas Rio Doce S.A. for \$59 and recorded a gain on this sale of \$49. In 2003 we sold our last significant gold mining operations for \$ 21 which was the book value.

(c) Hydroelectric projects

We participate in several jointly-owned hydroelectric plants, already in operation or under construction. We have an undivided interest in these plants and are responsible for our proportionate share of the costs of construction and operation and are entitled to our proportionate share of the energy produced.

The situation of these projects at December 31, 2003 is as follows:

Project	Date of completion / expected completion	Our interest %	Plant in service	Our share of plant in service	Our share of accumulated depreciation	Plant under construction	Our share of plant under construction
Igarapava	January, 1999	38.1	136	52	(8)		
Porto Estrela	September, 2001	33.3	57	19	(1)		
Funil	December, 2003	51.0	112	57	(2)		
Candongá	August, 2004	50.0				87	44
Aimorés	July, 2004	51.0				178	91
Capim Branco I	February, 2006	48.4				25	12
Capim Branco II	December, 2006	48.4				8	4
Foz do Chapecó	July, 2008	40.0				5	2
Estreito	October, 2008	30.0				4	1

Income and expenses relating to operating plants are not material.

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13 Investments in affiliated companies and joint ventures

	December 31,								
	2003				Investments		Equity Adjustments		
							Year ended December 31,		
	Participation in capital (%)		Net equity	Net income for the period	2003	2002	2003	2002	2001
voting	total								
Steel									
Usinas Siderúrgicas de Minas Gerais S.A. USIMINAS	22.99	11.46	271	297	31		34	(15)	
Companhia Siderúrgica de Tubarão CST (1)	26.93	28.79	307	161	86	27	45	19	(1)
California Steel Industries Inc. CSI	50.00	50.00	206	5	103	107	2	19	(3)
SIDERAR (costs \$15) available for sale investments	4.85	4.85			89	30			
					309	164	81	23	(4)
Aluminum and bauxite									
Mineração Rio do Norte S.A. MRN	40.00	40.00	420	81	168	162	33	38	32
Valesul Alumínio S.A. VALESUL	54.51	54.51	90	18	49	39	10	14	11
Alumínio Brasileiro S.A. ALBRAS	51.00	51.00	220	203	112		104		
Alumínio Brasileiro S.A. ALBRAS change in provision for losses						(1)		10	4
Alumina do Norte do Brasil S.A. ALUNORTE (4)	62.09	57.03						(23)	(6)
					329	200	147	39	41
Ferrous									
Caemi Mineração e Metalurgia S.A. (3)	100.00	60.23		17		77	23	(102)	
Companhia Nipo-Brasileira de Pelotização NIBRASCO	51.11	51.00	35	6	18	12	3	4	(2)
Companhia Hispano-Brasileira de Pelotização HISPANOBRÁS	51.00	50.89	32	6	17	14	3	5	5
Companhia Coreano-Brasileira de	50.00	50.00		38	1		1	(2)	(8)

Pelotização KOBRASCO Companhia Coreano-Brasileira de Pelotização KOBRASCO - change in provision for losses						(16)	17	(15)		
Companhia Ítalo-Brasileira de Pelotização ITABRASCO	51.00	50.90	21	5	11	9	3	5	4	
Gulf Industrial Investment Company GIIC	50.00	50.00	80	24	40	37	12	5	(17)	
SAMARCO Mineração S.A. SAMARCO (5)	50.00	50.00	369	140	221	184	70	28	11	
Minas da Serra Geral S.A. MSG	50.00	50.00	31	4	15	9	2	4		
Others					21	24	(1)	2		
					<u>344</u>	<u>350</u>	<u>133</u>	<u>(66)</u>	<u>(7)</u>	
Logistics										
Companhia Ferroviária do Nordeste CFN change in provision for losses (2)							(3)	(4)	(8)	
Ferrobán Ferrovias Bandeirantes S.A. change in provision for losses					1			(1)		
Ferrovia Centro-Atlântica S.A. FCA change in provision for losses (3)							(93)	(42)	(95)	
MRS Logística S.A					39		39	(20)		
MRS Logística S.A. change in provision for losses						(6)	6	(7)		
Sepetiba Tecon S.A. change in provision for losses						(4)	(1)	(9)	(3)	
Others					4			(5)	(2)	
					<u>44</u>	<u>(10)</u>	<u>(52)</u>	<u>(88)</u>	<u>(108)</u>	
Other affiliates and joint ventures										
Fertilizantes Fosfatados S.A. FOSFERTIL (2)	10.96	11.12				25	1	8	5	
Others					8	3	(4)	(3)	20	
					<u>8</u>	<u>28</u>	<u>(3)</u>	<u>5</u>	<u>25</u>	
Total					<u>1,034</u>	<u>732</u>	<u>306</u>	<u>(87)</u>	<u>(53)</u>	

[Additional columns below]

[Continued from above table, first column(s) repeated]

	Dividends received			Quoted market
	Year ended December 31,			Decem-ber 31,
	2003	2002	2001	2003
Steel				
Usinas Siderúrgicas de Minas Gerais S.A. USIMINAS	3	4	3	219
Companhia Siderúrgica de Tubarão CST (1)	52	4	10	476
California Steel Industries Inc. CSI	5	9	2	
SIDERAR (costs \$15) available for sale investments				89
	60	17	15	784
Aluminum and bauxite				
Mineração Rio do Norte S.A. MRN	27	31	31	
Valesul Alumínio S.A. VALESUL	9	6		
Alumínio Brasileiro S.A. ALBRAS				
Alumínio Brasileiro S.A. ALBRAS change in provision for losses				
Alumina do Norte do Brasil S.A. ALUNORTE (4)				
	36	37	31	
Ferrous				
Caemi Mineração e Metalurgia S.A. (3)		3		290
Companhia Nipo-Brasileira de Pelotização NIBRASCO		2	5	
Companhia Hispano-Brasileira de Pelotização HISPANOBRÁS	2	2	5	
Companhia Coreano-Brasileira de Pelotização KOBRASCO				
Companhia Coreano-Brasileira de Pelotização KOBRASCO - change in provision for losses				
Companhia Ítalo-Brasileira de Pelotização ITABRASCO	1	4	5	
Gulf Industrial Investment Company GIIC	9	6	11	
SAMARCO Mineração S.A. SAMARCO (5)	78	17	21	
Minas da Serra Geral S.A. MSG	1	1	5	
Others				
	91	35	52	290
Logistics				
Companhia Ferroviária do Nordeste CFN change in provision for losses (2)				
Ferrobán Ferrovias Bandeirantes S.A. change in provision for losses				
Ferrovias Centro-Atlântica S.A. FCA change in provision for losses (3)				
MRS Logística S.A.				
MRS Logística S.A. change in provision for losses				

Sepetiba Tecon S.A. change in provision for losses
Others

Sepetiba Tecon S.A. change in provision for losses

Other affiliates and joint ventures

Fertilizantes Fosfatados S.A. FOSFERTIL (2)

Others

Total

	—	—	—	—
	9	2	3	
	1		31	
	<u>10</u>	<u>2</u>	<u>34</u>	
	197	91	132	1,074

(1) During the quarter ended June 30, 2003 CVRD acquired an additional 4.42% of the voting shares and 5.64% of the preferred shares, representing 5.17% of CST's total capital for \$ 60;

(2) Investment sold in 2003;

(3) Consolidated as from September, 2003, after acquisition of control;

(4) Consolidated as from June 30, 2002, after acquisition of control;

(5) Investment includes goodwill of \$37 and \$30 in 2003 and 2002, respectively.

14 Short-term debt

Our short-term borrowings are from commercial banks and relate export financing denominated in United States dollars.

Average annual interest rates on short-term borrowings were 3.19%, 3.97% and 4.96% in 2003, 2002 and 2001, respectively.

15 Long-term debt

	As of December 31			
	Current liabilities		Long-Term liabilities	
	2003	2002	2003	2002
Foreign debt				
Loans and financing contracted in the following currencies:				
United States dollars	470	431	1,151	1,034
Japanese Yen	30	1	2	29
Others	3	1	25	1
Fixed Rate Notes US\$ denominated	300	200	600	600
Securitization of export receivables US\$ denominated	44	25	481	275
Perpetual notes			65	63
Accrued charges	54	20		
	901	678	2,324	2,002
Local debt				
Indexed by Long-Term Interest Rate TJLP	10	8	88	22
Indexed by General Price Index-Market (IGPM)	16	14	19	24
Basket of currencies	30	13	23	32
Non-convertible debentures			90	64
Indexed by U.S. dollars	33	1	221	215
Accrued charges	19	3	2	
	108	39	443	357
Total	1,009	717	2,767	2,359

The long-term portion at December 31, 2003 becomes due in the following years:

2005	480
2006	564
2007	554
2008	198
Thereafter	816
No due date (Perpetual notes and non-convertible debentures)	155
	<hr/>
	2,767
	<hr/>

At December 31, 2003 annual interest rates on long-term debt were as follows:

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Up to 7%	2,366
7.1% to 9%	930
9.1% to 11%	316
Over 11%	99
Variable (Perpetual notes)	65
	3,776
	3,776

The indexes applied to debt and respective percentage variations in each year were as follows:

	2003	2002	2001
TJLP Long-Term Interest Rate (effective rate)	11.50	9.87	9.50
IGP-M General Price Index Market	8.71	25.31	10.37
United States Dollar	(18.23)	52.27	18.67

At December 31, 2003 the US\$ denominated Fixed Rate Notes of \$900 (2002 \$800) and other debt of \$1,606 (2002 \$1,430) are unsecured. The export securitization of \$525 (2002 \$300) is secured by existing and future accounts receivable of our subsidiary CVRD Overseas Ltd. Loans from international lenders of \$232 (2002- \$295) are guaranteed by the Federal Government, to which we have given counter-guarantees of \$163 (2002 \$204) secured by our own shares and accounts receivable from us and a subsidiary. We have also loans from local and international institutions secured by property, plant and equipment in the amount of \$165 (2002 \$129). The remaining long-term debt of \$387 (2002 \$213) is secured mainly by assets of subsidiaries.

The Perpetual Notes are exchangeable for 48 billion preferred shares of the affiliate MRN (initially equivalent to 8% of the total number of shares of MRN owned by us). Interest is payable on the Notes in an amount equal to dividends paid on the underlying preferred shares, relative to periods starting as from the 2000 fiscal year. The Notes may be redeemed at our option or the Noteholders at any time by transfer of the underlying preferred shares to the Noteholders, providing the preemptive rights of the existing shareholders of MRN have been waived or have expired. Redemption by transfer of the underlying net assets of MRN is compulsory if certain events occur, including the liquidation or merger of MRN or the transfer of MRN's asset and liabilities to a consortium formed by its shareholders to take over the operations of MRN. In the event of early termination the Notes may be redeemed, at the option the Noteholders, in lieu of transfer of the shares, for a cash sum equal to \$48 plus the net present value of average annual earnings declared and paid by MRN for the three years immediately preceding such termination multiplied by 20 and discounted by 10% per year. This latter amount represents a fair value at December 31, 2003 of \$65.

