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CAMPBELL RESOURCES INC /NEW/
Form 20-F
May 04, 2006

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

FORM 20-F

☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES
EXCHANGE ACT OF 1934

OR

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

For the fiscal year ended December 31, 2005

OR

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

OR

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

Date of event requiring this shell company report.....

Commission File Number 1-8488

(CAMPBELL RESOURCES INC. LOGO)

CAMPBELL RESOURCES INC.
(Exact name of registrant as specified in its charter)

Canada
(Jurisdiction of incorporation or organisation)

1155 rue University, Suite 1405, Montreal, Quebec H3B 3A7
(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 -----
common shares	None

Securities registered pursuant to Section 12(g) of the Act.

None
(Title of Class)

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

None
(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

December 31, 2005: 108,220,881 common shares

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act ☐ Yes ☒ No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934. ☐ Yes ☒ No

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 whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒

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

Item 17 ☒ Item 18 ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

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FORWARD-LOOKING STATEMENTS

We make statements in this Report and the documents we incorporate by reference that are considered forward-looking within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934. Sometimes these statements will contain the words such as "believes", "expects", "intends", "plans" and other similar words. We intend those forward-looking statements to be covered by the safe harbour provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 and are including this statement for the purposes of complying with the safe harbour provisions. These forward-looking statements reflect our current views which are based on the information currently available to us and on assumptions we have made. Although we believe that our plans, intentions and expectations as reflected in or suggested by those forward-looking statements are reasonable we can give no assurance that the plans, intentions or expectations will be achieved. Such forward-looking statements concern the Company's operations, economic performance and financial condition. Such statements involve known and unknown risks, uncertainties and other factors, including those identified under the "Risk Factors" section in Item 3 and elsewhere in this Report, that may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, but are not limited to: differences between estimated and actual mineral and resources reserves and recovery rates; failure of plant, equipment or processes to operate in accordance with expectations and specifications; changes to exploration, development and mining plans due to prudent reaction of management to ongoing exploration results, engineering and financial concerns; environmental costs; and fluctuations in gold price which affect the profitability and ore reserves of the Company. These risks and uncertainties are the normal risks involved in mining. Readers are cautioned not

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to put undue reliance on forward-looking statements. See "Risk Factors" in Item 3, "Management's Discussion and Analysis" in Item 5, and elsewhere in Item 4. The forward-looking statements are made as of the date of this Report, and the Company assumes no obligation to update the forward-looking statements or to update the reasons why actual results could differ from those projected in the forward-looking statements.

CURRENCY AND METRIC EQUIVALENTS

Unless otherwise indicated, all dollar amounts herein are expressed in Canadian dollars. Amounts expressed in United States dollars are preceded by the symbol "US\$". The following table sets forth, for each of the years indicated, certain information concerning the exchange rate for translating United States dollars into Canadian dollars based upon the noon buying rate in the City of New York for cable transfers in Canadian dollars and certified for customs purposes by the Federal Reserve Bank of New York.

	Rate at December 31 -----	Average Rate (1) -----	High -----	Low -----
2001	1.5925	1.5519	1.5925	1.4995
2002	1.5800	1.5702	1.6049	1.5190
2003	1.2923	1.3916	1.5286	1.2923
2004	1.2034	1.3016	1.3970	1.1775
2005	1.1656(2)	1.2083	1.2703	1.1507

Notes:

- (1) The average rate means the average of the exchange rates on the last day of each month during the year.
- (2) Rate at December 30.

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The high and low exchange rates based on the noon buying in the City of New York for each month during the previous six (6) months are as follows:

	High -----	Low -----
March (up to 30) 2006	1.1722	1.1320
February 2006	1.1577	1.1379
January 2006	1.1726	1.1436
December 2005	1.1736	1.1507
November 2005	1.1960	1.1656
October 2005	1.1887	1.1657
September 2005	1.1880	1.1607

On March 30, 2006, the noon buying rate for US\$1.00 was Cdn\$1.1628.

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Tonnages referred to in this Report are to either short tons equal to 2,000 pounds, referred to herein as tons, or to metric tons, equal to 2,204.6 pounds and referred to herein as tonnes or metric tonnes. A reference herein to ounces means a troy ounce that is equal to 31.103 grams. To convert grams per tonne to ounces per ton, multiply grams per tonne by 0.029. Distances are referred to either as miles, equal to 1.6093 kilometres; feet, equal to 0.305 metres; kilometres, equal to 0.621 miles; or metres, equal to 3.28 feet. Acreage is referred to as acres, which represents 0.4046 hectares; hectares, equal to 2.471 acres; or square miles equal to 640 acres or 258.99 hectares.

RESERVE AND RESOURCE ESTIMATES

The reserve and resource estimates, set forth in this document, have been prepared in accordance with applicable Canadian requirements. Mineral reserves and resources disclosed in this Report except the updated mineral reserves and resources at the Joe Mann Mine, the Copper Rand Mine and the Corner Bay Project at December 31, 2005 (2005 annual report) were previously disclosed in the Company's Joint Management Information Circular dated May 10, 2001. All mineral reserves and resources were disclosed in the annual report (the "Annual Report") for fiscal year 2005. Such estimates may not qualify as a commercially mineable ore body under standards promulgated by the U.S. Securities and Exchange Commission and will not qualify as mineable reserves unless the economic viability of the project is established and documented in a final feasibility study. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

GLOSSARY OF SIGNIFICANT TERMS

"PROVEN MINERAL RESERVE" is the economically mineable part of a measured mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting that economic extraction is justified.

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"PROBABLE MINERAL RESERVE" is the economically mineable part of an indicated, and in some circumstances, a measured mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting that economic extraction can be justified.

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

"INDICATED MINERAL RESOURCE" is that part of mineral resource for which quantity, grade or quality, densities, shape and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings

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and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

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

"MINERAL RESOURCE" is a concentration or occurrence of natural, solid, inorganic or fossilized organic material in or on the Earth's crust in such form and quantity and of such grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of mineral resource are known, estimated or interpreted from specific geological evidence and knowledge.

"QUALIFIED PERSON" conforms to the definition under National Instrument 43-101, Standards of Disclosure for Mineral Projects and is an engineer or a geoscientist with at least five years of experience relevant to a particular project. National Instrument 43-101 was developed by the Canadian Securities Administrators, an umbrella group of Canada's provincial and territorial securities regulators.

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGERS AND ADVISORS - NOT APPLICABLE

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE - NOT APPLICABLE

ITEM 3. KEY INFORMATION

SELECTED FINANCIAL DATA

The following table sets forth selected consolidated financial information with respect to Campbell Resources Inc. ("Campbell" or the "Company") for the five years ended December 31, 2005 and is extracted in part from the more detailed consolidated financial statements included herein. The selected financial data set forth below is stated in thousands of Canadian dollars (except per share amounts).

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This selected financial data has been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") which differs in many respects from generally accepted accounting principles in the United States ("U.S. GAAP"). A discussion of differences between Canadian GAAP and U.S. GAAP is contained in Note 21 to the audited consolidated financial statements.

The following table should be read in conjunction with Item 5 - "Operating and Financial Review and Prospects", and the consolidated financial statements included in Item 17.

FIVE YEAR COMPARATIVE SUMMARY OF SELECTED FINANCIAL DATA

(EXPRESSED IN CANADIAN DOLLARS UNLESS OTHERWISE INDICATED)

	2005	2004	2003	2002	2001
YEARS ENDED DECEMBER 31	\$	\$	\$	\$	\$
-----	-----	-----	-----	-----	-----

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				(Restated)	(Restated)
OPERATING RESULTS (IN THOUSANDS)					
Metal sales	19,915	21,833	22,307	14,711	—
Loss from operations	28,259	9,515	6,368	7,023	5,300
Net loss	24,430	8,192	3,940	5,361	4,560
Cash flow provided by (used for) operations	(748)	1,193	(4,380)	(4,994)	(780)
Capital expenditures	(2,696)	(28,053)	(4,193)	4,256	1,780
FINANCIAL POSITION (IN THOUSANDS)					
Cash and short-term deposits	1,772	1,191	4,752	3,432	2,760
Money market instruments		--	--	--	--
Total assets	134,643	177,756	159,773	133,866	112,330
Long-term debt	49,745	63,808	59,589	56,468	55,970
Capital stock	69,958	69,610	55,429	30,013	24,620
Shareholders' equity	30,503	54,585	45,803	24,284	24,250
PER SHARE DATA					
Net loss per share	0.23	0.08	0.07	0.13	0.10
Book value per share	0.28	0.51	0.53	0.50	0.60
OPERATIONAL STATISTICS					
Gold production - ounces	29,400	39,200	42,700	32,500	—
Gold revenue per ounce - US dollars	449	408	369	321	—
Cash cost per ounce - US dollars	426	419	375	361	—
SHARES OUTSTANDING (IN THOUSANDS)					
At year end	108,213	107,238	86,762	44,478	32,560
Weighted average during year	107,925	96,482	55,251	40,230	23,720

FOREIGN EXCHANGE RATE - US DOLLARS:					
	2005	2004	2003	2002	
Year end/average	1.1656/1.2083	1.2034/1.3016	1.2923/1.3916	1.5800/1.5702	1.5900
High/low	1.2703/1.1507	1.3970/1.1775	1.5286/1.2923	1.6049/1.5190	1.5900

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MONTH ENDED	HIGH	LOW
February 28, 2006	1.1577	1.1379
January 31, 2006	1.1726	1.1436
December 30, 2005	1.1736	1.1507
November 30, 2005	1.1960	1.1656
October 31, 2005	1.1887	1.1657
September 30, 2005	1.1880	1.1607

HIGH LOW

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March (up to 30) 2006	1.1722	1.1320
February 2006	1.1577	1.1379
January 2006	1.1726	1.1436
December 2005	1.1736	1.1507
November 2005	1.1960	1.1656
October 2005	1.1887	1.1657
September 2005	1.1880	1.1607

On March 30, 2006, the noon buying rate for US\$1.00 was Cdn\$1.1628.

SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

(EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS EXCEPT PER SHARE AMOUNTS)				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
YEAR ENDED DECEMBER 31, 2005	\$	\$	\$	\$
Metal sales	5,512	5,245	4,924	4,234
Loss from operations	(3,052)	(1,362)	(1,007)	(22,838)
Net earning (loss)	(2,677)	166	(645)	(21,874)
Net earning (loss) per share	(0.02)	0.00	(0.01)	(0.20)
YEAR ENDED DECEMBER 31, 2004	\$	\$	\$	\$
Metal sales	4,396	6,466	5,397	5,574
Loss from operations	(2,164)	(2,093)	(1,388)	(3,870)
Net earning (loss)	(1,796)	(2,100)	(1,267)	(3,029)
Net earning (loss) per share	(0.02)	(0.02)	(0.01)	(0.03)

SUMMARY OF DIFFERENCES BETWEEN US AND CANADIAN GAAP

A reconciliation of the differences between accounting principles generally accepted in the United States and Canada is presented in Note 21 of the consolidated financial statements located at Item 17.

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RISK FACTORS

MINING RISKS

The Company is subject to the risks typical in the mining business including uncertainty of success in exploration and development; operational risks including unusual and unexpected geological formations, rock bursts, particularly as mining moves into deeper levels, cave-ins, flooding and other conditions involved in the drilling and removal of material as well as environmental damage and other hazards; risks that intended production schedules or estimated costs will not be achieved; and risks of fluctuations in the price of gold and copper and currency exchange rates.

Metal prices are subject to volatile price movements over short periods of time and are affected by numerous factors, all of which are beyond the Company's control, including expectations for inflation, levels of interest rates, sales

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of gold by central banks, the demand for gold and copper, global or regional political, economic and banking crises and production rates in major producing regions. The aggregate effect of these factors is impossible to predict with any degree of certainty. Although the Company may engage in some limited hedging from time to time to protect against a portion of the volatility, the Company is not currently protected against gold price movements. Any hedging and other activities involving financial instruments may be subject to margin requirements.

In 2006, the Company will be dependent of two operations, the Joe Mann Mine and the Copper Rand mine (the "Copper Rand Mine"), as the source of its cash flow. The 2006 operating plan is based on a gold price of US\$477 per ounce a copper price of US\$1.94 per pound and a Canadian/US dollar exchange rate of US\$1.00/CDN\$1.1550 and anticipates cash production costs (excluding pre-production development, exploration and reclamation costs of US\$370 per ounce).

The ability of the Company to achieve the cash costs is largely based on the successful adoption of the operating assumptions and completion of the exploration and development work contained. Should metal prices decrease significantly or the US dollar decline significantly compared to the Canadian dollar or the cash cost be higher than projected, the ability of the mines to generate cash flow will be impaired.

Development is currently underway on the Copper Rand 5000 project (the "Copper Rand Project") which includes the Copper Rand Mine. The Copper Rand Mine is still in pre-production. The first tons of ore were hoisted October 18, 2004 and the first tons of concentrate were shipped to Falconbridge Limited's Horne smelter on November 23, 2004. The pre-production phase will continue until revenues generated are sufficient to meet operating expenses and amortization and depreciation charges.

Depending on the prevailing market conditions, development work on the Corner Bay project may be undertaken. There can be no assurance that the price of copper will not reach a level for the project to be economically viable nor that the Corner Bay property will be brought into production.

The figures for mineral reserves and resources presented herein are estimates and no assurance can be given that the anticipated tonnages and grades will be achieved or the indicated level of recovery realized. In addition, no assurance can be given that the gold price on which these estimates are based can be achieved. See Item 4 headings "The Joe Mann Mine", "The Copper Rand Mine", "The Corner Bay Property" and sub-heading "Mineral Reserves and Resources". As well, lead times required for underground stope preparation and development in mining operations can affect production decisions and schedules. Gold and copper prices fluctuations may render mineral reserves containing relatively lower grades of mineralization uneconomic. Moreover, short-term operating factors relating to the mineral reserves, such as the need for orderly development of ore bodies or the processing of new or different ore grades may cause the Company to be unprofitable in any particular accounting period.

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The Company carries insurance to protect against certain risks in such amounts as it considers adequate. Risks not insured against include political risk, environmental pollution, mine flooding, landslides or other natural hazards relating to climate or topography as well as other hazards which cannot be insured against or which the Company may elect not to insure against.

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ENVIRONMENTAL MATTERS

Campbell holds all the permits required under the "Environmental Quality Act" (Quebec), the "Mining Act" (Quebec) and other applicable legislation and regulations.

During 1995, proposed amendments to the Mining Act (Quebec) relating particularly to rehabilitation and restoration plans came into force. This legislation required that a rehabilitation and restoration plan be submitted for approval within one year of the legislation coming into force and that a financial guarantee be furnished with respect to such plan.

Campbell filed preliminary rehabilitation and restoration plans on March 9, 1996, and has filed additional information required there under within the extensions granted by Quebec mining authorities. Annual financial guarantees are required to be filed in connection with the rehabilitation and restoration plan within 15 days of approval of the plan. The plan for the Joe Mann Mine site was approved in early 2000 and an amount of \$350,000 required was deposited as at December 31, 2005. The plan for the Campbell Mill site is pending approval. The appropriate method of re-mediating acid spots, which have appeared on fifty hectares of previously re-vegetated tailings, is currently being reviewed. Two alternate methods are being considered which involve costs ranging from \$10,000 to \$30,000 per hectare. Campbell currently estimates that the maximum annual financial guarantees will range from \$154,000 in the first year to \$1,871,000 in the fourth year for an aggregate of \$3,517,500. The asset retirement obligations total \$3,607,000 for both sites as at December 31, 2005.

Campbell benefits from an environmental fund of approximately \$4,100,000 (\$4,400,000 in 2004) as at December 31, 2005. This amount was set aside for the restoration of the Copper Rand, Portage, Jaculet and Copper Cliff mining sites when the properties were acquired from Westminer Canada Limited (now WMC International Limited) ("Westminer") in 1993. The asset retirement obligations total \$3,012,000 as at December 31, 2005. As at December 31, 2005 the trustee of the fund had posted a \$1,163,000 financial guarantee with the ministere de l'Environnement (Quebec) ("MENVIQ") in respect of the rehabilitation plan which was approved by the Quebec mining authorities. In the event there is a shortage of funds required to do the rehabilitation and restoration work, the shortfall will be assumed equally between the Company and Societe de developpement de la Baie-James ("SDBJ").

A \$1,027,000 accrual has been recorded as asset retirement obligations at the Eastmain Property ("Eastmain" or the "Property"). No financial guarantee is required because the ore was milled at Copper Rand Mill and there are no tailings on the property.

In January 2004, the Oujibougoumou Cree initiated legal proceedings against the Company, claiming that the poor condition of lakes in the region of Chibougamau, Quebec was due to mining activities in the area. The Public Health Department, the MENVIQ and the Quebec Fish and Wildlife Association began to study the issue. As a temporary measure, the Company and the plaintiffs jointly agreed in 2004 to request that proceedings be suspended for one year. A new postponement is currently negotiated by the parties. It is not possible to determine either the outcome of the proceedings or the financial consequences for the Company.

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ITEM 4. INFORMATION ON THE COMPANY

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HISTORY AND DEVELOPMENT OF THE COMPANY

Campbell was incorporated in June 1950 under the laws of British Columbia. On September 8, 1982, the Company was continued under the Canada Business Corporations Act (the "CBCA") and on June 8, 1983, in connection with an amalgamation of three other companies, the name of the Company was changed from GM Resources Limited to Campbell Resources Inc. The Company's registered office is located at 1155 rue University, Suite 1405, Montreal, Quebec, H3B 3A7. The telephone and fax numbers are (514) 875-9033 and (514) 875-9764 respectively.

On June 30, 2001 the Company merged, by way of plan of arrangement, with MSV Resources Inc. ("MSV") and GeoNova Explorations Inc. ("GeoNova"). The merger was undertaken in order to consolidate the operations of the three companies in the Chibougamau mining camp in northwestern Quebec.

The exploration and development plan (the "2001 Plan") at the Joe Mann Mine, which commenced in November 2001, required a total investment of \$10 million over a seventeen-month period. This amount was invested by March 31, 2003. Progress on this plan enabled the Company to gradually resume mining operations that had been suspended in November 2000. Milling operations re-commenced in February 2002 and commercial production at the Joe Mann Mine re-commenced on April 1, 2002. The \$10 million investment was partially funded from cash flow from operations. In the fourth quarter of 2001, the Company committed to invest \$4 million from its working capital and other cash receipts. In addition, a subsidy of \$1 million was received from the ministere de l'Energie et des Ressources (Quebec) covering the period up to March 31, 2002 and an additional subsidy of the same amount was approved to cover expenditures during the period from April 1, 2002 to March 31, 2003. A \$4 million loan from Investissement Quebec was finalized on May 10, 2002, of which \$3.6 million was drawn down during 2002 and used, in part, to finance the development and exploration plan at the Joe Mann Mine. This loan was repayable in quarterly instalments of \$670,000, the last of which were made in the first quarter of 2004. Under the terms of the credit facility, 606,061 share purchase warrants, which expired in February 28, 2005, were issued to Investissement Quebec, each warrant entitling its holder to purchase one common share of the Company at a price of \$0.66.

During the 2002 fiscal year, the Company also sold the last two tranches of a \$32,400,000 royalty financing on future production from the Joe Mann Mine for cash receipts of \$1.7 million and notes receivable totalling \$26.1 million, as described in Note 5 of the consolidated financial statements. During the first quarter of 2003, with the decision not to bring the Corner Bay Property into production, Campbell re-purchased the royalty units in Corner Bay and sold additional units in the Joe Mann Mine. Following this transaction, 4,740 royalty units in the Joe Mann Mine, the maximum number of units contemplated by the financing, were issued and outstanding.

The royalty was paid to the unit holders based on the following formula: the fraction of outstanding royalty units over 4,740 units multiplied by \$8 per ton of ore for the years 2002 and 2003, \$14 for 2004, \$35 from January 1, 2005 until the net proceeds of the royalty sale, plus interest of 10% compounded annually, exceed the aggregate of all royalty payments, from the date paid to the date of determination, at 10% compounded annually and \$1.50 per ton thereafter. This royalty may be repurchased at any time on or after July 1, 2007 or at any time that the unit holders are in default.

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on or at any time after May 1, 2004 at the fair market value of the royalty unit. In 2005, the unitholders exercised their right and the Company repurchased the deferred royalty for a total lump sum of \$5,900,000. This deferred royalty amounted to \$24,908,000 at the time of the repurchase and the Company therefore recorded a gain of \$19,008,000. However, given the uncertainty regarding the collection of the notes receivable from the unitholders, the Company has recorded an allowance for doubtful account equal to the remaining portion of the amount, which stood at \$17,437,000 at the repurchase date. The net impact resulting from the repurchase of the deferred royalty aggregates \$1,571,000 and is included in other income. The Company intends to take legal action to recover the entire amount.

In May 2000, a new company, Corporation Copper Rand Inc. ("CCR"), was formed for the purpose of financing the Copper Rand Project. The Company, through its wholly-owned subsidiary MSV, originally held a 16% equity interest and is the operator of the Copper Rand Project with its three partners (the "Partners"), the Solidarity Fund QFL ("Fund"), SDBJ and SOQUEM Inc. ("SOQUEM"), holding 28%, 28% and 28% respectively. SDBJ, a Quebec government-owned economy-based corporation, has as its mission to further the development of natural resources, other than hydro electrical resources, in the James Bay territory within a perspective of sustainable development. SOQUEM is a division of SGF Mineral inc., which is a subsidiary of the Societe generale de financement du Quebec ("SGF") (a Quebec government-owned corporation). Investissement Quebec is a government corporation with a full range of resources to both attract foreign investment and support the development of Quebec-based companies of all sizes in order to create jobs. It makes use of significant financial levers to promote investment projects that meet the government's economic development priorities. The mission of the SGF is to carry out economic development projects in co-operation with partners and in accordance with accepted requirements of profitability, in particular in the industrial sector.

The Copper Rand Project, as finally approved, included the transfer of MSV assets related to the project valued at \$10,000,000 in return for a 16% interest in CCR, the possible issuance of unsecured 8% convertible debentures by MSV for a maximum of \$15,000,000, the possible issuance of shares of MSV exchangeable into up to 21,512,195 common shares of the Company in consideration of the exchange of interests held by the Partners in CCR, the possible issuance of 2,439,025 common shares of the Company to Investissement Quebec and the set-up of a guarantee by MSV in favour of Investissement Quebec. All common shares were to be issued at a minimum price of \$1.025 per share and convertible debentures had a conversion price of \$1.025 per share.

In July 2001, in accordance with the terms of their initial investment, SOQUEM and SDBJ exchanged a 5% interest in CCR into convertible debentures of MSV increasing MSV's interest in CCR from 16% to 26%. MSV issued an aggregate of \$2.5 million of debentures bearing interest at a base rate of 8% annually, escalating based on metal prices and CCR's production levels. The debentures are convertible into Campbell common shares at a conversion price of \$1.025 per share.

Investissement Quebec has provided CCR with a loan and credit facility of up to \$22 million to fund the Copper Rand Project. Of this amount, \$5.5 million had been drawn at December 31, 2003. The loan provides that interest payments commence in June 2005 and repayment commences in June 2005 (in 16 quarterly payments). The facility is secured by a charge on the assets of CCR, excluding inventory and receivables. As promoter and manager of the Copper Rand Project, MSV has guaranteed the Investissement Quebec loan. CCR has received a subsidy of \$840,000 from the ministere des Ressources naturelles, de la Faune et des Parcs (Quebec) and is eligible to receive \$1,200,000 from the Centre local d'emploi in training grants and approximately \$3,000,000 in mining tax credits.

The initial project consisted of two phases. Phase I included the deepening of the shaft to a depth of 3940 feet and the access to the ore via a 3900-foot decline at the 4550 level. The total cost of Phase I was estimated at \$39,000,000. Phase II included the continuation of the decline to access the 5000 level. The cost of Phase II was estimated at \$7,000,000 and was to be financed from operating flows.