16 Stockholders equity

Each holder of common and preferred class A stock is entitled to one vote for each share on all matters that come before a stockholders meeting, except for the election of the Board of Directors, which is restricted to the holders of common stock. As described in Note 6, the Brazilian Government holds a preferred special share which confers on it permanent veto rights over certain matters.

As of December 31, 2003, we had acquired 4,719,353 shares to be held in treasury for subsequent disposal or cancellation at an average weighted unit cost of R\$27.80 (minimum cost of R\$20.07 and maximum of R\$52.09).

Both common and preferred stockholders are entitled to receive a dividend of at least 25% of annual net income, upon approval at the annual stockholders meeting. In the case of preferred stockholders, this dividend cannot be less than 6% of the preferred capital as

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stated in the statutory accounting records or, if greater, 3% of the book equity value per share. With respect to each of 2003, 2002 and 2001 we distributed dividends to preferred stockholders in excess of this limit. Interest attributed to stockholders as from January 1, 1996 is considered part of the minimum dividend.

Brazilian law permits the payment of cash dividends only from retained earnings as stated in the statutory accounting records and such payments are made in Reais. At December 31, 2003, we had no undistributed retained earnings. In addition, appropriated retained earnings at December 31, 2003 includes \$2,283, related to the unrealized income and expansion reserves, which could be freely transferred to retained earnings and paid as dividends, if approved by the stockholders.

No withholding tax is payable on distribution of profits earned as from January 1, 1996, except for distributions in the form of interest attributed to stockholders as explained in Note 3 (I).

Brazilian laws and our By-laws require that certain appropriations be made from retained earnings to reserve accounts on an annual basis, all determined in accordance with amounts stated in the statutory accounting records, as detailed below:

	Year ended December 31		
	2003	2002	2001
Appropriated retained earnings			
Unrealized income reserve			
Balance January 1	211	548	874
Transfer to retained earnings	(18)	(337)	(326)
	193	211	548
Balance December 31			
Expansion reserve			
Balance January 1	1,494	1,667	1,546
Transfer to capital stock	(423)		(278)
Transfer from (to) retained earnings	1,019	(173)	399
	2,090	1,494	1,667
Balance December 31			
Legal reserve			
Balance January 1	241	325	307
Transfer from (to) retained earnings	133	(84)	18
	374	241	325
Balance December 31			
Fiscal incentive depletion reserve			
Balance January 1	284	649	771
Transfer to capital stock		(212)	
Transfer to retained earnings	63	(153)	(122)
	347	284	649
Balance December 31			
Fiscal incentive investment reserve			

Balance January 1		23	39
Transfer to capital stock		(23)	(33)
Transfer from retained earnings	31		17
	<u>31</u>	<u></u>	<u>17</u>
Balance December 31	<u>31</u>	<u></u>	<u>23</u>
Total appropriated retained earnings	<u>3,035</u>	<u>2,230</u>	<u>3,212</u>

The purpose and basis of appropriation to such reserves is described below:

- . Unrealized income reserve this represents principally our share of the earnings of affiliates and joint ventures, not yet received in the form of cash dividends.
- . Expansion reserve this is a general reserve for expansion of our activities.
- . Legal reserve this reserve is a requirement for all Brazilian corporations and represents the appropriation of 5% of annual net income under Brazilian GAAP up to a limit of 20% of capital stock under Brazilian GAAP.
- . Fiscal incentive depletion reserve this represents an additional amount relative to mineral reserve depletion equivalent to 20% of the sales price of mining production, which is deductible for tax purposes providing an equivalent amount is transferred from retained earnings to the reserve account. This fiscal incentive expired in 1996.
- . Fiscal incentive investment reserve this reserve results from an option to designate a portion of income tax otherwise payable for investment in government approved projects and is recorded in the year following that in which the taxable income was earned. As from 2000, this reserve also contemplates the tax incentives described in Note 8.

17 Pension plans

Since 1973 we have sponsored a defined benefit pension plan (the Old Plan) covering substantially all employees, with benefits based on years of service, salary and social security benefits. This plan is administered by Fundação Vale do Rio Doce de Seguridade Social VALIA and was funded by monthly contributions made by us and our employees, calculated based on periodic actuarial appraisals.

In May 2000, we implemented a new pension plan, which is primarily a defined contribution plan with a defined benefit feature relative to service prior to May 2000 (the New Plan), and offered our active employees the opportunity of transferring to the New Plan. Over 98% of our active employees opted to transfer to the New Plan. The Old Plan will continue in existence, covering almost exclusively retired participants and their beneficiaries.

The following information details the status of the defined benefit elements of our plans in accordance with SFAS 132 Employers Disclosure about Pensions and Other Post-retirement Benefits , as amended.

(a) Change in benefit obligation

	As of December 31	
	2003	2002
Benefit obligation at beginning of year	1,308	1,388
Service cost	2	2
Interest cost	136	120
Benefits paid	(111)	(94)
Effect of exchange rate changes	20	(288)
Actuarial loss	75	180
	<u> </u>	<u> </u>
Benefit obligation at end of year	<u>1,430</u>	<u>1,308</u>

We use a measurement date of December 1, 2003 for our pension and postretirement benefit plans.

(b) Change in plan assets

	As of December 31	
	2003	2002
Fair value of plan assets at beginning of year	1,285	1,374
Actual return on plan assets	432	277
Employer contributions	14	12
Benefits paid	(111)	(94)
Effect of exchange rate changes	17	(284)
	<u> </u>	<u> </u>
Fair value of plan assets at end of year	<u>1,637</u>	<u>1,285</u>

Plan assets at December 31, 2003 include \$194 of portfolio investments in our own shares (\$102 at December 31, 2002) and \$20 of shares of related parties (\$8 at December 31, 2002), as well as \$323 of Federal Government Securities (\$387 at December 31, 2002).

Employer contributions expected for 2004 are \$14 (unaudited).

(c) Accrued pension cost liability (prepaid pension cost)

	As of December 31	
	2003	2002
Funded status, excess of benefit obligation over plan assets	(207)	23
Unrecognized net transitory obligation	(56)	(65)
Unrecognized net actuarial loss	181	(37)
	<hr/>	<hr/>
Accrued pension cost liability (prepaid pension cost)	(82)	(79)
	<hr/>	<hr/>

(d) Assumptions used in each year (expressed in nominal terms)

	2003	2002
Discount rate	11.30% p.a	11.30% p.a
Expected return on plan assets	13.40% p.a	11.30% p.a
Rate of compensation increase up to 47 years	6.91% p.a	6.91% p.a
Inflation	5.00% p.a	5.00% p.a

All assumptions will be revised during 2004.

(e) Investment targets and composition of plan assets

The asset allocation for the Company's pension plans at the end of 2003 and 2002, and the target allocation for 2004, by asset category, follows. The fair value of plan assets for these plans is \$1,637 and \$1,285 at the end of 2003 and 2002, respectively.

Asset category	Target allocation for 2004	Percentage of plan assets at December 31,	
		2003	2002
Equity securities	30%	27%	29%
Real estate	7%	6%	7%
Loans	4%	2%	3%
Fixed Income	59%	65%	61%
	<hr/>	<hr/>	<hr/>
Total	100%	100%	100%
	<hr/>	<hr/>	<hr/>

The fixed income allocation target of 59% was established in order to match the asset with the benefit payments. The proposal for 2004 is an increase of up to 33% in the investments in inflation-indexed funds. The remaining investments in fixed income would be responsible for the payment of short-term plan benefits.

The increase in the target allocation for equity securities is related to a 32% expected return in the IBOVESPA (Brazilian stock index). This high return is due to an expected increase of corporate profits, and a belief that Brazil's risk will decrease, economic activity will increase, and U.S. interest rates will remain low.

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(f) Pension costs

	Year ended December 31		
	2003	2002	2001
Service cost – benefits earned during the period	2	2	2
Interest cost on projected benefit obligation	136	120	180
Actual return on assets	(432)	(277)	(220)
Amortization of initial transitory obligation	9	9	12
Net deferral	297	157	58
	<hr/>	<hr/>	<hr/>
Net periodic pension cost	12	11	32
	<hr/>	<hr/>	<hr/>

In addition to benefits provided under our pension plan, accruals have been made relative to supplementary benefits extended in previous periods as part of early-retirement programs. Such accruals included in long-term liabilities totaled \$198 and \$141, at December 31, 2003 and 2002, respectively, plus \$32 and \$23, respectively, in current liabilities.

The cost recognized in the years 2003, 2002 and 2001 relative to the defined contribution element of the New Plan was \$5, \$5 and \$3, respectively.

18 Commitments and contingencies

- (a) At December 31, 2003, we had extended guarantees for borrowings obtained by affiliates and joint ventures in the amount of \$283, of which \$242 is denominated in United States dollars and the remaining \$41 in local currency, as follows:

Affiliate or Joint Venture	Amount of guarantee	Denominated currency	Purpose	Final maturity	Counter guarantees
ALBRAS	231	US\$	Debt guarantee	2007	None
	40	R\$	Debt guarantee	2010	None
SAMARCO	10	US\$	Debt guarantee	2020	None
VALESUL	1	R\$	Debt guarantee	2006	None
NIBRASCO	1	US\$	Debt guarantee	2004	Collateral Pledge
	<hr/>				
	283				
	<hr/>				

We expect no losses to arise as a result of the above guarantees. We charge commission for extending these guarantees in the case of Albras and Samarco.

We have not provided any significant guarantees since January 1, 2003 which would require fair value adjustments under FIN 45 Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others .

- (b) CVRD and its subsidiaries are defendants in numerous legal actions in the normal course of business. Based on the advice of our legal counsel, management believes that the provision made against contingent losses is sufficient to cover probable losses in connection with such actions.

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The provision for contingencies and the related judicial deposits are composed as follows:

	December 31, 2003		December 31, 2002	
	Provision for contingencies	Judicial deposits	Provision for contingencies	Judicial deposits
Labor claims	177	66	109	52
Civil claims	167	54	95	32
Tax related actions	285	279	220	153
Others	6	8	4	2
	635	407	428	239

Labor related actions principally comprise employee claims for (i) payment of time spent travelling from their residences to the work-place, (ii) additional payments for alleged dangerous or unhealthy working conditions and (iii) various other matters, often in connection with disputes about the amount of indemnities paid upon dismissal.

Civil actions principally relate to claims made against us by contractors in connection with losses alleged to have been incurred by them as a result of various past government economic plans during which full indexation of contracts for inflation was not permitted.

Tax - related actions principally comprise our challenges of certain revenue taxes, VAT and of the tax on financial movements - CPMF.

We continue to vigorously pursue our interests in all the above actions but recognize that probably we will incur some losses in the final instance, for which we have made provisions.