In early 2002, the Copper Rand Project was modified to eliminate most of the second phase by deepening the shaft by an additional 170 feet, eliminating most of the cost of the second phase. As of December 31, 2002, the deepening of the shaft and development of the 4150 level have been completed. Work on the 3,800-foot decline ramp was completed in March 2004. The ventilation raise is completed, work on installing the conveyor is done and pre-production development is started in October 2004 and will continue until revenues generated are sufficient to meet operating expenses and amortization and depreciation charges. The delay and cost increase are primarily due to the following factors: the additional 170-foot deepening of the main shaft, unplanned underground rehabilitation work, rehabilitation work on the mill required due to the inactivity since the 1997 shutdown, major mechanical repairs to the hoist, additional 2,100 feet of raise for improving ventilation and emergency exit, required training programs, the delays due to a lower than forecast rate of mine development and the impact of fixed costs during the delay in commencement of production.

In the context of this reorganization, on October 1, 2003, Campbell, through MSV, acquired control of CCR by increasing its interest from 26% to 76% through the issuance of 12,195,120 Campbell common shares. CCR is the owner of the Copper Rand and Cedar Bay mines and the Copper Rand Mill, which has a capacity of 3,000 tons per day, situated in the Chibougamau mining camp of Quebec.

On November 30, 2004, the Company acquired the remaining 24% of the outstanding shares of CCR, which became a wholly-owned subsidiary. The Company entered into an agreement with the Fund, SGF Mines Inc. ("SGF Mines") and SDBJ by which Campbell, through MSV, acquired each of their respective 8% interests in CCR by issuing, to each of the Partners, a total of 1,951,220 Campbell common shares, for a total of 5,853,660 shares. The Partners have participated in the development of the Copper Rand Project since 2001. In June 2003, the Partners agreed to convert part of their interest in CCR into shares of Campbell thus increasing Campbell's participation to 76%. This new agreement allows Campbell to acquire all minority interests, which had a book value of \$5,721,000 as of November 30, 2004.

On December 31, 2004, MSV and CCR merged. The Copper Rand Mine is now held 100% by the Company through its wholly-owned subsidiary MSV.

The collective agreement covering the production and maintenance employees of Copper Rand was renewed on October 19, 2004 and will terminate on April 30, 2009. The collective agreement at the Joe Mann Mine was renewed on June 1, 2005 and will terminate on December 31, 2010.

On October 8, 2002, Strateco Resources Inc. ("Strateco") signed a final agreement with GeoNova, under which Strateco has the option to acquire a 50% interest in the Discovery gold project by funding \$4,500,000 in exploration over four years, including \$750,000 the first year, and by issuing 600,000 common shares of Strateco, with 300,000 issued upon signature. Each share will be accompanied by a half warrant valid for a period of 24 months. One whole warrant enables its holder to acquire one share of Strateco at a 20% premium over the average weighted price on the Toronto Stock Exchange (the "TSX") over the ten

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days preceding the date of issuance. In September 2003, the agreement was amended to include the Cameron Property, which is contiguous to the Discovery Gold Project. All of the other provisions of the agreement remain unchanged. Strateco had completed 2,000 metres of drilling in late 2002, which was followed by a

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program of about 10,000 metres of drilling in 2003 and an additional 7,000 meters in 2004. During 2005 Strateco had spent \$384,600 in exploration expenses. In February 2006, GeoNova have signed a letter of intent with Strateco where GeoNova agreed to sell the Discovery Property to Strateco for a global value of \$1.5 million (cash & shares). This transaction is subject to the approval by Strateco's Board of Directors and then must receive regulatory approval.

During the 2001 fiscal year, the Company entered into an option agreement to sell its Mexican subsidiary, Oro de Sotula, S.A. de C.V. ("Sotula"), which held the Santa Gertrudis property, to Queenstake Resources Ltd. ("Queenstake"). This option was exercised effective January 31, 2002. Queenstake assumed full liability for proper abandonment and reclamation of the Santa Gertrudis property and has agreed to indemnify that company with respect to all environmental obligations. The transaction provided that the Company could receive up to US\$2 million depending on future events as outlined in Note 15 of the consolidated financial statements, plus a 1% net smelter returns royalty on any future production from the property and a one-third share of any proceeds from a further sale of the Santa Gertrudis property by Queenstake. In September 2002, the Company received US\$150,000 through the issuance of 978,500 shares of Queenstake, pursuant to a provision note triggered at a gold price of US\$330. These shares were sold for net proceeds of \$430,000, during the first quarter of 2003. In 2003, payment of the remaining notes totalling US\$1,850,000 was triggered and the Company received a final amount of US\$1,650,000 of which CAN\$1,492,000 was paid in cash and the balance by the issuance of common shares by Queenstake.

In November 2002, the Company sold its other Mexican subsidiary, Recursos Escondidos, S. A. de C.V., holder of the Roca Roja Property to International Coromandel Resources Ltd. ("Coromandel"). As consideration for the sale, the Company received 50,000 common shares of Coromandel; a 1% net smelter returns royalty and a royalty of US\$0.10 per ton of ore mined up to a maximum of US\$2 million in respect of any future operations on the property. Coromandel assumed full liability for proper abandonment and reclamation of the Roca Roja property and indemnified the Company with respect to all environmental obligations.

In 2002, Queenstake sold the property to Coromandel and, under the agreement between the Company and Queenstake, the Company received one-third of the consideration consisting of 120,769 shares of Coromandel and a net smelter return royalty on the Santa Gertrudis property of two-thirds of a percent (2/3%).

In July 2003, the Company entered into an agreement with Wolfden Resources Inc. ("Wolfden") entitling Wolfden to acquire a 50% interest in the Bachelor Lake property, located in the Township of Lesueur, Quebec, by committing to spend \$3,000,000 in exploration work on the property over three years, of which \$1,500,000 would be spent in the first year, and by paying \$100,000 per year over the first two years or, in lieu of each payment, to issue 50,000 common shares of its capital stock.

In January 2004, the Oujibougoumou Cree initiated legal proceedings against the Company, claiming that the poor condition of lakes in the region of

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Chibougamau, Quebec was due to mining activities in the area. The Public Health Department, the MENVIQ and the Quebec Fish and Wildlife Association began to study the issue. As a temporary measure, the Company and the plaintiffs jointly agreed to request that proceedings be suspended for one year. It is not possible to determine either the outcome of the proceedings or the financial consequences for the Company.

In 2004, the Company, through its wholly-owned subsidiary GeoNova, concluded an agreement with Metanor Resources Inc. ("Metanor") to sell all of its interest in the Bachelor Lake Property. Metanor acquired 100% of the rights, titles, interest and the Wolfden option. The purchase price represented \$2,300,000, of which \$100,000 was paid on the offer acceptance date, \$200,000 on the conclusion date and the balance is scheduled to be paid on June 30, 2005 at the latest. The outstanding balance of the purchase price is unsecured

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and bears interest at 10% from December 1, 2004, repayable with each capital payment. In the event that the purchase price balance remained unpaid on July 1, 2005, the Company was allowed to cancel the transaction without any reimbursement of capital and interest payments made by Metanor. The balance of the purchase price was paid by Metanor on June 21, 2005. The Sale and Purchase Agreement provides for Metanor to assume the obligations of GeoNova under the Wolfden option and Joint Venture Letter of Agreement dated June 18, 2003 and to assume together with Wolfden the royalty payments to be paid once the Bachelor Lake Property is put into production.

Delays in development have resulted in substantial additional costs and delayed ore production has impacted income from metal sales bringing about a rapid deterioration the Company's financial situation. In the first semester of 2005, with the Company being unsuccessful in finalizing various private placements as well as collecting reimbursable mining credit rights, the financial situation deteriorated. The Copper Rand Mine required additional funding in order to reach production profitability. On June 30, 2005, the Company was granted an initial order under the Companies' Creditors Arrangement Act (the "CCAA") suspending all proceedings against the Company by its creditors and requiring it to present a plan of arrangement. The order has been extended to May 31, 2006.

FINANCINGS

During 1991, a predecessor of Meston entered into a corporate restructuring and financing arrangement (the "1991 Financing") in which it issued to a group of Canadian financial institutions \$38,000,000 of guaranteed subordinate debentures and notes (the "Guaranteed Debentures") and \$12,000,000 of guaranteed non-cumulative redeemable retractable preferred shares (the "Preferred Shares") and renounced to Canadian development expenses. The Guaranteed Debentures bear interest at varying rates and are repayable upon maturity in 2007. The Preferred Shares are retractable in 2007. In order to secure the obligations in respect of the Guaranteed Debentures and the Preferred Shares, Meston Investments Limited, a subsidiary of Meston entered into an interest rate exchange agreement (the "Exchange Agreement") with a major international bank (the "Bank") and irrevocably assigned all amounts receivable under the Exchange Agreement directly to the investors. The proceeds of the Exchange Agreement will be used to make all interest payments, repay the Guaranteed Debentures upon maturity and retract the Preferred Shares. Accordingly, the Bank is primary obligor under the 1991 Financing and Meston is contingently liable should the Bank fail to perform under the agreements. The Guaranteed Debentures are subordinate to all current non-trade and future senior indebtedness of Campbell and its subsidiary.

The mineral development expenditures which were renounced to the investors in 1991 were based, in part, on independent valuations of certain related mineral properties. Canada Customs and Revenue Agency ("CCRA") has challenged certain of those valuations, and disallowed certain of the renounced flow-through deductions to certain of the investors. Meston may be contingently liable for certain losses or damages to investors, if any, that may result if CCRA were to ultimately be successful in its challenges.

In July, 1994, concurrent with the acquisition of Santa Gertrudis, the Company entered into an underwriting agreement with First Marathon Securities Limited pursuant to which the Company sold US\$11,005,000 aggregate principal amount of 7 1/2% Convertible Subordinated Debentures (Unsecured) (the "7 1/2% Debentures"). The 7 1/2% Debentures came to maturity on July 21, 2004, the tenth anniversary of their date of issue. The Company repaid the 7 1/2% Debentures at maturity by issuing common shares of the Company at the conversion price of US\$5.00 per common share (on a post-consolidation basis).

During the 2001 fiscal year, the Company raised \$500,000 through the completion of a private placement of 1.2 million common shares and a warrant for the purchase of an additional 1.2 million common shares at \$0.49 per share. This warrant was exercised during the first quarter of 2002 to raise an additional \$570,000.

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In May 2002, the Company raised approximately \$5.4 million, after fees and expenses, through private placements consisting of 9,630,770 units at \$0.60 per unit, each unit consisting of one common share and one half of one share purchase warrant. Each whole share purchase warrant was exercisable for one common share at \$0.80 per share for one year and expired on May 15, 2003.

In September 2003, the Company raised \$1,980,000 through a brokered private placement of 4,400,000 common shares at a price of \$0.45 per share, \$5,005,000 through a brokered private placement of 9,100,000 common shares at \$0.55 per share and \$500,000 through a private placement of 666,667 common shares at a \$0.75 per share.

In October 2003, the Company raised \$1,000,000 through a brokered private placement of 1,431,000 flow-through shares at a price of \$1.00 per share.

In December 2003, the Company raised \$500,000 through a private placement of 431,034 flow-through shares at a price of \$1.16 per share.

In March 2004, the Company closed a private placement led by GMP Securities Ltd. and including Westwind Partners Inc., Sprott Securities Inc., Haywood Securities Inc. and Maison Placements Canada Inc., of 11,023,000 units at \$0.80 per unit, for gross proceeds of \$8,818,400. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole common share purchase warrant is exercisable for one common share at \$1.20 per share for a period of three years. The proceeds of this private placement were used for the development of the Copper Rand Mine located in Chibougamau, Quebec.

In 2004, the Company concluded an amendment to the convertible debentures to postpone all payments by one year. A new postponement is currently negotiated by the parties. These debentures are convertible at any time, at the option of the holders into common shares of MSV and will bear interest at a base rate of 8% annually plus added interest based on metals prices and CCR's production volume. Additional approval by regulatory authorities will be required should

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the additional interest be converted into shares. The conversion price is \$1.025 per share. Conversion of all the outstanding debentures would require the issuance of 634,146 common shares of Campbell. The debentures are refundable as to 20% of capital on July 1, 2005, as to 40% on July 1, 2006 and as to 40% on July 1, 2007.

Beginning on the first anniversary, the debentures are convertible at the MSV's option at a conversion price equal to the average closing price of Campbell's common shares over the 20 trading days prior to conversion, on condition that the average closing price of Campbell common shares over the 20 trading days prior to the date of conversion is at least equal to or greater than twice the adjusted conversion price under the terms of the debentures. Pursuant to the exercise of its conversion rights, MSV can only convert debentures up to a maximum of the lesser of 25% of the number of Campbell common shares that are issued and outstanding on such date and 40% of the trading volume of the Campbell common shares on the TSX over the six-month period prior to conversion. The terms of the debentures also provide for a 6 month waiting period between the conversion of any debenture by MSV and provide for an escalation in the conversion price of \$1.025 for each US \$10 increase in the price of gold above US \$350 up to a maximum escalation of \$1.64.