Our judicial deposits are made as required by the courts for us to be able to enter or continue a legal action. When judgment is favorable to us, we receive the deposits back; when unfavorable, the deposits are delivered to the prevailing party. An increase of \$126 for tax deposits during 2003 refers mainly to an action in which we challenged the annual limitation on use to our tax loss carryforwards.

Contingencies settled in 2003, 2002 and 2001 aggregated \$182 \$178 and \$6, respectively, and additional provisions aggregated \$146, \$264 and \$79, respectively.

In addition to the contingencies for which we have made provisions we have possible losses in connection with tax contingencies totaling \$308 and \$220 at December 31, 2003 and 2002, respectively, for which no provision is maintained.

- (c) We are defendants in two actions seeking substantial compensatory damages brought by the Municipality of Itabira, State of Minas Gerais, which we believe are without merit. Due to the remote likelihood that any loss will arise therefrom no provision has been made in the financial statements with respect to these two actions.

- (d) We are committed under a take-or-pay agreement to take annual delivery of approximately 207,060 metric tons per year of aluminum from ALBRAS at market prices. This estimate is based on 51% of ALBRAS expected production and, at a market price of \$1,458.16 per metric ton, at December 31, 2003, represents an annual commitment of \$302. Actual take from Albras was \$296, \$257 and \$220 during 2003, 2002 and 2001, respectively.
- (e) We and BNDES entered into a contract, known as the Mineral Risk Contract, in March 1997, relating to prospecting authorizations for mining regions where drilling and exploration are still in their early stages. The Mineral Risk Contract provides for the joint development of certain unexplored mineral deposits in approximately two million identified hectares of land in the Carajás region, as well as proportional participation in any financial benefits earned from the development of such resources. Iron ore and manganese deposits already identified and subject to development are specifically excluded from the Mineral Risk Contract.

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Pursuant to the Mineral Risk Contract, we and BNDES each agreed to provide US\$ 205 million, which represents half of the US\$ 410 million in expenditures estimated as necessary to complete geological exploration and mineral resource development projects in the region over a period of five years, which was extended for an additional period of two years. We will oversee these projects and BNDES will advance us half of our costs on a quarterly basis. Under the Mineral Risk Contract, as of December 31, 2003, the remaining contributions towards exploration and development activities totaled US\$ 87 million. In the event that either of us wishes to conduct further exploration and development after having spent such US\$ 205 million, the contract provides that each party may either choose to match the other party's contributions, or may choose to have its financial interest proportionally diluted. If a party's participation in the project is diluted to an amount lower than 40% of the amount invested in connection with exploration and development projects, then the Mineral Risk Contract provides that the diluted party will lose all the rights and benefits provided for in the Mineral Risk Contract and any amounts previously contributed to the project.

Under the Mineral Risk Contract, BNDES has agreed to compensate us through a finder's fee production royalty on their share of mineral resources that are discovered and placed into production. This finder's fee is equal to 3.5% of the revenues derived from the sale of gold, silver and platinum group metals and 1.5% of the revenues derived from the sale of other minerals, including copper, except for gold and other minerals discovered at Serra Leste, for which the finder's fee is equal to 6.5% of revenues.

- (f) At the time of our privatization in 1997, we issued shareholder revenue interests known in Brazil as debentures to our then-existing shareholders, including the Brazilian Government. The terms of the debentures, were set to ensure that our pre-privatization shareholders, including the Brazilian Government, would participate alongside us in potential future financial benefits that we are able to derive from exploiting our mineral resources. In preparation for the issuance of the debentures, we issued series B preferred shares on a one-for-one basis to all holders of our common shares and series A preferred shares. We then exchanged all of the series B shares for the debentures at par value. The debentures are not redeemable or convertible, and do not trade on a stapled basis or otherwise with our common or preferred shares. During 2002 we registered the debentures with the CVM in order to permit trading. Under Brazilian Central Bank regulations, pre-privatization shareholders that held their shares through our preferred share American Depositary Receipt, or ADR, program and institutional investors that held their shares through rule 1,298/87 of Brazilian Central Bank were not permitted to receive the debentures or any financial benefits relating to the debentures. We sought approval from the Central Bank to distribute the debentures to these investors, but the Central Bank rejected our request. We renewed our request to the Central Bank, but we cannot be sure that we will succeed. Therefore, unless the Central Bank approves our request, the debentures will not have any value for ADR holders and foreign investors through annex V. Under the terms of the debentures, holders will have the right to receive semi-annual payments equal to an agreed percentage of our net revenues (revenues less value added tax) from certain identified mineral resources that we owned as of May 1997, to the extent that we exceed defined threshold production volumes of these resources, and from the sale of mineral rights that we owned as of May 1997. Our obligation to make payments to the holders will cease when the relevant mineral resources are exhausted at which time we are required to repay the original par value plus accrued interest. Based on current production levels, and estimates for new projects, we expect to start payments referring to copper resources in 2004, to iron ore resources in approximately 2020 for the Northern System and 2030 for the Southern System, and payments related to other mineral resources at the end of the decade. The table below summarizes the amounts we will be required to pay under the debentures based on the net revenues we earn from the identified mineral resources and the sale of mineral rights.

<u>Area</u>	<u>Mineral</u>	<u>Required Payments by CVRD</u>
Southern System	Iron ore	1.8% of net revenue, after total sales from May 1997 exceeds 1.7 billion tons.
Northern System	Iron ore	1.8% of net revenue, after total sales from May 1997 exceeds 1.2 billion tons.
Pojuca, Andorinhas, Liberdade and Sossego	Gold and copper	2.5% of net revenue from the beginning of commercialization corresponding to our ownership interest at April 15, 1997.
Igarapé Bahia and Alemão	Gold and copper	2.5% of net revenue, after total sales from May 1997 exceeds 70 tons of gold.
Fazenda Brasileiro (*)	Gold	2.5% of net revenue after total sales from May 1997 exceeds 26 tons.
Other areas, excluding Carajás/ Serra Leste	Gold	2.5% of net revenue.
Other areas owned as of May 1997	Other minerals	1% of net revenue, 4 years after the beginning of the commercialization.
All areas	Sale of mineral rights owned as of May 1997	1% of the sales price.

(*) We sold Fazenda Brasileiro in August 2003 and will pay the corresponding amount of \$2 debenture holders by March 31, 2004.

(g) We use various judgments and assumptions when measuring our environmental liabilities and asset retirement obligations. Changes in circumstances, law or technology may affect our estimates and we periodically review the amounts accrued and adjust them as necessary. Our accruals do not reflect unasserted claims because we are currently not aware of any such issues. Also the amounts provided are not reduced by any potential recoveries under cost sharing, insurance or indemnification arrangements because such recoveries are considered uncertain. The changes are demonstrated as follows:

Balance as of December 31, 2002	15
Initial recognition of SFAS 143 as at January 1, 2003	26
Increase due to new subsidiaries acquired	11
Accretion expense	6
Revisions to estimated cash flows	15
Cumulative translation adjustment	8
	<hr/>
Balance as of December 31, 2003	81

Had SFAS 143 been applied prior to January 1, 2003, the pro forma asset retirement obligation at December 31, 2002, 2001 and 2000 would have been \$41, \$44 and \$42, respectively.

Additionally, had SFAS 143 been applied previously, net income for the years ended December 31, 2002 and 2001 on a pro forma basis would have been lower by \$8 and \$6 (unaudited).

Had SFAS 143 been applied in prior years the impact on net income and earnings per share would be as follows:

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	<u>2002</u>	<u>2001</u>
Net income	680	1,287
Net income (pro forma unaudited)	672	1,281
Basic earnings per Preferred Class A Share	1.77	3.34
Basic earnings per Common Share	1.77	3.34
Basic earnings per Preferred Class A Share (pro forma unaudited)	1.75	3.32
Basic earnings per Common Share (pro forma unaudited)	1.75	3.32

(h) Description of Leasing Arrangements

We conduct part of our railroad and port operation using equipments and facilities under 30 and 25 year operating leases, respectively. At the end of the lease term, we will return the leased assets.

The following is a schedule of future minimum operating lease payments required under long-term operating leases as of December 31, 2003:

Year ending December 31:	
2004	37
2005	37
2006	37
2007	37
2008	37
Later years	<u>656</u>
Total minimum payments required	<u>841</u>

The total of expenses in 2003 and 2002 was \$37 and \$26, respectively.

19 Segment and geographical information

In 1999 we adopted SFAS 131 Disclosures about Segments of an Enterprise and Related Information with respect to the information we present about our operating segments. SFAS 131 introduced a management approach concept for reporting segment information, whereby such information is required to be reported on the basis that the chief decision-maker uses internally for evaluating segment performance and deciding how to allocate resources to segments. Our business segments are currently organized as follows:

Ferrous products comprises iron ore mining and pellet production, as well as the Northern and Southern transportation systems, including railroads, ports and terminals, as they pertain to mining operations. Manganese mining and ferroalloys are also included in this segment.

Non-ferrous products comprises the production of non-ferrous minerals.

Logistics comprises our transportation systems as they pertain to the operation of our ships, ports and railroads for third-party cargos.

Holdings divided into the following sub-groups:

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Aluminum comprises aluminum trading activities, alumina refining and investments in joint ventures and affiliates engaged in bauxite mining and aluminum metal smelting.

Steel comprises our investments in joint ventures and affiliates operating in the steel industry.

Others comprises our investments in joint ventures and affiliates engaged in other businesses.

Information presented to top management with respect to the performance of each segment is generally derived directly from the accounting records maintained in accordance with accounting practices generally accepted in Brazil together with certain minor inter-segment allocations.