During the month of October 2004, the Company obtained a line of credit of up to US\$8 million with Auramet Trading, LLC (the "Lender") in order to finance 90% of the payable copper and silver content and 100% of the payable gold content included in the concentrate shipped to Falconbridge Limited's smelting facilities from the Copper Rand and Joe Mann mines. This line of credit allows the Company to receive the value of the payable content on the second working day following receipt of the concentrate by Falconbridge Limited instead of the fourth month following the month of shipment. These advances bear interest at the

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London Interbank Offer Rate ("LIBOR"), plus 2.5%. To secure this financing, the Company has assigned the settlement receivables to the Lender. The Company paid a fee of US\$100,000 and issued 200,000 share purchase warrants, giving the Lender, for a three-year period, the right to subscribe to 200,000 common shares at a price of \$0.65 per share. This line of credit terminated on December 31, 2005.

In January 2006, this line of credit was extended to December 31, 2006 with an increase in the interest rate to LIBOR + 4% and the issuance of 200,000 additional share purchase warrants for a two-year period at a price of \$0.20 per share. Additional fees with respect to said extension are US\$25,000 paid from the first payment under the facility and US\$25,000 from the first payment made in June 2006. Monthly administrative fees of US\$2,500, to be deducted from the first payment in each month of the facility; said administrative fee to cease for each month following the month that the obligors emerge from the protection of the CCAA.

In 2004, MSV, a subsidiary of the Company entered in an exchangeable capital units ("ECU") financing of \$4,000,000 with RMB Resources Ltd. ("RMB"), guaranteed by a first-ranking hypothec on the Corner Bay, Eastmain and Joe Mann properties, and a floating charge on all other Company assets. The net proceeds were used to complete the development at the Copper Rand Mine and to increase working capital. The amounts borrowed can be redeemed by tranches of \$500,000 on or before May 2, 2005, at the Company's option. On that date, RMB had the possibility to convert a maximum of \$1,000,000 into common shares of the Company. After May 2, 2005, and before November 2, 2006, the maturity date, RMB

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may elect to convert part or the balance owing under this facility into common shares of the Company. In both instances, the rate of conversion will be \$0.574 per share if the average price of the share is less than \$1.70 per share for a period of 20 days prior to conversion. If the average price of the share for the same 20-day period is equal to or higher than \$1.70 per share, the rate of conversion will be the multiple of the average multiplied by the rate of conversion of \$0.574 per share and divided by \$1.70. The outstanding balance is to be reimbursed by the Company on November 2, 2006. The ECU financing bears interest at LIBOR plus 3.5% and is payable quarterly. If the Company decides not to pay the interest, RMB may elect to add the interest payable to the balance of the loan or to convert it in common shares based on the current market price.

The Company completed a \$1,800,000 non-brokered private placement in December 2004 through the issuance of 2,690,367 flow-through shares to private investors. The amount raised under this private placement will allow Campbell to pursue its exploration programs on the Meston (adjacent to the Joe Mann Mine), Corner Bay, Jaculet and Eastmain properties into 2005.

As of March 30, 2006, 108,220,881 common shares of the Company were issued and outstanding.

BUSINESS OVERVIEW

Campbell is a gold and copper mining company operating principally in the Chibougamau area in northern Quebec. The two main assets of the Company are the Joe Mann Mine and the Copper Rand Mine.

The Joe Mann Mine, an underground gold mine owned by Meston Resources Inc. ("Meston"), a wholly-owned subsidiary of the Company, is located near the town of Chibougamau, which is approximately 350 miles north of Montreal, Quebec. The Joe Mann Mine was brought into production by Campbell in 1987.

After a shutdown in November 2000, Joe Mann Mine resumed activities in November 2001 by undertaking a \$5 million exploration program and development work to permit resumption of the production in April 2002.

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The breakdown of total metal sales for the last three financial years are as follows:

	2005		2004		2003	
Sales	Quantities	\$'000	Quantities	\$'000	Quantities	\$'000
Gold (ounces)	30,460	17,818	38,447	20,287	42,526	21,637
Copper (lbs)	903,000	2,039	795,000	1,422	813,000	931
Silver (ounces)	22,286	194	22,456	199	18,927	130
Gain (loss) on foreign exchange		(136)		(75)		(392)
Total		19,915		21,833		22,307
		=====		=====		=====

The gold extracted is recovered in the form of gold bars which are sold on the gold market or included in the copper concentrate purchased by Falconbridge

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Limited. as per the Copper Concentrate Agreement signed in 2002 for a three-year period. Under this agreement, the price of gold is the average of the London second fix price of the third month following the shipment.

The Copper Rand Mine, an underground gold and copper mine owned by MSV, a wholly-owned subsidiary of the Company, is also located near the town of Chibougamau. The Copper Rand Mine was first brought into production in 1959 by a previous owner.

The breakdown of metal sales of the Copper Rand Mine for the last financial year are as follows:

Sales -----	2005	
	Quantities -----	\$'000 -----
Gold (ounces)	7,098	4,036
Copper (lbs)	6,777,000	15,489
Silver (ounces)	21,820	183
Gain (loss) on foreign exchange		(144)

Total		19,564
		=====

The Copper Rand Mine is still in pre-production and those revenues are capitalized in reduction of the Copper Rand property asset.

Since 2001, development work has been performed to permit the access to the ore body between levels 4,000 and 5,000. The development work includes the deepening of the shafts with all its infrastructure, a 3,800-foot decline ramp with its conveyor, a raise of ventilation connected to the upper level and all the development to access, the modification to the hoist system and the preproduction.

The following map of the Province of Quebec shows the locations of the mines and principal exploration properties of the Company.

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CAMPBELL PROPERTIES

(MAP)

- 1 Pitt Gold
- 2 Berthiaume Syndicate
- 3 Discovery (sold in 2006)
- 4 Bachelor Lake (sold in 2004)
- 5 Chevrier
- 6 Gwillim
- 7 Joe Mann Mine
- 8 Cedar Bay
- 9 Copper Rand Mine
- 10 Corner Bay
- 11 Eastmain
- 12 Lac Harbour

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The Company sells metals on international markets at prices that fluctuate daily based on world market supply and demand and is in competition with other mining companies, insofar as they produce the same product, in a market where price and quality advantages cannot be claimed by any of the market participants.

Factors that allow producers to remain competitive in the market over the long-term are the quality (grade, metallurgy, etc.), and size of the ore body, cost of production and the proximity to market. In all these factors, the Company is competitive to greater or lesser degrees; but because of the number of companies and variables involved, no individual or group of producers can be pointed to as being in direct competition with Campbell.

Except as otherwise noted herein, there have been no recent changes with respect to properties which the Company owns, or in which it has significant interests, which have materially affected operating profits. Except as herein noted, to the knowledge of the Company, it and its subsidiaries are in compliance with all environmental laws and regulations in effect in all jurisdictions in which operations are being conducted.

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ORGANIZATIONAL STRUCTURE

INTER-CORPORATE RELATIONSHIPS

The following chart illustrates the principal subsidiaries of Campbell, together with the jurisdiction of incorporation of each company and the significant properties held by each company:

(FLOW CHART)

Note:

- (1) See discussion of agreement with Strateco discussed under "Information on the Company-History and Development of the Company".

EMPLOYEES

Campbell and its wholly-owned subsidiaries employed approximately 258 persons as at December 31, 2005, of whom 161 were covered by collective bargaining agreements. The relationship of Campbell and its subsidiaries with their employees and contractors is considered by Campbell to be satisfactory. During the last three financial years, there were no material strikes or walkouts.

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The collective agreement for the Copper Rand Mine was renewed in 2005 and will terminate on April 30, 2009, and the collective agreement for the Campbell Mill was renewable in 2005. The collective agreement at the Joe Mann Mine was renewed in 2005 and will terminate on December 31, 2010. The collective bargaining unit at the Joe Mann Mine is represented by Le Syndicat des Travailleurs-euses de la Mine Meston ("CSN"). Collective agreements with the United Steelworkers of America cover the Campbell Mill, the Copper Rand Mill and

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the Copper Rand Mine. The collective agreement for the Campbell Mill will not be renewed at this time due to the temporally shutdown since January 2005.

PROPERTY, PLANTS AND EQUIPMENT

BUSINESS OF MESTON

THE JOE MANN MINE

HISTORY

The Joe Mann property was acquired in July 1980 by Meston Lake Resources Inc. ("Meston Lake"), a predecessor of Meston, a wholly-owned subsidiary of Campbell. The original deposit was discovered in 1950. A three-compartment exploration shaft was sunk and some 859,000 tons of ore grading 0.176 oz/ton of gold had been mined and milled until June 1975 when rising costs coupled with poor recoveries prohibited further mining. Subsequently, Meston Lake acquired the mine and the shaft was dewatered in 1980 before financial problems put a halt to the operation.

Campbell became involved in the Joe Mann property in 1983 when it acquired a minority position in Meston Lake and entered into a management agreement under which it designed and implemented an exploration program and aided in the financing of this program with the objective of determining the commercial viability of the project. The mine was dewatered in early 1985 and in June of that year, an underground exploration program began. The exploration program resulted in the discovery of 800,000 tons of ore reserves and prompted the decision to re-start production. Commercial production began on April 2, 1987. During 1987, Campbell also increased its ownership in the mine to 100%. The mine was in continuous operation from 1987 until November 1999. As part of an expansion plan in 1989, a new shaft, the No. 2 shaft, was sunk to a depth of 2,050 feet.

During 1992, the No. 2 shaft was deepened to a depth of 2,676 feet. This deepening project opened up four new levels between the 1825 and 2350 levels. The deposit has been mined along a 3,000-foot strike. During 1997 and 1998, the No. 2 shaft was further deepened by 1,081 feet to a depth of 3,757 feet to permit six new levels to be mined. This project was completed in July 1998 at a cost of \$13.1 million, approximately \$1.4 million less than budget. The No. 2 production shaft is constructed to permit future deepening without interruption of production.

During 1999, as production moved to the lower levels, operations were significantly affected by ground control problems and excessive dilution. Resulting higher cash operating costs compelled management to temporarily suspend development and mining operations to permit re-evaluation of the economic viability of the Joe Mann Mine and development of a new mine plan. Mining operations resumed in April 2000, under a new mine plan using the cut and fill mining method. While this mining method achieved improved ground conditions; it resulted in lower than expected productivity and prohibitively high operating costs. With the assistance of external consultants, efforts were made through mid-November to achieve profitable operating levels. In the month of October, production reached 5,000 ounces; however, the cash cost was US\$330 per ounce. Given the low gold price and the operating problems, the decision was taken on November 10, 2000 to again temporarily suspend operations.

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reviewed and the 2001 Plan for the resumption of operations was prepared. Management also considered various strategies to ensure that the future exploration and development requirements of the mine would be properly funded. The 2001 Plan was presented to the Board of Directors on March 14, 2001. The 2001 Plan concluded that current development was insufficient to permit the required production rates to be achieved and maintained and that a development and long-term exploration program was required to permit planning and development between the 2,350 and 3,400-foot levels. The 2001 Plan at the Joe Mann Mine commenced in November 2001. Progress on these programs enabled the Company to gradually resume mining operations in April 2002. Milling operations re-commenced in February 2002 and are still ongoing.

LOCATION, ACCESS AND OWNERSHIP

The Joe Mann Mine is located approximately 40 miles south of Chibougamau, Quebec, which is approximately 350 miles north of Montreal. The property consists of three mining concessions and a one mining lease covering 106 hectares and 24 mining claims covering approximately 400 hectares. In addition, Meston holds 225 mining claims covering approximately 3,350 hectares outside of the Joe Mann Mine area. The property is accessed from Chibougamau by road. Highway 167 leads to the gravel mine access road, which is approximately 12 miles in length and is serviced by Meston.

GEOLOGY

The deposit represents a classic Archean vein-type deposit with gold-copper mineralization hosted by quartz veining within three laterally continuous shear systems. In the mine area, the rocks consist predominantly of mafic lavas intruded by gabbro sills and feldspar porphyry dykes. The intrusives appear to have been introduced along a prominent east-west break structure. The gabbro sills which are moderately magnetic are traceable over widths of 400 to 600 feet and for at least thirty miles along strike. Many late diabase dykes of varying thicknesses crosscut the sequence and strike northeast.

Two principal veins account for almost 85% of the known mineral reserves and 90% of production contemplated by the 2001 Plan. The main vein (the "Main Vein") is located north of the shaft and has an east-west strike length of approximately 3,000 feet with an 80-degree dip to the north. The Main Vein contains about 87% of the reserves. The South Vein accounts for 13% of reserves and is located about 350 feet south of the Main Vein between the No. 1 shaft and the No. 2 production shaft. The south vein (the "South Vein") has a strike length of about 3,000 feet in an east-west direction and a north dip and appears to weaken below the 2,750 level.

Exploration on the 2,575 level, initiated in the fall of 1998, encountered positive results approximately 1,000 feet east of the shaft and led to the discovery of a new zone situated north of the Main Vein. At present, it is thought that the mineralization of the new ore zone is spatially and genetically related to a large quartz-feldspar porphyry dyke.

There are two limbs of high-grade ore mineralization that occur at the northern and southern contacts between the porphyry dyke and a sheared gabbro. During 1999, definition drilling indicated an extension of a high grade zone in the hanging wall of the Main Zone between the 2750 and 3100 levels. Definition drilling is continuing between the 2,250 and 3,450 levels in order to outline additional mineral reserves and resources and confirm grade and potentially identify wider zones in this area.

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MINERAL RESERVES AND RESOURCES

Mineral reserves and resources at the Joe Mann Mine were reviewed extensively by management following the temporary suspension of mining operations in November 2000.

The following table summarizes mineral reserves and resources estimated by management and calculated at December 31, 2005 on the basis of a gold price of US\$450 and a US/Canadian dollar exchange rate of 1.20 and at December 31, 2004 on the basis of a gold price of US\$425 and at December 31, 2003 on the basis of a gold price of US\$350 per ounce. The mineral reserves and resources at December 31, 2003 were audited by Systemes Geostat International inc, independent geological and mining consultants, in a report to Campbell dated February 23, 2004.

Mineral Reserves

	December 31, 2005		December 31, 2004		December 31, 2003	
	Tons	Grade (oz./ton)	Tons	Grade (oz./ton)	Tons	Grade (oz./ton)
Proven	45,300	0.236	107,000	0.306	186,360	0.268
Probable	64,000	0.245	105,000	0.305	357,840	0.294
Total	109,300	0.241	212,000	0.306	544,200	0.285

Mineral Resources (excluding reserves)

	December 31, 2005		December 31, 2004		December 31, 2003	
	Tons	Grade (oz./ton)	Tons	Grade (oz./ton)	Tons	Grade (oz./ton)
Measured	162,000	0.229	214,000	0.246	106,100	0.229
Indicated	264,000	0.288	257,000	0.289	752,970	0.264
Inferred	180,000	0.191	180,000	0.191		

Notes:

- (1) These estimates were verified internally by Jean Tanguay (2003-2004-2005) a Qualified Person who has been employed as a geologist in the Chibougamau area since 1996.
- (2) Details and parameters of mineral resource calculations at December 31, 2003, 2004 and 2005.

CALCULATION METHOD

Cut off grade 2005 (2003) (2004)
High-grade cut Au
Dilution 2005 (2003-2004)

Data bloc modelling
0.225 oz Au/T (0.2000) (0.250)
2.0 oz
6 ft. (6 ft) min. horz. Width

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Mill recovery (Au) 2005 (2003) (2004)	83% (93%) (85%)
Price assumption (Au) 2005, (2003) (2004)	US\$450/oz (US\$400/oz) (US \$425/oz)
Exchange rate Can\$/US\$ 2005 (2003) (2004)	0.833, (0.769) (0.80)

The total estimated proven and probable mineral reserves at the Joe Mann Mine decreased by 100,400 tons from 212,000 tons at December 31, 2004 to 111,600 tons at December 31, 2005. After taking into account production during 2005 of 139,100 tons grading 0.254 ounces of gold per ton, and the decrease of the cut off grade from 0.250 opt Au to 0.225 opt Au.

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Exploration activity at the Joe Mann Mine was gradually scaled down in 2004. The depth extension of the West Zone below the 2900 level was deceiving and others targets tested which could have been accessible within the mine infrastructure did not return significant results considering that a cut off grade of 0.30 opt Au over 6 feet was required to be mined profitably. Therefore, at December 31, 2005 reserves and resources at the Joe Mann Mine were as follows:

	TONS (SHORT) -----	AU (OPT) -----
RESERVES		
Proven	45,300	.236
Probable	64,000	.245
	-----	----
TOTAL RESERVES	109,300	.241
	=====	====
RESOURCES		
Measured	162,000	.229
Indicated	264,000	.288
	-----	----
TOTAL RESOURCES	426,000	.266
	=====	====
Inferred	180,000	.191

Notes:

Information on calculations of mineral reserves and resources at Joe Mann:

- All data verified by J. Tanguay, Chief Geologist at the Joe Mann Mine and by A. Blais Vice President Development and Geology for Campbell;
- Economic parameters: Au = US\$450/oz, Cu = US\$1.25/lb US\$/Can\$ = 1.20;
- All high gold grades brought back to 2.0 opt Au;
- Method used, polygon on orthogonal projection. Cut off = 0.225 opt Au (reserves); 0.20 opt Au (resources); Recovery = Au : 83%

Cut off grade for December 31, 2005 reserves was established at 0.225 opt Au considering the actual gold price. There was no underground exploration program during 2005 at the Joe Mann Mine. In 2006, considering the actual gold price, underground exploration and definition drilling should resume at the Joe Mann Mine in order to increase the actual reserves. During 2005, surface exploration diamond drilling was carried on to identify potential target in

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vicinity of the mine infrastructure. The program was totalled \$247,500.

2001 PLAN

The 2001 Plan contemplated a resumption of mining operations, following the completion of approximately four months of development work needed to open up a sufficient number of work sites to permit the operation to reach and maintain the minimum economic production rate. This lateral development work commenced in November 2001 at a cost of approximately \$1.5 million. The 2001 Plan provided for a long-term development program extending over a 30-month period providing for a production period of four and a half years. The total program involved approximately 41,000 feet of development including 20,000 feet of drifting, 10,000 feet of raising and 11,500 feet of sub levels at an estimated cost of \$7.5 million.

The 2001 Plan also assumed that an initial \$5 million exploration program would be undertaken on the Main Vein and on the West Zone providing sufficient information for the development and planning of work sites in the Main Vein between the 2350 and 3400-foot levels.

Mining and milling is carried out on a five day per week schedule with the mill operating 18 to 20 days per month. The 2001 Plan calls for a daily mine production rate of 1,040 tons on a five-day per week basis.

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Exploration in 2002 focused on delineating additional reserves along dip extensions and within parallel shears to permit production to continue beyond mid 2004. Continuity of gold mineralization has been confirmed to a depth of 3,500 feet, 600 feet below the current deepest production level of the mine and mineralization remains open at depth.

WEST ZONE

In addition to ore from the Main and South Veins, which are situated east of the production shaft, the prior mine plan included some initial production from the West Zone between the 1650 and 1825 levels of the mine. As part of the 2001 Plan, an exploration drift to the West at the 2925-foot level was proposed. Five bases for exploration diamond drilling, five hundred feet apart are allowing drilling coverage from levels 2350 to 3450 on a lateral length of 2300 feet. The South Vein, situated between the exploration drift and the target zone, is also evaluated further. This area has had little exploration to date and the goal is to increase the tons per vertical foot between the 2350 and 3450 levels which would allow an increase in the production rate in coming years. Work in this area resumed in April, 2003 having been suspended in 2002.

At December 31, 2003, diamond drilling as well as development heading (drifting, sub-level and raising) on the West Zone have outlined over 128,600 tons of mineral reserves at an average grade of 0.300 ounces Au/ton and 44,000 tons of mineral resources (measured and indicated) at an average grade of 0.260 ounces Au/ton located between levels 2750 and 3450. The commercial production from the West Zone is scheduled for the end of April 2004.

MINING

The production capacity of the No. 2 shaft system is estimated to be 2,000 tons per day assuming 12 hours of hoisting per day. Mucked ore is passed through a rock breaker then hoisted to the surface. All production and development ore is hoisted from the No. 2 production shaft to the surface. The equipment used in

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the mining operations was regularly maintained and kept in good working order during the temporary suspension of mining operations in 2001.

The current operating plan calls for the use of a combination of long hole and a limited number of cut and fill and shrinkage stopes. In 2003, the long hole method, comprise approximately 65%, was used in the Main and North Zones with three sub levels that would limit hole lengths to 15 to 18 metres and control the size of work site openings. In 2003, development ore represented approximately 21% of production. This approach provides better ground conditions and thereby control dilution. In the South Vein where ground conditions are more difficult, the cut and fill method is used for approximately 12% of the mining.

Until mid-1999, mining was predominantly carried out using the shrinkage stope mining method. With the change in mining method in 2000, 45.4% of mining was from cut and fill stopes, 25.5% from long hole stopes and 28.4% from development muck.

In 2003 and 2004 mining at Joe Mann was essentially carried out using the long hole mining method.

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The following table sets out production from the Joe Mann Mine for the past three years:

JOE MANN MINE PRODUCTION SUMMARY YEAR ENDED DECEMBER 31 -----	2005 -----	2004 -----	2003 -----
Tons Milled	139,064	185,490	182,768
Gold Grade (oz./ton)	0.254	0.230	0.252
Copper Grade (%)	0.34	0.23	0.23
Gold Produced (ounces)	29,434	39,175	42,749
Copper Produced (000's lbs.)	897	801	806
Cash Operating Costs(1) (US\$ per oz. of gold)		\$ 411	\$ 375

Note:

- (1) Operating costs include all on-site mining, processing and administrative costs, net of copper and silver by-product credits.

MILLING

Ore from the Joe Mann Mine was transported approximately 40 miles by truck to Campbell's Copper Rand mill for processing. The Copper Rand mill was commissioned in 1959 and is regularly maintained and is in good working order. During 2005, the gold recovery rate at the Copper Rand mill, which processed ore from the Joe Mann Mine and the Copper Rand Mine, was 84.3% compared to 91.7% in 2004 and the copper recovery rate 94.6% compared to 95.3% in 2004. The mill process includes two separate circuits; a gravity circuit and a flotation circuit. Original design capacity at the Copper Rand mill was 3,000 tons per day as a flotation mill. Gold recovered from the gravity circuits is formed into dore bars on site and is shipped to the Royal Canadian Mint for refining. The flotation circuit uses standard technology to produce a copper-gold concentrate. The copper-gold concentrate is shipped by rail and/or by truck to Noranda Inc.'s

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Horne Smelter in Rouyn/Noranda, Quebec for smelting and refining. Before January 2005, the ore from the Joe Mann Mine was transported and processed to the Campbell Merrill mill. This change was done in order to optimize physical and human resources. Since the Copper Rand mill does not have a cyanide circuit, the gold recovery was lower. However, this loss was positively compensated by the reduction of milling cost by processing at the Copper Rand mill.

EMPLOYEES

At the Joe Mann Mine (including the mill & administration), 114 persons were employed as of December 31, 2005, compared to 165 persons as of December 31, 2004. Of the 114 employees, 105 mine workers were covered by a collective bargaining agreement with CSN and one nurse was covered by a collective bargaining agreement with La Federation des Infirmiers et Infirmieres du Quebec (FIIQ). During the last three financial years, there were no material strikes or walkouts at the Joe Mann Mine.

The collective agreement at the Joe Mann Mine was renewed in 2005 and will terminate on December 31, 2010.