Consolidated net income and principal assets are reconciled as follows:

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Results by segment before eliminations

As of and for the year ended December 31,

	2003						
	Holdings						
	Ferrous	Non ferrous	Logistics	Aluminum	Others	Eliminations	Consolidated
Gross revenues Export	5,257	104	75	758		(2,354)	3,840
Gross revenues Domestic	1,142	107	472	165		(181)	1,705
Cost and expenses	(4,871)	(192)	(366)	(760)	3	2,535	(3,651)
Depreciation, depletion and amortization	(191)	(18)	(14)	(15)			(238)
Pension plan	(11)		(1)				(12)
Operating income	1,326	1	166	148	3		1,644
Financial income	195	1	14	10	4	(122)	102
Financial expenses	(406)	(4)	(9)	(49)	(5)	122	(351)
Foreign exchange and monetary gains (losses), net	150	16	(14)	93	(3)		242
Gain on sale of investments	(27)						(27)
Equity in results of affiliates and joint ventures and change in provision for losses on equity investments	133	3	(9)	147	76		350
Income taxes	(226)	(3)	(2)	(27)	1		(257)
Minority interests	(44)	(3)		(58)			(105)
Income from continuing operations	1,101	11	146	264	76		1,598
Change in accounting practice for asset retirement obligations (note 4)	(10)						(10)
Net income	1,091	11	146	264	76		1,588
Sales classified by geographic destination:							
Export market							
America, except United States	526		38	156		(329)	391
United States	337	8		32		(188)	189
Europe	2,214	75	30	378		(913)	1,784
Middle East/Africa/Oceania	292		4			(70)	226
Japan	569	13		96		(259)	419
China (2)	897	7		77		(401)	580

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Asia, other than Japan and China	422	1	3	19		(194)	251
	<u>5.257</u>	<u>104</u>	<u>75</u>	<u>758</u>		<u>(2.354)</u>	<u>3.840</u>
Domestic market	1.142	107	472	165		(181)	1.705
	<u>6.399</u>	<u>211</u>	<u>547</u>	<u>923</u>		<u>(2.535)</u>	<u>5.545</u>
Assets:							
Property, plant and equipment, net	4.495	1.000	424	564	1		6.484
Additions to Property, plant and equipment	822	440	186	95			1.543
Investments in affiliated companies and joint ventures and other investments, net of provision for losses	344		44	329	317		1.034
Capital employed	<u>4.137</u>	<u>266</u>	<u>429</u>	<u>498</u>	<u>20</u>		<u>5.350</u>

[Additional columns below]

[Continued from above table, first column(s) repeated]

As of and for the year ended December 31,

		2002						
		Holdings						
		Non	(1)				Consolidated	
		Ferrous	ferrous	Logistics	Aluminum	Others	Eliminations	Consolidated
Gross revenues	Export	4,200	143	41	387		(1,843)	2,928
Gross revenues	Domestic	996	96	374	75	3	(190)	1,354
Cost and expenses		(3,773)	(225)	(244)	(426)	7	2,033	(2,628)
Depreciation, depletion and amortization		(170)	(25)	(14)	(4)	(1)		(214)
Pension plan		(9)	(1)	(1)				(11)
Operating income		1,244	(12)	156	32	9		1,429
Financial income		193	1	11	11	4	(93)	127
Financial expenses		(433)	(6)	(5)	(15)	(9)	93	(375)
Foreign exchange and monetary gains (losses), net		(442)	(36)	(18)	(85)	1		(580)
Gain on sale of investments		(66)		(88)	39	28		(87)

Equity in results of affiliates and joint ventures and change in provision for losses on equity investments

Income taxes	145		(8)	22	(10)		149
Minority interests	2	(6)		21			17

Income from continuing operations	643	(59)	48	25	23		680
Change in accounting practice for asset retirement obligations (note 4)							

Net income	643	(59)	48	25	23		680
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Sales classified by geographic destination:

Export market							
America, except United States	392		25	27		(207)	237
United States	340	35	3	10		(190)	198
Europe	1,799	100	9	318		(734)	1,492
Middle East/Africa/Oceania	239					(46)	193
Japan	488	3	1	11		(228)	275
China (2)	574	4	1	21		(270)	330
Asia, other than Japan and China	368	1	2			(168)	203

	4,200	143	41	387		(1,843)	2,928
Domestic market	996	96	374	75	3	(190)	1,354

	5,196	239	415	462	3	(2,033)	4,282
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Assets:

Property, plant and equipment, net	2,346	400	144	383	24		3,297
Additions to Property, plant and equipment	524	132	33	63	14		766
Investments in affiliated companies and joint ventures and other investments, net of provision for losses	350		(10)	200	192		732

Capital employed	2,364	119	161	209	24		2,877
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[Additional columns below]

[Continued from above table, first column(s) repeated]

As of and for the year ended December 31,

		2001						
		Holdings						
		Non						
		Ferrous	ferrous	Logistics	Aluminum	Others	Eliminations	Consolidated
Gross revenues	Export	3,558	173	147	283	47	(1,414)	2,794
Gross revenues	Domestic	1,083	78	344	1	8	(231)	1,283
Cost and expenses		(3,632)	(176)	(412)	(259)	(37)	1,645	(2,871)
Depreciation, depletion and amortization		(167)	(17)	(26)		(2)		(212)
Pension plan		(27)	(3)	(2)				(32)
Operating income		815	55	51	25	16		962
Financial income		169	1	11	7	6	(59)	135
Financial expenses		(368)	(10)	(11)	(1)	(4)	59	(335)
Foreign exchange and monetary gains (losses), net		(396)	(21)	(10)		1		(426)
Gain on sale of investments						784		784
Equity in results of affiliates and joint ventures and change in provision for losses on equity investments		(7)		(108)	41	21		(53)
Income taxes		220		(3)	1			218
Minority interests		2						2
Income from continuing operations		435	25	(70)	73	824		1,287
Change in accounting practice for asset retirement obligations (note 4)								
Net income		435	25	(70)	73	824		1,287
Sales classified by geographic destination:								
Export market								
America, except United States		238		65	9		(118)	194
United States		247	139	21	73	47	(112)	415
Europe		1,469	33	44	173		(635)	1,084
Middle East/Africa/Oceania		216		4			(20)	200
Japan		525		10	12		(155)	392
China (2)								
Asia, other than Japan and China		863	1	3	16		(374)	509
Domestic market		1,083	78	344	1	8	(231)	1,283

	<u>4,641</u>	<u>251</u>	<u>491</u>	<u>284</u>	<u>55</u>	<u>(1,645)</u>	<u>4,077</u>
Assets:							
Property, plant and equipment, net	3,171	240	305		97		3,813
Additions to Property, plant and equipment	508	40	25		22		595
Investments in affiliated companies and joint ventures and other investments, net of provision for losses	<u>673</u>	<u>29</u>	<u>34</u>	<u>287</u>	<u>195</u>		<u>1,218</u>
Capital employed	2,976	249	313	18	70	4	3,630

(1) Control of Alunorte was acquired and consolidated from June 2002.

(2) In 2001 China was classified within Asia.

Operating income by product after eliminations

Year ended December 31,

2003

	Revenues			Value added tax	Net revenues	Cost and expenses	Net	Impairment/ Gain on sale of property, plant and equipment	Depreciation, depletion and amortization	Operating income
	Export	Domestic	Total							
Ferrous										
Iron ore	2,108	554	2,662	(65)	2,597	(1,318)	1,279	(10)	(105)	1,642
Pellets	627	211	838	(19)	819	(627)	192	(12)	(11)	169
Manganese	38	11	49	(5)	44	(35)	9		(2)	7
Ferroalloys	201	99	300	(21)	279	(218)	61	(17)	(10)	34
	<u>2,974</u>	<u>875</u>	<u>3,849</u>	<u>(110)</u>	<u>3,739</u>	<u>(2,198)</u>	<u>1,541</u>	<u>(39)</u>	<u>(128)</u>	<u>1,374</u>
Non ferrous										
Gold	21		21		21	(2)	19		(2)	17
Potash		94	94	(12)	82	(40)	42		(7)	35
Kaolin	83	13	96	(3)	93	(70)	23	(12)	(7)	4
	<u>104</u>	<u>107</u>	<u>211</u>	<u>(15)</u>	<u>196</u>	<u>(112)</u>	<u>84</u>	<u>(12)</u>	<u>(16)</u>	<u>56</u>
Aluminum										
Alumina	342	153	495	(8)	487	(363)	124		(15)	109
Aluminum	312	8	320		320	(295)	25			25
Bauxite	34	3	37	(1)	36	(33)	3			3
	<u>688</u>	<u>164</u>	<u>852</u>	<u>(9)</u>	<u>843</u>	<u>(691)</u>	<u>152</u>		<u>(15)</u>	<u>137</u>
Logistics										
Railroads		373	373	(39)	334	(153)	181		(70)	111
Ports	1	143	144	(14)	130	(75)	55		(9)	46
Ships	54	33	87	(3)	84	(122)	(38)			(38)
	<u>55</u>	<u>549</u>	<u>604</u>	<u>(56)</u>	<u>548</u>	<u>(350)</u>	<u>198</u>		<u>(79)</u>	<u>119</u>
Others	<u>19</u>	<u>10</u>	<u>29</u>	<u>(5)</u>	<u>24</u>	<u>(66)</u>	<u>(42)</u>			<u>(42)</u>

<u>3,840</u>	<u>1,705</u>	<u>5,545</u>	<u>(195)</u>	<u>5,350</u>	<u>(3,417)</u>	<u>1,933</u>	<u>(51)</u>	<u>(238)</u>	<u>1,644</u>
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[Additional columns below]

[Continued from above table, first column(s) repeated]

Year ended December 31,

2003

	Revenues			Value			Impairment/ Gain on sale of property, plant and equipment	Depreciation, depletion and amortization	Operating income
	Export	Domestic	Total	added tax	Net revenues	Cost and expenses			
Ferrous									
Iron ore	1,642	505	2,147	(63)	2,084	(915)	1,169	(87)	1,082
Pellets	530	143	673	(19)	654	(548)	106	(5)	101
Manganese	24	12	36	(5)	31	(20)	11	(6)	5
Ferroalloys	176	71	247	(14)	233	(169)	64	(5)	59
	<u>2,372</u>	<u>731</u>	<u>3,103</u>	<u>(101)</u>	<u>3,002</u>	<u>(1,652)</u>	<u>1,350</u>	<u>(103)</u>	<u>1,247</u>
Non ferrous									
Gold	103		103		103	(86)	17	(35)	(33)
Potash		91	91	(12)	79	(43)	36	(4)	32
Kaolin	40	5	45	(1)	44	(27)	17	(2)	15
	<u>143</u>	<u>96</u>	<u>239</u>	<u>(13)</u>	<u>226</u>	<u>(156)</u>	<u>70</u>	<u>(35)</u>	<u>(21)</u>
Aluminum									
Alumina	85	74	159	(4)	155	(119)	36	(4)	32
Aluminum	279	1	280		280	(254)	26		26
Bauxite	23		23		23	(22)	1		1
	<u>387</u>	<u>75</u>	<u>462</u>	<u>(4)</u>	<u>458</u>	<u>(395)</u>	<u>63</u>	<u>(4)</u>	<u>59</u>
Logistics									
Railroads		286	286	(27)	259	(55)	204	(4)	(72)
Ports		107	107	(11)	96	(67)	29	(7)	22
Ships	26	39	65	(3)	62	(69)	(7)	(7)	(20)

	26	432	458	(41)	417	(191)	226	(11)	(85)	130
Others		20	20		20	(40)	(20)		(1)	(21)
	2,928	1,354	4,282	(159)	4,123	(2,434)	1,689	(46)	(214)	1,429

[Additional columns below]

[Continued from above table, first column(s) repeated]

Year ended December 31,

2003

	Revenues			Value			Net	Impairment/ Gain on sale of property, plant and equipment	Depreciation, depletion and amortization	Pension plan	Operating income
	Export	Domestic	Total	added tax	Net revenues	Cost and expenses					
Ferrous											
Iron ore	1,529	474	2,003	(58)	1,945	(869)	1,076	(263)	(80)		733
Pellets	474	123	597	(12)	585	(497)	88	(45)	(4)		39
Manganese	50	7	57	(5)	52	(39)	13		(2)	(17)	(6)
Ferroalloys	131	71	202	(18)	184	(114)	70		(7)	(10)	53
	2,184	675	2,859	(93)	2,766	(1,519)	1,247	(308)	(93)	(27)	819
Non ferrous											
Gold	139		139		139	(99)	40	(47)	(15)	(2)	(24)
Potash		71	71	(6)	65	(37)	28	(2)	(4)	(1)	21
Kaolin	34	7	41	(2)	39	5	44	(29)	(1)		14
	173	78	251	(8)	243	(131)	112	(78)	(20)	(3)	11
Aluminum											
Alumina	32		32		32	(32)					
Aluminum	230	1	231		231	(209)	22				22
Bauxite	21		21		21	(19)	2				2

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	283	1	284		284	(260)	24				24
Logistics											
Railroads		299	299	(26)	273	(89)	184	(10)	(74)	(2)	98
Ports		104	104	(10)	94	(45)	49	(3)	(9)		37
Ships	105	100	205	(4)	201	(195)	6	(34)	(13)		(41)
	<u>105</u>	<u>100</u>	<u>205</u>	<u>(4)</u>	<u>201</u>	<u>(195)</u>	<u>6</u>	<u>(34)</u>	<u>(13)</u>	<u>—</u>	<u>(41)</u>
	105	503	608	(40)	568	(329)	239	(47)	(96)	(2)	94
Others	49	26	75	(1)	74	(56)	18	(1)	(3)		14
	<u>105</u>	<u>503</u>	<u>608</u>	<u>(40)</u>	<u>568</u>	<u>(329)</u>	<u>239</u>	<u>(47)</u>	<u>(96)</u>	<u>(2)</u>	<u>94</u>
	<u>49</u>	<u>26</u>	<u>75</u>	<u>(1)</u>	<u>74</u>	<u>(56)</u>	<u>18</u>	<u>(1)</u>	<u>(3)</u>	<u>—</u>	<u>14</u>
	<u>2,794</u>	<u>1,283</u>	<u>4,077</u>	<u>(142)</u>	<u>3,935</u>	<u>(2,295)</u>	<u>1,640</u>	<u>(434)</u>	<u>(212)</u>	<u>(32)</u>	<u>962</u>

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20 Related party transactions

Transactions with major related parties resulted in the following balances:

	As of December 31			
	2003		2002	
	Assets	Liabilities	Assets	Liabilities
AFFILIATED COMPANIES AND JOINT VENTURES				
FCA			70	1
HISpanoBRAS	18	29	18	25
ITABRASCO	16	17	19	25
NIBRASCO	36	25	26	17
KOBRASCO	51	14	40	8
CST	31		23	
USIMINAS	7		5	
ALBRAS	14	95	10	58
Others	38	87	48	53
	211	267	259	187
Current	171	263	170	180
Long-term	40	4	89	7

These balances are included in the following balance sheet classifications:

	As of December 31			
	2003		2002	
	Assets	Liabilities	Assets	Liabilities
Current assets				
Accounts receivable	115		121	
Loans and advances to related parties	56		49	
Other assets				
Loans and advances to related parties	40		89	
Current liabilities				
Suppliers		144		116
Loans from related parties		119		64

Long-term liabilities				
Long-term debt		4		7
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	211	267	259	187
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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The principal amounts of business and financial operations carried out with major related parties are as follows:

	Year ended December 31					
	2003		2002		2001	
	Income	Expense	Income	Expense	Income	Expense
AFFILIATED COMPANIES AND JOINT VENTURES						
CST	136		152		146	
NIBRASCO	116	133	146	150	135	132
ALUNORTE (to June 2002)			6		84	38
SIDERAR	53		35		30	
ITABRASCO	61	20	74	53	67	33
HISpanoBRAS	66	69	77	77	74	74
KOBRASCO	62	57	84	46	75	63
CENIBRA (to May 2001)					30	46
USIMINAS	79		76		59	
ALBRAS	149	286	73	265	5	208
VALESUL	10		7	1		
MRN				56		17
Others	55	176	79	94	99	142
BRAZILIAN FEDERAL GOVERNMENT						
Banco do Brasil S.A			3		27	
Petróleo Brasileiro S.A. PETROBRAS					2	18
Centrais Elétricas Brasileiras S.A					1	
BNDES				2	1	19
	787	741	812	744	835	790

These amounts are included in the following statement of income classifications:

	Year ended December 31					
	2003		2002		2001	
	Income	Expense	Income	Expense	Income	Expense
Sales / Cost of iron ore and pellets	608	317	599	380	518	349
Revenues from logistic services	13		66		85	
Sales / Cost of aluminum products	153	427	74	314		254
Financial income/expenses	(17)	(4)	15	18	180	59
Others	30	1	58	32	52	128

<u>787</u>	<u>741</u>	<u>812</u>	<u>744</u>	<u>835</u>	<u>790</u>
------------	------------	------------	------------	------------	------------

21 Fair value of financial instruments

The carrying amount of our current financial instruments generally approximates fair market value because of the short-term maturity or frequent repricing of these instruments.

The market value of long-term investments, where available, is disclosed in Note 13 to these financial statements.

Based on borrowing rates currently available to us for bank loans with similar terms and average maturities, the fair market value of long-term debt at December 31, 2003 and 2002 is estimated as follows:

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	As of December 31	
	2003	2002
Fair market value	2,839	2,379
Carrying value	2,767	2,359

Fair market value estimates are made at a specific point in time, based on relevant market information and information about the financial instruments. Changes in assumptions could significantly affect the estimates.

22 Derivative financial instruments

Volatility of interest rates, exchange rates and commodity prices are the main market risks to which we are exposed all three are managed through derivative operations. These have the exclusive aim of reducing exposure to risk. We do not use derivatives for speculation purposes.

We monitor and evaluate our derivative positions on a regular basis and adjust our strategy in response to market conditions. We also periodically review the credit limits and credit worthiness of our counter-parties in these transactions. In view of the policies and practices established for operations with derivatives, management considers the occurrence of non-measurable risk situations as unlikely.

The asset (liability) balances and the movement in fair value of derivative financial instruments is as follows:

	Interest rates				Total
	Gold	(LIBOR)	Currencies	Alumina	
Unrealized gains (losses) at January 1, 2001	9	(8)	(4)		(3)
Unrealized gains and (losses) realized in the period	2	(36)	(4)		(38)
Financial settlement	(4)	8	4		8
	7	(36)	(4)		(33)
Gain recognized upon consolidation of Alunorte				2	2
Financial settlement	(2)	21	3	1	23
Unrealized gains (losses) in the period	(22)	(60)	(1)		(83)
Effect of exchange rate changes	2	15	1		18
	(15)	(60)	(1)	3	(73)
Financial settlement	8	30			38
Unrealized gains (losses) in the period	(24)	(3)	6	(22)	(43)
Effect of exchange rate changes	(1)	(13)		1	(13)

Unrealized gains (losses) at December 31, 2003	(32)	(46)	5	(18)	(91)
	—	—	—	—	—

Unrealized gains (losses) in the period are included in our income statement under the following captions:

Gold financial expenses;
Interest rates financial expenses;
Currencies financial expenses;
Alumina financial expenses.

Final maturity dates for the above instruments are as follows:

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Gold	Dec 2007
Interest rates (LIBOR)	Oct 2007
Currencies	Dec 2011
Alumina	Sep 2005

(a) Interest Rate and Exchange Rate Risk

Interest rate risks mainly relate to that part of the foreign debt borrowed at floating rates. The foreign currency debt is largely subject to fluctuations in the London Interbank Offered Rate – LIBOR. That portion of local currency denominated debt that is subject to floating rates is linked to the Long Term Interest Rate – TJLP, fixed quarterly by the Brazilian Central Bank. We have used derivative instruments to protect ourselves against fluctuations in the LIBOR rate.

There is an exchange rate risk associated with our foreign currency denominated debt. On the other hand, the majority of our revenues is denominated in, or automatically indexed to, the U.S. dollar, while the majority of our costs is denominated in reais. This provides a natural hedge against any devaluation of the Brazilian real against the U.S. dollar. When events of this nature occur, the immediate negative impact on foreign currency denominated debt is offset over time by the positive effect of devaluation on future cash flows.

With the floating exchange rate regime in Brazil, we adopt a strategy of monitoring market fluctuations, using derivatives to protect against specific risks from exchange rate variation.

From time to time we enter into foreign exchange derivative swap transactions seeking to change the characteristics of our real-denominated cash investments to US dollar-indexed instruments. The extent of such transactions depends on our perception of market and currency risk, but is never speculative in nature. All such operations are marked-to-market at each balance sheet date and the effect included in financial income or expense. During the periods presented our use of such instruments was not significant.

(b) Commodity Price Risk

We also use derivative instruments to manage exposure to changing gold prices and to ensure an average minimum profit level for future and alumina production. However, they may also have the effect of eliminating potential gains on certain price increases in the spot market. We manage our contract positions actively, and the results are reviewed at least monthly, allowing adjustments to targets and strategy to be made in response to changing market conditions.

In the case of gold and alumina derivatives, our policy has been to settle all contracts through cash payments or receipts, without physical delivery of product.

23 Information about independent auditors

Our consolidated financial statements are audited by PricewaterhouseCoopers Auditores Independentes. The financial statements of certain of our subsidiaries and affiliates have been audited by independent auditors other than PricewaterhouseCoopers Auditores Independentes as described below, and, as mentioned in their report, PricewaterhouseCoopers Auditores Independentes has relied on such audits when expressing their opinion on our consolidated financial statements.