In February 1999, CSN, the union representing the hourly mine workers at the Joe Mann Mine, supported the implementation of the new work schedule and agreed to a two-year extension to the then current labour agreement. Also in February 1999, a new three year contract was agreed to with Les Metallurgistes Unis d'Amerique (the United Steel Workers of America), the union representing the hourly mill workers at the Campbell Mill, on the same terms regarding wages and gold price participation as were approved by the CSN. The collective agreement with FIIQ has comparable terms to the other two collective agreements. The agreements provided for an annual increase of \$0.25 per hour for the mine and mill workers, amounting to an annual cost of approximately \$120,000. In addition, a gold price participation formula has also been approved. For a gold price ranging between \$525 and \$625 per ounce, the employees would be entitled to a maximum of

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an additional \$0.80 per hour. The 2001 Plan initially contemplated a five-day per week mining schedule, with lateral development to be carried out on a seven-day per week schedule, compared to the seven-day per week schedule in 2000. In January 2003, a five-day per week mining schedule was implemented at the Joe Mann Mine.

ROYALTIES

In May 1993, Meston sold a graduated net smelter return royalty to Repadre Capital Corporation ("Repadre"), a subsidiary of Dundee Bancorp Inc., for \$3 million cash. The royalty, based on production from the Joe Mann Mine, is 1.8% at gold prices up to \$512 per ounce increasing to 3.6% at gold prices of \$625 per ounce and greater. A 2% royalty is also payable on copper production in excess of 5 million pounds per year and silver production in excess of one million ounces per year. On June 30, 2001 Campbell issued 800,000 common shares to Repadre pursuant to the merger in exchange for the reduction of this royalty to 1.5% at a gold price of US\$325, 1.75% at a gold price of US\$350 and 2% at a gold price of US\$375 or higher. This amended royalty is payable up to a maximum of \$500,000, after payment of which, the royalty will reduce to 1% payable thereafter so long as the gold price is at least US\$350. Royalty payments were again triggered in the commencing in December 2002. No royalty was paid in 2002. For the years ended December 31, 2003 and 2004, \$394,274 and \$239,444 respectively were paid to Repadre under this agreement. From May 1993 to the end

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of 2004, an aggregate of approximately \$4,724,000 was paid pursuant to this royalty.

In late 2001 and during fiscal year 2002, the Company completed three tranches totalling \$32,400,000 royalty financing on future production from the Joe Mann and Corner Bay, as described in Note 4 of the consolidated financial statements. The royalty will be paid to the unitholder based on the following formula: the fraction of outstanding royalty units over 4,740 units multiplied by \$8 per ton of ore for the years 2002 and 2003, \$14 for 2004, \$35 from January 1, 2005 until the net proceeds of the royalty sale plus interest of 10% compounded annually, exceed the aggregate of all royalty payments, from the date paid to the date of determination, at 10% compounded annually and \$1.50 per ton thereafter. This royalty may be repurchased at any time on or after July 1, 2007 or at any time that the unit holders are in default.

During 2003, the Company repurchased the tranche of royalty based on future production of the Corner Bay property for \$10,814,000, realized a loss of \$559,000 and sold a tranche of royalty on the future production of the Joe Mann property for \$10,255,000.

The unitholders had the right to require the Company to retract the royalty on or at any time after May 1, 2004 at the fair market value of the royalty unit. In 2005, the unitholders exercised their right and the Company repurchased the deferred royalty for a total lump sum of \$5,900,000. This deferred royalty amounted to \$24,908,000 at the time of the repurchase and the Company therefore recorded a gain of \$19,008,000. However, given the uncertainty regarding the collection of the notes receivable from the unitholders, the Company has recorded an allowance for doubtful account equal to the remaining portion of the amount, which stood at \$17,437,000 at the repurchase date. The net impact resulting from the repurchase of the deferred royalty aggregates \$1,571,000 and is included in other income. The Company intends to take legal action to recover the entire amount.

ENVIRONMENTAL MATTERS

Campbell filed preliminary rehabilitation and restoration plans on March 9, 1996, and has filed additional information required thereunder within the extensions granted by Quebec mining authorities. Annual financial guarantees are required to be filed in connection with the rehabilitation and restoration plan within 15 days of approval of the plan. The plan for the Joe Mann Mine site was approved in early 2000 and an amount of \$829,000 was posted as at December 31, 2005. The plan for the Campbell Mill site is awaiting approval. The appropriate method of re-mediating acid spots, which have appeared on 50 hectares of

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previously re-vegetated tailings is currently being reviewed. Two alternate methods are being considered which involve costs ranging from \$10,000 to \$30,000 per hectare. Campbell currently estimates that the maximum annual financial guarantees will range from \$154,000 in the first year to \$1,871,000 in the fourth year for an aggregate of \$3,517,500. An amount of \$3,607,000 is currently accrued as asset retirement obligations under the rehabilitation plans for both the Joe Mann Mine site and the Campbell Mill site. A significant portion of this work is to be completed over the life of the mine and as a consequence is not anticipated to have a material effect on Campbell's financial condition. On an ongoing basis, environmental compliance costs are not material at the Joe Mann Mine.

MINERAL EXPLORATION PROPERTIES

CHIBOUGAMAU EXPLORATION PROPERTIES

Meston owns extensive exploration properties in the Chibougamau area, including mining claims and several former producing mines. These former producing mines include the S-3, Lac Chib, Kokko Creek, Quebec Chibougamau and the Main Mine.

In June, 1992, Meston entered into two agreements with SOQUEM under which SOQUEM could expend up to \$7 million towards exploration programs on the Meston and Chibougamau properties. During 1995, these agreements were amended to extend their term and increase the expenditures. In July 1997, these agreements were further amended to provide that, SOQUEM can earn a 50% interest in the Meston property which comprises 147 claims and one mining concession (and excludes the Joe Mann Mine), in exchange for spending \$1.6 million in the five year period ending June 1, 2002 and a 50% interest in the Chibougamau properties, which comprises 201 claims and one mining concession, by spending \$750,000 in the five year period ending June 1, 2002.

During 1997, four claims located northwest of the Joe Mann Mine were added to the Meston property agreement, excluding the lateral and at depth extension of the Main Vein of the Joe Mann Mine protected by a 500 foot-wide corridor north of the Main Vein. A separate third agreement was also entered into with SOQUEM covering four claims and one mining concession located northeast of the Joe Mann Mine, excluding the lateral and at depth extension of the Main Vein of the Joe Mann Mine protected by a 500 foot-wide corridor north of the Main Vein, pursuant to which SOQUEM can earn a 3.5% net smelter return by expending \$400,000 over the five-year period ending June 1, 2002. Meston has the right to repurchase the net smelter return, if earned, for \$1,000,000 on or before June 1, 2007. Amounts expended under this agreement shall also be credited against the spending requirements under the Meston property agreement. As additional consideration for the 1997 amendments, SOQUEM agreed to fund \$100,000 of underground drilling on a north zone of the Joe Mann Mine. This amount was credited to the \$1.6 million of required expenditures on the Meston property.

Should SOQUEM not spend the amounts set out above, SOQUEM will earn no interest in the properties. Meston has retained the right of first refusal to treat any ore produced from these properties at its Campbell Mill. If either party fails to fund its pro rata share of expenditures once SOQUEM has earned its 50% interest, the defaulting party will have its interest diluted. If either party's interest is diluted to 15% or lower, such party's interest will automatically revert to a 3% net smelter return.

From the inception of the program in 1992 to December 31, 1997, SOQUEM had spent approximately \$2,548,000 on the Meston property and \$2,431,000 on the Chibougamau properties. To December 31, 2000, SOQUEM had incurred additional expenditures under the amendments of \$200,000 on the Meston properties and \$220,000 on the Chibougamau properties since the effective date of the 1997 amendments. Campbell is not responsible for sharing expenditures with respect to the referenced properties.

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During 2000, SOQUEM carried out exploration work totalling \$75,000 on the Chibougamau properties. On the Meston property, only yearly claim renewal costs of \$3000 were incurred in 2001, 2002 and 2003. No exploration work was carried out in 2001 and 2002 by SOQUEM.

In 2002, a further amending agreement was entered into between SOQUEM and Meston under which SOQUEM earned a 35% interest in the Meston property and a 40

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% interest in the Chibougamau property. Meston is now the operator and manager.

These undivided interests are based on the completed qualifying expenditures versus the total expenditure amount SOQUEM had to incur to earn its 50% interest.

In 2004, \$562,000 was spend, by Meston (65%) and SOQUEM (35%), in diamond drilling and ground geophysics surveys on Meston property.

In 2005, \$257,500 was spent by Meston (65%) in diamond drilling on the Meston property. SOQUEM (35%) has not participated in the exploration program in 2005. SOQUEM's interest will be reduced accordingly.

BUSINESS OF MSV

The Company's wholly-owned subsidiary MSV is principally involved in the production and development of gold and copper deposits in the Chibougamau region and along the Eastmain River in north western Quebec. MSV's assets are comprised of the Copper Rand Mine, the Cedar Bay Property (the "Cedar Bay Property") which is located 1 km of the Copper Rand facilities and the Copper Rand Mill of a capacity of 3,000 ton-per-day concentrator. MSV also owns the Eastmain mine which has been placed on care and maintenance along with numerous exploration properties hosting mineral resources, including the Corner Bay Property, located south of Chibougamau.

THE COPPER RAND MINE

LOCATION AND TITLE

The Copper Rand Mine, as well as the Copper Rand Mill are located in the McKenzie Township, Province of Quebec on the shores of Lake Chibougamau. It is approximately 7 kilometres east of the town of Chibougamau and is easily accessible from Route 167 and a paved secondary road. The property includes the Copper Rand Mine and the former producer Cedar Bay Mine. The property, is composed of six mining concessions and one mining lease covering an area of 449 hectares. Surrounding that block, MSV is controlling 100% of 185 mining claims and 12 mining concessions covering an area of 4,839 hectares in the McKenzie, Roy and Obalski Townships, Ungava electoral district.

HISTORY

Initial exploration was first carried out on the Copper Rand Mine in 1910 when trenching work revealed erratic copper showings. In 1948, Grand-Chibougamau Mines Ltd. drilled a shear zone under the lake. In 1950, Royrand Fields Ltd. acquired the properties and in 1952, when copper prices increased, development was begun by New Royrand Copper Rand Chibougamau Mines Ltd. in conjunction with Patino Canada Ltd., a subsidiary of Patino N.V. of the Netherlands.

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Production commenced in 1959 and in 1981, Northgate Exploration Ltd. acquired the Copper Rand and Portage mines, as well as other neighbouring mines and properties. In 1987, Westminer acquired the mines from Northgate Exploration Ltd. and operated them until November 1992 when the mines were placed on care and maintenance. In February 1993, MSV became a producing gold and copper company through the acquisition of the Copper Rand and Portage mines from Westminer. The mines were re-opened in March, 1993 and an extensive exploration program was carried out. Only the Copper Rand Mine still hosts mineral resources.

COPPER RAND 5000 PROJECT BACKGROUND

On December 4, 2000, MSV entered into a number of agreements with the Partners for the realization of the Copper Rand Project. The agreements provided for the investment by the Partners and MSV in shares of CCR, the reimbursement of the advances made by the Partners, the transfer by MSV to CCR of the operating assets of the Copper Rand Project, MSV's management of the Copper Rand Project and the conditions relating to the closing of the Copper Rand Project financing. Final Copper Rand Project financing agreements were signed on March 8 and on March 15, 2001.

In December 2004, Campbell, through MSV, acquired the remaining 24% interest in CCR equally held by the Partners by the issuance of 5,853,660 common shares of the Company as consideration for the 60,000 common shares of CCR held by the Partners.

FINANCING OF THE COPPER RAND PROJECT AND DETAILS OF THE MANAGEMENT OF THE COPPER RAND PROJECT

MSV transferred the operating assets for the Copper Rand Project to CCR, and MSV and its Partners then held shares of CCR. The Copper Rand Project as finally approved included; the transfer of assets valued at \$10,000,000 in return for a 16% interest in CCR, the possible issuance of unsecured 8% convertible debentures by MSV for a maximum of \$15,000,000, the possible issuance of shares of the MSV, exchangeable into up to 21,512,195 common shares of Campbell in consideration of the exchange of interests held by the Partners in CCR, the possible issuance of 2,439,025 common shares of Campbell to Investissement Quebec and the set-up of a guarantee by MSV in favour of Investissement Quebec. All common shares were to be issued at a minimum price of \$1.025 per share and convertible debentures had a conversion price of \$1.025 per share. In July 2001, in accordance with the terms of their initial investment, SOQUEM and SDBJ exchanged part of their interest in CCR into convertible debentures of MSV increasing MSV interest in CCR to 26%. MSV issued an aggregate of \$2.5 million of debentures bearing interest at a base rate of 8% annually escalating based on metal prices and CCR's production levels. The debentures were convertible into Campbell common shares at a conversion price of \$1.025 per share.

Investissement Quebec has provided to CCR a loan and credit facility to fund the Copper Rand Project up to a maximum of \$22 million, of which \$5,5 million had been drawn at December 31, 2005. The loan provides that interest payment commences in June 2005 and repayment commences in June 2005 (in 16 quarterly payments). Under the loan and credit facility agreement, CCR has granted to Investissement Quebec a five-year option to acquire up to 25,000 CCR shares at a price of \$100 per share for an aggregate amount of \$2,500,000. The shares issued to Investissement Quebec upon exercise of the option are to be immediately converted into MSV common shares at a conversion price of \$0.25 per MSV share resulting in the issuance of 10,000,000 additional MSV shares and thereby increasing MSV's interest in CCR proportionally to the number of shares so converted. The facility is secured by a charge on the assets of CCR excluding inventory and receivables. As promoter and manager of the Copper Rand Project, MSV has guaranteed the Investissement Quebec loan.

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CCR has received a subsidy of \$840,000 from the ministere des Ressources naturelles, de la Faune et des Parcs (Quebec) and is eligible to receive \$1,200,000 from the Centre local d'emploi in training grants and approximately

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\$3,000,000 in mining tax credits.

The initial project consisted of two phases. Phase I included the deepening of the shaft to a depth of 4,150 feet and the access to the ore via a 3,900-foot decline from level 3970 to the 4550 level. The total cost of phase I was estimated at \$39,000,000. Phase II included the continuation of the decline to access the 5000 level. The cost of phase II was estimated at \$7,000,000 and was to be financed from operating flows.

In early 2002, the project was modified to eliminate most of the second phase by deepening the shaft by an additional 170 feet, eliminating most of the cost of the second phase. As of December 31, 2002 the deepening of the shaft and development of the 4150 level have been completed. Work on the 3,800-foot decline has been completed in March 2004. The ventilation raise, work on installing the conveyor and pre-production development are completed. Due to the delay in commencement of production, additional financing has been required. The increase is primarily due to the following factors; the additional 170-foot deepening of the main shaft, unplanned underground rehabilitation work, rehabilitation work on the mill required due to the inactivity since the 1997 shutdown, major mechanical repairs to the hoist, additional 2,100 feet of raise for improving ventilation and emergency exit, required training programs, the delays due to a lower than forecast rate of mine development, and the impact of fixed costs during the delay in commencement of production.

The bringing on stream of production of the Copper Rand Mine, expected in the first half of 2004, has been delayed due to the suspension of the project in June 2003 while awaiting the financial reorganization of CCR.

In the context of this reorganization, on October 1, 2003, Campbell acquired control of CCR by increasing its interest from 26% to 76% through the issuance of 12,195,120 Campbell common shares. The value of the net assets acquired was \$11,302,000. Campbell's financial statements reflect the financial situation and results of operations of the new subsidiary since that date. CCR was the owner of the Copper Rand and Cedar Bay mines and the Copper Rand Mill, which has a capacity of 3,000 tons per day, situated in the Chibougamau mining camp of Quebec. In order to obtain the required project approval on this reorganization from Investissement Quebec and to gain access to \$5,500,000 of the originally approved \$22,000,000 line of credit, Campbell reimbursed a portion of the guaranteed debt through the issue of 10,458,894 common shares in the amount of \$8,157,701 and committed to invest \$7,000,000 in operating funds for exploration and other activities. In addition, Campbell granted Investissement Quebec the option to convert part or all of its debt into the Company's common shares as of October 1, 2004 based on market prices at that time. According to this agreement, Campbell is required to invest amounts necessary to bring the mine on stream in order to access the remaining portion of the credit facility.

Since March 2001, the development at the Copper Rand Mine has been focused on accessing the gold and copper resources between levels 4030 and 5000. Commercial production started in the first half of 2005 with annual production projected to be in excess of 29,000 ounces of gold and 15,000,000 pounds of copper. During the 2005 fiscal year, capital expenditures and exploration costs totalled \$2,620,000, (\$26,482,000 in 2004 and \$10,422,000 in 2003). The estimate of capital expenditures and exploration costs for 2006 are expected to be \$4,000,000. Campbell plans to complete this work using cash generated by mine production and future private placements.

In 2005, in light of the situation at the Copper Rand Mine, the Company revalued the property. Higher costs and accumulated delays in development led to a \$16,702,000 property write-down.

OTHER ASPECTS OF THE COPPER RAND PROJECT

MSV is the operator of the Copper Rand Project.

GEOLOGY

The Copper Rand Mine is part of the Lac Dore complex, a stratified complex of intrusive origins, composed principally of meta-anorhosites and metagabbros. The prevailing meta-anorhosite rock is composed mostly (70 to 90%) of plagioclase rock which has been heavily altered to form zoisites, clinozoisites and epidotes. Frequent albitisation is observed. The plagioclase rock floats in a matrix of quartz, carbonate, sericite and chlorite rock. Sulfides are seldom found.

The meta-anorhosites are inlaid with deformation corridors through which hydrothermal solutions travelled. The circulation of these hydrothermal solutions altered the rock and sericite and chlorite schists resulted when tectonic movements occurred. The mineralization is found precisely within these alteration corridors. The schists are generally composed of sericites, chlorites, carbonates and quartz.

The mineralization within the alteration corridors usually takes the form of sulfide lenses (generally 10 to 30%) composed principally of pyrite and chalcopyrite with occasional (1 to 5%) pyrrhotite and small quantities of sphalerite and galena. The ore gangue (70 to 90%) is composed essentially of chlorite, quartz and carbonates. The relative distribution of these three components of the gangue varies, although generally carbonates represent 15 to 20% of the gangue on average.

MINERAL RESOURCES

As of December 31, 2005, the mineral reserves and resources at the Copper Rand Mine were as follows:

	TONS (SHORT)	CU (%)	AU (OPT)
	-----	-----	-----
RESERVES			
Proven	442,600	2.31	
Probable	1,016,00	1.49	

TOTAL RESERVES	1,459,400		
	=====		
RESOURCES			
Measured	60,300	1.78	.077
	-----	-----	-----
Indicated	551,200	1.69	.093
	-----	-----	-----
TOTAL RESERVES	611,500	1.70	.091
	=====	=====	=====
Inferred		2.26	.085

Notes:

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Information on calculations of mineral reserves and resources at Copper Rand:

- All data verified by J. Tanguay, Chief Geologist at the Copper Rand Mine and by Alain Blais, Vice President Geology and Development for Campbell;

Economic parameters: Au = US\$450/oz, Cu = US\$1.25/lb US\$/Can\$=1.20;

All high gold grades brought back to 0.40 opt Au; All high copper grades brought back to 6.0%;

Method used, polygon on orthogonal projection. Cut off = \$40 NSR;

Mill recovery = Au: 83 % Cu = 98 %.

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MINING

For the Copper Rand Project, the sublevel open stoping with paste backfill mining method has been selected. The mineralized zone is divided into stopes that will be mined alternately with a backfill cycle. The spacing between sublevels is 80 feet from floor to floor, which is supported by a Golder Associates rock mechanics study. Alternating stopes are opened over a horizontal distance of 60 feet. Production takes place on each sublevel. The sublevels are accessed by secondary ramps that start at level 4730 and end at levels 4030 and 5030.

The mining method is mechanized, which minimizes the personnel required for the operation. Hydraulic drills are presently used. The 3" diameter holes are drilled downward. The flexibility of the drills allows the stope openings to be limited to between 7 and 8 feet. The access and mucking drifts are located in the footwall of the deposit.

THE COPPER RAND MILL

GENERAL

The Copper Rand Mill is housed in a 5,180 square metre building, which includes crushing and milling equipment, a control room and concentrate storage facilities. Ore at the Copper Rand Mill is stored in three ore bins with a capacity of 1,600 tons.

MILLING

The Copper Rand concentrator has a rated capacity of 3,000 tons per day. The mill process includes two separate circuits: a flotation circuit and a gravity circuit. Gold recovered from the gravity circuit is melted on site and the dore bars are shipped directly to the Royal Canadian Mint for refining. The flotation circuit uses standard technology to produce a copper-gold concentrate.

ENVIRONMENTAL FUND

An environmental fund of \$4.1 million to provide for the ultimate restoration and rehabilitation of the mining sites is in place. MSV Restoration Inc. is a single purpose wholly-owned subsidiary set up to carry out the site rehabilitation and restoration work of the properties acquired from Westminer by MSV. At December 31, 2005 the trustee of the fund had posted a \$1,163,000 financial guarantee with the ministere des Ressources naturelles, de la Faune et

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des Parcs in respect of the rehabilitation plan which was approved by Quebec mining authorities.

TAILINGS AND WASTE DISPOSAL

Tailings are disposed of in MSV's tailings pond which meets all environmental requirements. The current disposal site has been used since 1974 exclusively for tailings generated from the Copper Rand, Portage and Eastmain mines. Tailing disposal sites have been extensively examined and tested during the course of the preparation of MSV's application for operating permits filed with the MENVIQ and are regularly tested in accordance with existing environmental standards. Tailing disposal sites meet all existing environmental requirements and standards. Waste rock from the Copper Rand Mine that cannot be dumped underground is hoisted to the surface and stored in a 240 ton bin adjacent to No. 4 shaft before being transferred to a waste dump located south of the shaft.

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EMPLOYEES

As at December 31, 2005, MSV had approximately 72 full time employees at the Copper Rand Mine compared to 135 at December 31, 2004 and 332 at the end of 1996 prior to the suspension of operations, as previously described. At the Copper Rand Mine, 102 employees were covered by a collective bargaining agreement with the United Steelworkers of America. The collective agreement, renewed for a period of five years, will end on April 30, 2009.

ROYALTIES

As part of the consideration for acquiring the mines from Westminer, MSV agreed to pay the former a royalty of \$0.375 per ton of ore milled at the Copper Rand Mill commencing on February 26, 1995. This royalty may be repurchased at any time after February 26, 1998 for \$750,000.

In addition, SDBJ is entitled to a royalty of \$0.250 per ton of ore milled at the Copper Rand Mill during the first two years following the acquisition. This royalty increases to \$0.375 per ton of ore milled thereafter. Finally, SDBJ is entitled to a royalty premium of \$0.250 per ton of ore milled if the net smelter return per ton of ore produced at the Copper Rand Mill exceeds a base amount of \$70 a ton. The base amount of \$70 per ton is to be indexed quarterly based upon the Consumer Price Index published by Statistics Canada, 1993 being the base year. The SDBJ royalty is payable monthly. This royalty may also be repurchased at any time for \$750,000.

THE CORNER BAY PROPERTY

LOCATION AND TITLE

The Corner Bay Property, located in the Townships of Lemoine and Obalski, Province of Quebec, is approximately 55 km south of the City of Chibougamau. Easily accessible by road, the property is composed of 16 contiguous claims covering an area of 256 hectares.

HISTORY

From its discovery in 1956 until 1972, eight drilling programs totalling 1,463 metres and various geophysical and electromagnetic surveys were conducted on the property. In 1972, drilling by Rio Tinto PLC and Flanagan McAdam

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Resources Inc., led to the discovery of Zones A, B, C and D in the Inner Block. Between 1979 and 1981, Corner Bay Minerals Inc. ("Corner Bay") carried out a drilling program consisting of 22 holes for a total of 2,488 metres. In addition, the drilling on a geophysical anomaly 500 metres long led to the discovery of the Zone Ouest.

In 1982, Riocanex Inc. ("Riocanex") discovered the Main Zone, located less than 500 metres from the Zone Ouest. Toward the end of 1984, Riocanex drilled 38 holes totalling 14,470 metres on these two zones. Preussag Canada continued work on the Zone Ouest and Main Zone between 1984 and 1986 by drilling and conducting geophysical surveys.