The following entities prepare financial statements in US GAAP which are audited in accordance with auditing standards generally accept in the United States of America:

	<u>Auditors</u>	<u>Years Audited</u>	<u>City</u>	<u>State</u>	<u>Country</u>
Steel					
Alumínio Brasileiro S.A. ALBRAS	Trevisan	2003	RJ	RJ	Brazil
Alumina do Norte do Brasil S.A.	Trevisan	2003	RJ	RJ	Brazil
ALUNORTE					
Alumina do Norte do Brasil S.A.	DTT	2002, 2001	RJ	RJ	Brazil
ALUNORTE					
California Steel Industries, Inc.	KPMG LLP	2002, 2001	Orange County	CA	USA
Navegação Vale do Rio Doce S.A.	DTT	2003, 2002, 2001	RJ	RJ	Brazil
DOCENAVE					
Celulose Nipo-Brasileira S.A. CENIBRA	DTT	2001	Salvador	BA	Brazil
Companhia Hispano-Brasileira de Pelotização HISPANOBRAS	AA	2001	Vitória	ES	Brazil
Companhia Hispano-Brasileira de Pelotização HISPANOBRAS	DTT	2003, 2002	Vitória	ES	Brazil
Companhia Ítalo-Brasileira de Pelotização ITABRASCO	AA	2001	Vitória	ES	Brazil
Companhia Ítalo-Brasileira de Pelotização ITABRASCO	DTT	2003, 2002	Vitória	ES	Brazil
Companhia Coreano Brasileira de Pelotização KOBRASCO	DTT	2003, 2002, 2001	Vitória	ES	Brazil
Mineração Rio do Norte S.A.	AA	2001	RJ	RJ	Brazil
Mineração Rio do Norte S.A.	DTT	2003, 2002	RJ	RJ	Brazil
Companhia Nipo-Brasileira de Pelotização NIBRASCO	DTT	2003, 2002, 2001	RJ	RJ	Brazil
Valesul Alumínio S.A.	KPMG	2002, 2001	RJ	RJ	Brazil
Valesul Alumínio S.A.	DTT	2003	RJ	RJ	Brazil
Urucum Mineração S.A.	DTT	2003	Salvador	BA	Brazil
Rio Doce Manganês S.A.	DTT	2003, 2002, 2001	Salvador	BA	Brazil

AA Arthur Andersen S/C (ceased business in 2002)

DTT Deloitte Touche Tohmatsu

RJ Rio de Janeiro

ES Espírito Santo BA Bahia

24 Subsequent Event

On January 9, 2004 we launched a bond issue maturing in 2034. The bonds carry a coupon of 8.25% a year with semiannual payment and will be sold at 98.904% of face value, priced to have a yield to maturity of 8.35%, at a spread of 336 basis points over 30-year US Treasuries. The bonds mature on January 17, 2034 and received a risk rating of Ba2 from Moody 's Investor Services. The 30-year term is the longest for a bond issued by a Brazilian company in the international capital market.

The bonds are unsecured and non-subordinated obligations of Vale Overseas Limited and have the full and unconditional guarantee of CVRD. The guarantee will be *pari passu* to all obligations of CVRD of a similar nature. The funds raised with this issue are earmarked to cover the general needs of the Company.

* * *

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Board of Directors, Fiscal Council and Executive Officers

Board of Directors

Sérgio Ricardo Silva Rosa
Chairman

Mário da Silveira Teixeira Júnior

Arlindo Magno de Oliveira

Cláudio Bernardo Guimarães de Moraes

Erik Persson

Francisco Valadares Póvoa

Jaques Wagner

Katsuto Momii

Oscar Augusto de Camargo Filho

Renato da Cruz Gomes

Ricardo Carvalho Giambroni

Advisory Committees of the Board of Directors

Audit Committee

Antonio José de Figueiredo Ferreira

Marcos Fábio Coutinho

Paulo Roberto Ferreira de Medeiros

Ricardo Wiering de Barros

Executive Development Committee

Arlindo Magno de Oliveira

Francisco Valadares Póvoa

João Moisés de Oliveira

Olga Loffredi

Oscar Augusto de Camargo Filho

Strategic Committee

Roger Agnelli

Gabriel Stoliar

César Manoel de Medeiros

José Roberto Mendonça de Barros

Samir Zraick

Finance Committee

Roger Agnelli
Fábio de Oliveira Barbosa
Luiz Carlos Siqueira Aguiar
Rômulo de Mello Dias
Wanderlei Viçoso Fagundes

Governance and Ethics Committee

Renato da Cruz Gomes
Ricardo Simonsen
Ricardo Carvalho Giambroni

Fiscal Council

Joaquim Vieira Ferreira Levy

Luiz Octávio Nunes West

Pedro Carlos de Mello

Vicente Barcelos

Wilson Risolia Rodrigues

Executive Officers

Roger Agnelli
Chief Executive Officer

Antonio Miguel Marques
**Executive Officer for Equity Holdings and
Business Development**

Armando de Oliveira Santos Neto
Executive Officer for Ferrous Minerals

Carla Grasso
**Executive Officer for Human Resources and
Corporate Services**

Diego Cristobal Hernández Cabrera
Executive Officer for Non-Ferrous Minerals

Fábio de Oliveira Barbosa
Chief Financial Officer

Gabriel Stoliar
Executive Officer for Planning

Guilherme Rodolfo Laager
Executive Officer for Logistics

Otto de Souza Marques Junior
Chief Officer of Control Department

Eduardo de Carvalho Duarte
Chief Accountant
CRC-RJ 57439

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Report of Independent Auditors

To the Board of Directors
and Stockholders of Vale Overseas Limited

In our opinion, the accompanying balance sheets and the related statements of income and changes in accumulated loss and of cash flows, present fairly, in all material respects, the financial position of Vale Overseas Limited (the Company) at December 31, 2003 and 2002, and the results of its operations and its cash flows for the year ended December 31, 2003 and 2002, in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) . These financial statements are the responsibility of the Company s management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

These financial statements are prepared for the purpose of consolidation in the Companhia Vale do Rio Doce consolidated U.S. GAAP financial statements, as explained in notes 2a and 7.

PricewaterhouseCoopers
Auditores Independentes

Rio de Janeiro, Brazil
February 16, 2004

Vale Overseas Limited
 Balance Sheets as of December 31
 Expressed in thousands of United States dollars

	<u>2003</u>	<u>2002</u>
Assets		
Current assets		
Cash and cash equivalents		1
Advances to related parties Rio Doce International Finance Ltd	678	678
Loans and advances to related parties Itabira Rio Doce Ltd. ITACO	18,700	8,122
Deferred costs related to long term debt	1,585	981
	<u>20,963</u>	<u>9,782</u>
Other assets		
Loans to related parties Itabira Rio Doce Ltd. ITACO	600,000	300,000
Deferred costs related to long term debt	7,390	3,173
	<u>607,390</u>	<u>303,173</u>
TOTAL	<u>628,353</u>	<u>312,955</u>
Liabilities and stockholders' equity		
Current liabilities		
Advances from related parties Rio Doce International Finance Ltd	680	680
CVRD Overseas	2	2
Interest on long-term debt	18,700	8,122
Deferred income related to loans to related parties	1,585	981
	<u>20,967</u>	<u>9,785</u>
Long-term liabilities		
Long-term debt	600,000	300,000
Deferred income related to loans to related parties	7,390	3,173
	<u>607,390</u>	<u>303,173</u>

Stockholders' equity

See notes to financial statements

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Vale Overseas Limited
 Statement of Income and Changes in Accumulated Loss
 For the year ended December 31
 Expressed in thousands of United States dollars
 (except number of shares and for share amounts)

	<u>2003</u>	<u>2002</u>
Interest income	37,674	21,811
Interest expense	(37,675)	(21,813)
Foreign exchange and monetary gains, net	1	6
General and administrative		(2)
	<u> </u>	<u> </u>
Net income for the year		2
	<u> </u>	<u> </u>
Accumulated earnings		
Beginning of year	61	59
Net income for the year		2
	<u> </u>	<u> </u>
End of year	61	61
	<u> </u>	<u> </u>
Basic earnings per share		2,000.00
Weighted average number of common shares outstanding	1.000	1.000

See notes to financial statements

Vale Overseas Limited
Statement of Cash Flows
For the year ended December 31
Expressed in thousands of United States dollars

	<u>2003</u>	<u>2002</u>
Cash flows from operating activities:		
Net income for the year		2
Adjustments to reconcile net income for the year with cash provided by (used in) operating activities:		
Foreign exchange losses	(1)	(3)
Decrease (increase) in assets:		
Advances to related parties		(8,800)
Deferred costs related to long term debt	(4,821)	(4,154)
Loans to related parties	(310,578)	(295,773)
Increase (decrease) in liabilities:		
Advances from related parties		682
Interest on long-term debt	10,578	8,122
Deferred costs related to loans to related parties	4,821	(73)
Long-term debt	300,000	300,000
	<u> </u>	<u> </u>
Net cash provided by operating activities	(1)	3
	<u> </u>	<u> </u>
Effect of exchange rate changes on cash and cash equivalents		(3)
Decrease in cash and cash equivalents	(1)	
Cash and cash equivalents, beginning of year	1	1
	<u> </u>	<u> </u>
Cash and cash equivalents, end of year	<u> </u>	<u> </u>
	<u> </u>	<u> </u>
Interest paid	25,875	
	<u> </u>	<u> </u>

See notes to financial statements.

Vale Overseas Limited

Notes to the Financial Statements

(Expressed in thousands of U.S. dollars, unless otherwise stated)

1 The Company and its operations

Vale Overseas Limited (the Company), located in the Cayman Islands, was constituted in April, 2001 as a special-purpose wholly owned subsidiary of Companhia Vale do Rio Doce (CVRD) and operates principally as a finance company.

2 Summary of significant accounting policies

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP). In preparing the financial statements, the use of estimates is required to account for certain assets, liabilities and transactions; actual results may vary from the estimates. Significant accounting practices are described below:

(a) Basis of presentation

We adopt the functional currency of our parent company (Brazilian reais) as our functional currency as we consider our operations as an extension of the parent company's operations. Accordingly, we remeasured the U.S. dollar denominated assets, liabilities, income and expenses into reais at the transaction date exchange rates or using average period exchange rates.

Subsequently, we have remeasured all assets and liabilities from reais into U.S. dollars at the current exchange rate at each balance sheet date (R\$ 2.8892 and R\$ 3.5333 to US\$ 1.00 at December 31, 2003 and 2002, respectively), and all accounts in the statement of income at the average rates prevailing during the year. The translation gain or loss resulting from this remeasurement process is included in the cumulative translation adjustments account in the stockholders' equity.

(b) Income and expenses

Income and expenses are recognized on the accrual basis.

(c) Income tax

The Company's operations are exempt of taxes in the Cayman Islands.

(d) Statement of cash flows

Short-term investments that have a ready market and maturity to the Company, when purchased, of 90 days or less are considered cash equivalents.

(e) Loss per share

Basic loss per share are computed by dividing net loss by the weighted average number of shares outstanding during the period.

(g) Recently-issued accounting pronouncements

In December 2003, the FASB issued FIN 46R Consolidation of Variable Interest Entities, (revised December 2003) . The primary objectives of FIN 46R are to provide guidance on the identification of entities for which control is achieved through means other than through voting

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rights (variable interest entities or VIEs) and how to determine when and which business enterprise should consolidate the VIE (the primary beneficiary). This new model for consolidation applies to an entity in which either (1) the equity investors (if any) do not have a controlling financial interest or (2) the equity investment at risk is insufficient to finance that entity's activities without receiving additional subordinated financial support from other parties. In addition, FIN 46R **requires** that both the primary beneficiary and all other enterprises with a significant variable interest in a VIE make additional disclosures regarding the nature, purpose, size and activities of the VIE and the enterprise's maximum exposure to loss as a result of its involvement with the VIE.

The implementation date of FIN 46R is the first period ending after December 15, 2003 for Special Purpose Entities (SPEs) and as from January 1, 2004 for previously existing variable interest entities which are not SPEs. FIN 46R may be applied prospectively with a cumulative adjustment as of the date on which it is first applied or by restating previously issued financing statements for one or more years with a cumulative-effect adjustment as of the beginning of the first year restated. It is possible that we will consolidate or disclose information in relation to certain joint ventures and equity investments.

In May 2003 FASB issued SFAS No. 150 **Accounting For Certain Financial Instruments with Characteristics of both Liabilities and Equity**, which establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances). The FASB decided to make this statement effective shortly after issuance for contracts created or modified after it is issued and for existing contracts at the beginning of the first interim period beginning after June 15, 2003. We do not expect SFAS 150 to have a material impact on our financial statements.

Emerging Issue Task Force No. 01-08 (EITF 01-08), **Determining Whether an Arrangement is a Lease**, provides guidance in determining whether an arrangement should be considered a lease subject to the requirements of FASB Statement No. 13 (FAS 13), **Accounting for Leases**. The rule defines, among others, that an arrangement conveys the right to use the property, plant, and equipment (PP&E) if the purchaser (lessee) has (1) the ability to operate the PP&E, (2) control physical access to the PP&E, or (3) it is remote that one or more other parties will take more than a minor amount of the output and the pricing for the output is not fixed per unit or based on current market prices at the date of delivery.

The consensus is to be applied to arrangements agreed or committed to, modified, or acquired in business combinations initiated after the beginning of an entity's next reporting period beginning after May 28, 2003.

The adoption of these statements will not have impact on the Company's financial statements.

(g) Statements of cash flows

As the Company's principal operation is rendering financial services, financial transactions have been treated as operational in the cash flow statements.

3 Cash and cash equivalents

Cash and cash equivalents were all denominated in U.S. dollars and were represented by short-term bank deposits.

4 Long-term debt

Long-term debt consists of:

- a) US\$ 300,000 8.625% enhanced guaranteed notes due March 8, 2007, unconditionally guaranteed by CVRD.
 - b) US\$ 300,000 9% enhanced guaranteed notes due August 8, 2013, unconditionally guaranteed by CVRD.
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-

The Company and CVRD registered the long-term debts under the U.S. Securities Act of 1933 to be declared effective for an offer to exchange the notes for a new issue of registered notes and for resale.

The loans obtained imposes certain limitations on the Company with respect to the incurrence of liens, indebtedness and mergers.

Related party transactions

At December 31, 2003 the long term loan receivable of US\$ 600,000 thousand (US\$ 300,000 thousand in 2002) from Itabira International Company, a subsidiary of CVRD, has the same terms and maturities the long-term debts obtained in the same amount.

6 Stockholders equity

The authorized capital by the immediate parent company CVRD is US\$ 1 thousand, composed of 1,000 shares of US\$ 1.00 each.

7 Accounting Changes

These financial statements are prepared for the purpose of consolidation in the CVRD consolidated U.S. GAAP financial statements and use the Brazilian real as the functional currency.

Net income for the year ended December 31, 2002 is different to that shown in reports previously presented for the company on a stand-alone basis, as follows:

	2002
Net loss previously reported	(4)
Foreign exchange and monetary gain, net	6
	<hr/>
Net income reported herein	2
	<hr/>
Basic loss per share previously reported	(4.00)
Basic earnings per share reported herein	2.00
Retained loss previously reported	(4)
Foreign exchange and monetary gain, net	65
	<hr/>
Retained earnings reported herein	61
	<hr/>

* * * * *

BOARD OF DIRECTORS

Gabriel Stoliar
Director

Fábio de Oliveira Barbosa
Director

Eduardo de Carvalho Duarte
Chief Accountant
CRC-RJ 57.439

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the directors and stockholders
ALBRAS Alumínio Brasileiro S.A.
Barcarena PA

1. We have audited the accompanying balance sheet of ALBRAS Alumínio Brasileiro S.A. as of December 31, 2003, and the related statements of income and comprehensive income, changes in stockholders equity and cash flows for the year then ended (all expressed in the United States dollars). These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audits. The financial statements of ALBRAS Alumínio Brasileiro S.A. as of December 31, 2002 and for the two years ended December 31, 2002 and 2001, were audited by other auditors whose report dated January 17, 2003, expressed an unqualified opinion on those statements.
2. We conducted our audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.
3. In our opinion the accompanying financial statements referred to above present fairly, in all material respects, the financial position of ALBRAS Alumínio Brasileiro S.A. as of December 31, 2003 and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Rio de Janeiro, Brazil, January 21, 2004

/s/ Trevisan Auditores Independentes

INDEPENDENT ACCOUNTANTS REPORT

To the Directors and Stockholders of
ALBRAS Alumínio Brasileiro S.A.
Barcarena PA

We have audited the accompanying balance sheets of ALBRAS Alumínio Brasileiro S.A. as of December 31, 2002 and 2001, and the related statements of operations, changes in stockholders equity (deficit) and cash flows for the three-year period ended December 31, 2002 (all expressed in United States dollars). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of ALBRAS Alumínio Brasileiro S.A. as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the three-year period ended December 31, 2002, in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte Touche Tohmatsu

January 17, 2003

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the directors and stockholders

ALUNORTE Alumina do Norte do Brasil S.A.
Barcarena PA

1. We have audited the accompanying balance sheet of ALUNORTE Alumina do Norte do Brasil S.A. as of December 31, 2003, and the related statements of income and comprehensive income, changes in stockholders equity and cash flows for the year then ended (all expressed in the United States dollars). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. The financial statements of ALUNORTE Alumina do Norte do Brasil S.A. as of December 31, 2002 and for the two years ended December 31, 2002 and 2001 were audited by other auditors whose report, dated January 17, 2003, expressed an unqualified opinion on those statements.
2. We conducted our audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.
3. In our opinion the accompanying financial statements referred to above present fairly, in all material respects, the financial position of ALUNORTE Alumina do Norte do Brasil S.A. as of December 31, 2003 and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Rio de Janeiro, Brazil, January 21, 2004

/s/ Trevisan Auditores Independentes

INDEPENDENT ACCOUNTANTS REPORT

To the Directors and Shareholders
ALUNORTE Alumina do Norte do Brasil S.A.
Bacarena PA

We have audited the accompanying balance sheets of ALUNORTE Alumina do Norte do Brasil S.A. as of December 31, 2002 and 2001, and the related statements of operations, changes in stockholders equity and cash flows for the three-year period ended December 31, 2002 (all expressed in United States dollars). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Alunorte Alumina do Norte do Brasil S.A. as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the three-year period ended December 31, 2002, in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte Touche Tohmatsu

January 17, 2003

INDEPENDENT AUDITORS' REPORT

The Board of Directors
California Steel Industries, Inc.:

We have audited the accompanying consolidated balance sheets of California Steel Industries, Inc. and subsidiary as of December 31, 2002 and 2001 and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2002. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of California Steel Industries, Inc. and subsidiary as of December 31, 2002 and 2001 and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2002 in conformity with accounting principles generally accepted in the United States of America.

/s/ KPMG LLP

Orange County, California
January 17, 2003

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INDEPENDENT AUDITORS' OPINION

To the Shareholders and Directors of
Celulose Nipo-Brasileira S.A. CENIBRA
Belo Orient/MG

We have audited the accompanying consolidated balance sheets of Celulose Nipo-Brasileira S.A. CENIBRA as of December 31, 2001 and 2000 and the related statements of operations, changes in stockholders' equity and of cash flows for the years then ended (all expressed in United States dollars). These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Celulose Nipo-Brasileira S.A. CENIBRA and its subsidiaries as of December 31, 2001 and 2000, the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in United States of America.

/s/ Deloitte Touche Tohmatsu

January 25, 2002

INDEPENDENT AUDITORS REPORT

To the Board of Directors and Stockholders
Navegação Vale do Rio Doce S.A. DOCENAVE
Rio de Janeiro RJ

We have audited the accompanying consolidated balance sheets of Navegação Vale do Rio Doce S.A. DOCENAVE and subsidiaries as of December 31, 2003 and 2002, and the related consolidated statements of operations, cash flows and changes in stockholders equity and comprehensive loss for the three-year period ended December 31, 2003 (all expressed in United States dollars). These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, the accompanying financial statements referred to above presented fairly, in all material respects, the financial position of Navegação Vale do Rio Doce S.A. DOCENAVE and subsidiaries as of December 31, 2003 and 2002, and the results of its operations and its cash flows for the three-year period ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte Touche Tohmatsu

January 21, 2004

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of
Companhia Hispano-Brasileira de Pelotização HISPANOBRAS
Vitória Brazil

1. We have audited the accompanying balance sheets of Companhia Hispano-Brasileira de Pelotização HISPANOBRAS (a Brazilian Corporation and an investee of Companhia Vale do Rio Doce CVRD) as of December 31, 2003 and 2002, and the related statements of income and other comprehensive losses, changes in stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. The financial statements of Companhia Hispano-Brasileira de Pelotização HISPANOBRAS as of December 31, 2001, were audited by other auditors whose reports thereon, dated January 24, 2002 expressed an unqualified opinion on those statements.
2. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.
3. In our opinion, the financial statements referred to in paragraph (1) present fairly, in all material respects, the financial position of Companhia Hispano-Brasileira de Pelotização HISPANOBRAS as of December 31, 2003 and 2002, and the results of its operations, changes in its stockholders' equity and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte Touche Tohmatsu

January 15, 2004

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

This report is a copy of the previously issued report and Arthur Andersen S/C has not reissued the report .

To the Stockholders of
Companhia Hispano-Brasileira de
Pelotização HISPANOBRÁS:

- (1) We have audited the accompanying balance sheets of COMPANHIA HISPANO-BRASILEIRA DE PELOTIZAÇÃO HISPANOBRAS (a Brazilian corporation and a subsidiary of Companhia Vale do Rio Doce), translated into U.S. dollars, as of December 31, 2001 and 2000, and the related translated statements of income, changes in stockholders' equity and cash flows for the years ended December 31, 2001, 2000 and 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.
- (2) We conducted our audits in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.
- (3) These translated financial statements have been prepared as the basis for application of the equity method by its stockholders and, accordingly, they translate the assets, liabilities, stockholders' equity and revenues and expenses of Companhia Hispano-Brasileira de Pelotização Hispanobrás for that purpose, as explained in Note 2.
- (4) In our opinion financial statements referred to in paragraph 1 present fairly, in all material respects, and for the purpose described in the preceding paragraph, the financial position of Companhia Hispano-Brasileira de Pelotização Hispanobrás as of December 31, 2001 and 2000, and the results of its operations, the changes in its stockholders' equity and its cash flows for the years ended December 31, 2001, 2000 and 1999, in conformity with generally accepted accounting principles in the United States of America.

Rio de Janeiro, Brazil,

/s/ Arthur Andersen S/C

January 24, 2002

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of
Companhia Italo-Brasileira de Pelotização ITABRASCO
Vitória Brazil

1. We have audited the accompanying balance sheets of Companhia Italo-Brasileira de Pelotização ITABRASCO (a Brazilian Corporation and an investee of Companhia Vale do Rio Doce CVRD) as of December 31, 2003 and 2002, and the related statements of income and other comprehensive losses, changes in stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. The financial statements of Companhia Italo-Brasileira de Pelotização ITABRASCO as of December 31, 2001, were audited by other auditors whose report dated January 24, 2002 expressed an unqualified opinion on those statements.
2. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.
3. In our opinion, the financial statements referred in paragraph (1) present fairly, in all material respects, the financial position of Companhia Italo-Brasileira de Pelotização ITABRASCO as of December 31, 2003 and 2002, and the results of its operations, changes in its stockholders' equity and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte Touche Tohmatsu

January 15, 2004

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

This report is a copy of the previously issued report and Arthur Andersen S/C has not reissued the report .

To the Stockholders of

Companhia Italo-Brasileira de
Pelotização ITABRASCO:

- (1) We have audited the accompanying balance sheets of COMPANHIA ITALO-BRASILEIRA DE PELOTIZAÇÃO ITABRASCO (a Brazilian corporation and a subsidiary of Companhia Vale do Rio Doce), translated into US dollars, as of December 31, 2001 and 2000, and the related translated statements of income, changes in stockholders' equity and cash flows for the years ended December 31, 2001, 2000 and 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.
- (2) We conducted our audits in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.
- (3) These translated financial statements have been prepared as the basis for application of the equity method by its stockholders and, accordingly, they translate the assets, liabilities, stockholders' equity and revenues and expenses of Companhia Italo-Brasileira de Pelotização Itabrasco for that purpose, as explained in Note 2.
- (4) In our opinion, the financial statements referred to in paragraph 1 present fairly, in all material respects, and for the purpose described in the preceding paragraph, the financial position of Companhia Italo-Brasileira de Pelotização Itabrasco as of December 31, 2001 and 2000, and the results of its operations, the changes in its stockholders' equity and its cash flows for the years ended December 31, 2001, 2000 and 1999, in conformity with generally accepted accounting principles in the United States of America.

Rio de Janeiro, Brazil,

/s/ Arthur Andersen S/C

January 24, 2002

INDEPENDENT AUDITORS REPORT

To the Board of Directors and Shareholders of
Companhia Coreano-Brasileira de Pelotização KOBRASCO
Vitória Brazil

1. We have audited the accompanying consolidated balance sheets of Companhia Coreano Brasileira de Pelotização KOBRASCO as of December 31, 2003 and 2002, and the related consolidated statements of income and other comprehensive income, changes in shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 2003 (all expressed in United States dollars). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.
2. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.
3. In our report dated January 18, 2002, we expressed an opinion that the 2001 financial statements did not present fairly the financial position, results of operations, and cash flows in conformity with accounting principles generally accepted in the United States of America, because the Company did not record an allowance for losses in the amount of US\$24,758 thousand as of December 31, 2001, in respect of recoverable value added tax (ICMS) credits related to the purchase of raw materials and other supplies since such realization was uncertain. As described in note 16 to the consolidated financial statements, the Company has recorded the allowance and has restated its 2001 financial statements to conform with accounting principles generally accepted in the United States of America. Accordingly, our present opinion on the restated 2001 financial statements, as expressed herein, is different from that expressed in our previous report.
4. In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the financial position of Companhia Coreano Brasileira de Pelotização KOBRASCO as of December 31, 2003 and 2002, and the consolidated results of its operations and cash flows for each of the years in the three-year period ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte Touche Tohmatsu

January 16, 2004

INDEPENDENT AUDITORS' REPORT

To the Stockholders and Board of Directors of
Mineração Rio do Norte S.A.

1. We have audited the accompanying balance sheets of Mineração Rio do Norte SA. (a Brazilian corporation), as of December 31, 2003 and 2002, and the related statements of income, changes in stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.
3. In our opinion, the financial statements referred to in paragraph (1) present fairly, in all material respects, the financial position of Mineração Rio do Norte SA. as of December 31, 2003 and 2002, and the results of its operations, changes in its stockholders' equity and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte Touche Tohmatsu

Rio de Janeiro, Brazil,
January 14, 2004

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

The report is a copy of the previously issued report and Arthur Andersen S/C has not reissued the report.

To the Stockholders and Board of
Directors of Mineração Rio do Norte S.A.:

- (1) We have audited the accompanying balance sheets of Mineração Rio do Norte S.A. (a Brazilian corporation), translated into US dollars, as of December 31, 2001 and 2000, and the related translated statements of income, changes in stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.
- (2) We did not audit the financial statements of the associated company Alunorte - Alumina do Norte do Brasil S.A. as of December 31, 2001 and 2000. This investment represents 4% of the total assets (3% in 2000) and -1% of the net income (7% in 2000). Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for that entity, is based solely on the report of the other auditors.
- (3) We conducted our audits in accordance with generally accepted auditing standards in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the report of other auditors provide a reasonable basis for our opinion.
- (4) These translated financial statements have been prepared as the basis for application of the equity method by the Company's stockholders and, accordingly, they translate the assets, liabilities, stockholders' equity and revenues and expenses of Mineração Rio do Norte S.A. for that purpose, as explained in Note 2.
- (5) In our opinion, based on our audits and on the report of other auditors, as mentioned in paragraph (2), the financial statements referred to in paragraph (1) present fairly, in all material respects, and for the purpose described in the preceding paragraph, the financial position of Mineração Rio do Norte S.A. as of December 31, 2001 and 2000, and the results of its operations, the changes in its stockholders' equity and its cash flows for the years then ended, in conformity with generally accepted accounting principles in the United States.

/s/ Arthur Andersen S/C

Rio de Janeiro, Brazil,
January 25, 2002

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of
Companhia Nipo-Brasileira de Pelotização NIBRASCO
Vitória Brazil

1. We have audited the accompanying balance sheets of Companhia Nipo-Brasileira de Pelotização NIBRASCO as of December 31, 2003 and 2002, and the related statements of income and other comprehensive income; changes in shareholders equity and cash flows for each of the years in the three-year period ended December 31, 2003 (all expressed in United States dollars). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.
2. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.
3. In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Companhia Nipo-Brasileira de Pelotização NIBRASCO as of December 31, 2003 and 2002, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte Touche Tohmatsu

January 16, 2004

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INDEPENDENT AUDITORS REPORT

To the stockholders and Board of Directors of
Valesul Alumínio S.A.

1. We have audited the accompanying balance sheet of Valesul Alumínio S.A. (the Company) as of December 31, 2003, and the related statements of income, changes in stockholders' equity and comprehensive income/loss and cash flows for the year ended December 31, 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.
2. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. In our opinion, the financial statements referred to in paragraph (1) present fairly, in all material respects, the financial position of Valesul Alumínio S.A. as of December 31, 2003, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.
4. The financial statements as of December 31, 2002 and 2001, were audited by other independent accountants, whose report, dated January 7, 2003, stated that they were not aware of any material modifications that should be made to those statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte Touche Tohmatsu

January 12, 2004
Rio de Janeiro, Brazil

Report of Independent Public Accounting Firm

The Board of Directors of
Valesul Alumínio S.A.

We have audited the accompanying balance sheets of Valesul Alumínio S.A. (the Company) as of December 31, 2002 and 2001, and the related statements of income, changes in stockholders' equity and comprehensive income/loss and cash flows for each of the years in the three-year period ended December 31, 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Valesul Alumínio S.A. as of December 31, 2002 and 2001, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2002, in conformity with generally accepted accounting principles in the United States of America.

As more fully described in Notes 7 and 10 to the financial statements, the Company has adjusted its property, plant and equipment and deferred income taxes accounting balances as a result of corrections of errors. Consequently, the Company's financial statements for 2002 referred to above have been restated to conform with these adjustments.

January 7, 2003

/s/ KPMG Auditores Independentes

Rio de Janeiro, Brazil

INDEPENDENT AUDITORS' REPORT

To the Shareholders, Administrative Council and Management of
URUCUM MINERAÇÃO S.A.
Corumbá MS

1. We have audited the accompanying balance sheets of URUCUM MINERAÇÃO S.A. as of December 31, 2003 and 2002, and the related statements of operations, changes in shareholders' equity and comprehensive income (loss), and cash flows for each of the three years in the period ended December 31, 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.
2. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.
3. In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of URUCUM MINERAÇÃO S.A. as of December 31, 2003 and 2002, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.
4. As discussed in Note 3 to the financial statements, effective January 1, 2003, URUCUM MINERAÇÃO S.A. adopted Statement of Financial Accounting Standards No. 143, Accounting for Asset Retirement Obligations.

/s/ Deloitte Touche Tohmatsu

Auditores Independentes
Salvador Brazil
January 26, 2004

INDEPENDENT AUDITORS REPORT

To the Shareholders, Administrative Council and Management of
RIO DOCE MANGANÊS S.A. and Subsidiaries
Simões Filho BA

1. We have audited the accompanying consolidated balance sheets of RIO DOCE MANGANÊS S.A. (formerly SIBRA ELETROSIDERÚRGICA BRASILEIRA S.A.) and subsidiaries as of December 31, 2003 and 2002, and the related consolidated statements of operations, changes in shareholders' equity and comprehensive income (loss), and cash flows for each of the three years in the period ended December 31, 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.
2. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.
3. In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of RIO DOCE MANGANÊS S.A. and subsidiaries as of December 31, 2003 and 2002, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.
4. As discussed in note 1 to the financial statements, the controlling shareholder concluded the restructuring process of its manganese activities, which is intended to maximize management integration and simplify the corporate structure of the Company and its subsidiaries. In connection with this corporate restructuring, the shareholders decided at an Extraordinary Shareholders' Meeting held on October 23 and 27, 2003, to transfer certain assets (including all of the ferro-alloy, manganese ore and reforestation operations) and liabilities from the subsidiary companies, Companhia Paulista de Ferro-Ligas, Sociedade Mineira de Mineração S.A., Minérios Metalúrgicos do Nordeste S.A., Mineração Urandi S.A. and Sibra Florestal S.A., in the net amount of US\$88,883, to RIO DOCE MANGANÊS S.A., through a capital reduction which will occur on January 31, 2004. Conclusion of this process will affect the Company and its subsidiaries economically in the upcoming year.
5. As mentioned in note 25 to the financial statements, a subsidiary company, Companhia Paulista de Ferro-Ligas, sold its investments in Fertilizantes Fosfatos S.A. - Fósferil to Bunge Alimentos, generating a gain of US\$40,073, net of taxes.
6. As discussed in note 4 to the consolidated financial statements, effective January 1, 2003, the Company adopted Statement of Financial Accounting Standards No. 143, Accounting for Asset Retirement Obligations.

/s/ DELOITTE TOUCHE TOHMATSU

Auditores Independentes
Salvador Brazil

January 26, 2004