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In July of 1992, SOQUEM and Corner Bay entered into an agreement whereby SOQUEM could acquire a 30% interest in the Inner Block by incurring \$1.2 million in exploration work. Under the terms of the agreement, SOQUEM could also earn an additional 20% interest by carrying out a second phase of work which would also cost \$1.2 million. SOQUEM earned its 30% interest by carrying out three drilling programs in 1992 and 1993. Thirty-four holes were drilled for a total of 13,583 metres on the Main Zone to evaluate its continuity and confirm the tonnage and grade of the deposit. Also during this period, SOQUEM conducted geophysical surveys and drilling to test certain geophysical abnormalities inside the Inner Block. In 1993, SOQUEM carried out a third drilling program totalling 8,897 metres over 18 holes.

In October 1994, MSV and Cache Explorations Inc. ("Cache") jointly acquired the Corner Bay Property from Corner Bay and SOQUEM in consideration of the payment of certain royalties. In order to earn this interest, MSV undertook to invest \$8 million to bring the deposit into production, to provide technical support and to mill the ore at cost. In October 1995, MSV acquired the remaining 45% interest when it merged with Cache. In December 1997, MSV renegotiated an agreement with Corner Bay and SOQUEM modifying the earlier agreement of October 14, 1994 regarding the acquisition of the Corner Bay Property. Under the new agreement, MSV acquired the property for a total consideration of \$1,560,500, part of which was payable in cash with the balance payable in common shares. These obligations of MSV were discharged in 2001 as part of MSV's proposal to creditors discussed above. As additional continuing consideration, MSV will pay a 2% net smelter royalty.

MSV had planned to begin developing the Corner Bay Property in the second half of 1996 by driving a ramp from surface to a final depth of 340 metres. Because of a drop in copper prices at the end of the first half of 1996, management postponed this development. For 2006, considering the raise of copper price, the feasibility of developing the Corner Bay Property is now in process of being reconsidered.

GEOLOGY

The Corner Bay Property is situated within the anorthostic zone of the Lac Dore complex. Although a few mineralized zones have been intersected outside the known Main Zone, this zone is presently considered to be the only potential copper deposit. The Main Zone shows a strike bearing more or less continuously at N 10 degrees W. To the north, it is intersected by a gabbroic dyke while to the south, the zone is limited by the presence of a deformation corridor striking NE-SW. The thickness of the shear zone is variable from 2 to 25 metres, and its abrupt dip is 80-85 degrees to the west. Furthermore, it shows a lateral extension of more than 700 metres and its depth has been confirmed by drilling down to the 600 meter level.

The deposit is characterized by the presence of a sericitization halo of varying thickness from 1 cm to 1 meter, located on either side of the main structure. Parallel to this structure, there is a diffused network of veins/veinlets of quartz, chalcopyrite and pyrite which fill the fine fractures. The principal alterations found in the shear zone are those of chloritization, sericitization, silification and, to a lesser degree, carbonatization (calcite). The mineralization (massive to semi-massive sulphides) consists of pyrite and chalcopyrite and is associated with quartz veins more or less parallel to the shearing. On either side of these mineralized lenses, the percentage of disseminated sulphides gradually diminishes. Also, many of those massive to semi-massive veins are cut by a second generation of hematized quartz veins that contain only disseminated to semi-massive sulphides. These two types of veins can be systematically observed on the overall mineralized sections in proportions that are variable. Associated with the copper, small quantities of gold and silver are present.

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MINERAL RESOURCES

As at December 31, 2005, the Corner Bay Property had the following mineral resources following a 2 years diamond drilling program of 98 holes totalling 84,550 feet of diamond drilling (2004-05):

	Tons	Grade (Cu%)
	-----	-----
Measured	740,000	5.13
Indicated	325,600	5.53
Inferred	874,000	6.60

Notes:

- (1) These estimates were verified internally by Jean Girard, a Qualified Person who has been employed as an exploration geologist in the Abitibi and Northern Quebec since 1975.
- (2) Details and Parameters of resource calculations are as follows:

CALCULATION METHOD	Polygon
Cut off grade	3.00 % Cu
High-grade cut (Cu)	12.00 % Cu.
Dilution	Long hole: 15% Shrinkage: 20%
Mill recovery(Cu)	95%
Price assumption (Cu)	1.25US\$/pound
Exchange rate Can \$/US\$	0.833
Year of calculation	December 2005

ROYALTIES

MSV will pay a 2% net smelter royalty (70% to Corner Bay now Pan American Silver Corp. and 30% to SOQUEM) for any minerals mined from the property after production of 826,725 tons (750,000 tonnes).

THE EASTMAIN MINE

LOCATION AND TITLE

The Property was consisting of a block of 302 contiguous mining claims and one mining lease covering the mine was totalling 4,976 hectares. In the fall of 2005, claims were converted into cells (CDC) according to new provisions under the Quebec Mining Law. This conversion resulted in a block of 151 contiguous cells and one mining lease covering the mine for a total of 8,014 hectares. The Property is situated in the Mistassini Territory, District of Abitibi, Quebec. It is located at a distance of 310-km Northeast of Chibougamau. MSV is the sole owner of the Property. A first interest of 49% was acquired in April 1988 after spending \$9 million on exploration work on the Property through a joint venture with Placer Dome Inc. in 1987-1988. The remaining 51% was acquired from Placer Dome Inc. in September 1988.

HISTORY

Sporadic work commenced on the Property in the early 1940's. In 1970, Placer Development Ltd. carried out a drilling program consisting of seven drill holes which revealed the presence of a gold zone (the A Zone). Exploration resumed in 1981-1982 when Placer Development Ltd. conducted an electromagnetic survey by helicopter, geophysical surveys, and a drilling program consisting of 34 drill holes (5,639 m.) which led to the discovery of two other gold zones, the B and C zones.

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Between 1983 and 1985, additional exploration work was done by Placer Development Ltd. consisting of electromagnetic surveys, geophysical surveys, a geological survey and a drilling program totalling 91 drill holes. In 1986, 25 holes were also drilled. In 1987 as part of the joint venture between Placer Dome Inc. and MSV, \$9 million was expended on exploration work on the Property, including 33 drill holes, and an underground exploration program was carried out on the A Zone. In 1988 and 1989, MSV continued to conduct exploration work on the Property through a drilling program of 155 drill holes and detailed geological surveys. In total, more than 345 drill holes comprising 62,300 metres have been drilled on the property. In addition, 1,158 metres of underground exploration drifts have been driven, and extensive geophysical work has been carried out on the Property.

After its reorganization in the fall of 1986, MSV entered into an option agreement to earn a 49% interest in the Property in consideration of exploration work totalling \$9 million. This interest was earned in 1988. MSV acquired the remaining 51% interest in the Property that same year through financing provided by Northgate Exploration Limited and became the sole owner. In the second half of 1994, the Eastmain mine entered into production and produced 14,595 ounces of gold. In 1995, the Eastmain mine closed after less than one year of pre-production due to the remoteness of the site and the difficulty and high cost of transporting ore by winter road.

Based on internal studies and with confirmation by independent consultants, MSV decided in October 1994 to begin development of the Property as a 500 tonne-per-day underground mine with the broken ore to be transported during the winter to Chibougamau for further processing. This scenario did not prove successful and the mine was closed in the fall 1995.

The installation of a small mill on site and the completion of the winter road for year-round access would be required for the operations to resume. An

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environmental impact study is currently being completed and will be presented along with our authorization certificate request to the MENVIQ.

GEOLOGY

The Property is contained within the Wahemen metavolcanic-metasedimentary belt of Archean age and is completely enclosed by granites and leucocratic biotite/ hornblende gneisses. This belt has an arcuate shape with a younger intrusive core composed of granodioritic granite, a feature somewhat analogous to the Matagami district. The metavolcanic belt is approximately 160 km in length and up to 8 km in width.

The local stratigraphy is based on sparse outcrops and drill hole data, the area being covered by 5 to 15 metres of overburden. The rocks in the area are overturned, strike about 325 degrees and dip approximately 30 degrees to 40 degrees north. They consist predominantly of felsic metavolcanics, mafic to ultramafic metavolcanics and a siliceous sulphide-bearing chert. The rocks have been intruded by younger dykes and sills of both felsic and mafic composition. Faulting occurs, but is not well understood due to the lack of outcrops.

Present economic gold mineralization is confined within the chert and usually occurs where the total sulphide concentration exceeds 15% of the volume. Mineralization occurs in three distinct forms: stringers containing 10 to 15% of pyrite, 10 to 15% of pyrrhotine and 2 to 5% of chalcopyrite, with traces of native gold, lenses in massive sulphides of 0.2 to 2.0 metres in length, consisting principally of pyrrhotine with secondary pyrite and chalcopyrite, also showing traces of native gold in fragments of the chert and modules and disseminated gold in stringers of 10 to 20% of pyrrhotine and in blebs in 2 to 3 % of chalcopyrite.

Two economic ore zones have been identified to date, namely the A and B zones. The existence of a C Zone is also known and an exploration program has also clearly indicated a potential to find additional zones.

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Both zones have a roughly tubular shape and are continuous both down-dip and along strike. The A Zone appears to be one continuous ore horizon that displays a steep rake to the northeast which pinches and swells both along strike and down-dip. It has an average thickness of 2.3 metres, a strike length of approximately 100 metres and has been intersected in drill core to 580 m down-dip. The B Zone has a similar geometry except that it can be divided in five lenses with the largest one having a length of 200 metres, a down-dip extent of 480 metres and an average width of 3 metres.

MINERAL RESOURCES

As at December 31, 1995, the Eastmain mine had the following historical (2) mineral resources.

	Tons	Grade (Au oz/ton)
	-----	-----
Measured	91,500	0.268
Indicated	786,600	0.294

Notes:

- (1) These estimates were verified internally by Alain Blais, a Qualified Person who has been employed as a geologist in the Chibougamau area since 1979.
- (2) Historical mineral resources are not in compliances with the NI 43-101.
- (3) Details and parameters of mineral resource calculations are as follows:

CALCULATION METHOD	Bloc / horizontal. Long sect.
Cut off grade	0.126 oz Au/T
High-grade cut (Cu)/(Au)	None / 2.0 oz
Dilution	28 %
Mill recovery (Cu)/(Au)	95 / 90%
Price assumption (Au Cu)	US\$375/ oz
Exchange rate Can \$/US\$	0.70

SURFACE INFRASTRUCTURE

Since 1994, MSV has invested more than \$30 million to complete surface infrastructures and pre-production work, including the construction of a 180-kilometre winter road linking the mining camp with Route 167, upgrading the airstrip to bring in supplies and transport personnel, installing 4.4. million litre fuel storage tanks, building a mine water settling pond, constructing and renovating the main camp and surface facilities, purchasing mining equipment and dewatering the main ramp and exploration drifts.

To finance this work, the Federal and Provincial Governments contributed to the development of the infrastructures with a \$3.4 million grant under the Canada-Quebec Subsidiary Agreement on Mineral Development. The remainder of the funds was obtained through the public share offerings of November 1993 and May 1994.

When pre-production came to a halt, the site was deserted and the mine flooded. The camp is now being used to accommodate exploration teams.

MINING

Access to the ore body is via a ramp from surface. The ramp excavation is completely mechanized with a jumbo, scoop trams and diesel trucks.

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Mining was carried out by a shrinkage stoping method modified to accommodate the geometry of the Property. Because of the shallow dip, scrapers were used to level the broken ore and to empty the stopes. All drilling is done by jacklegs and stopers. Ore was brought to surface by 26 ton trucks where it was stockpiled. The stockpile was then crushed and carried over the winter road during the period from January to April for treatment at the Copper Rand Mill. In 1995, the mine provided the mill with 46,811 tons before closing. This ore was processed at the Copper Rand Mill during the first quarter of 1996. A total of six stopes are developed in zones A and B, so that production could resume shortly after dewatering of the mine. A \$1,500,000 accrual has been provided in respect of reclamation and rehabilitation of the Property.

EXPLORATION ACTIVITY

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During 2005, a total of \$185,000 was spent on the Property for an airborne survey (VTEM) totalling 1,153 km. This data will be used to orientate future exploration activities on the Property.

ROYALTIES

Placer Dome Inc. holds a 2% net smelter return royalty on the claims other than the 36 claims where present reserves have been outlined, and Meston holds a 2% net operating profit interest in the Property.

THE CEDAR BAY PROPERTY

The Cedar Bay property is contiguous with mining concession No. 497 and mining lease No. 656 of the Copper Rand Property, along their western and north-western boundaries. The Cedar Bay Property is comprised of two mining concessions (Nos. 440 and 461), covering an area of approximately 122 hectares, in the Township of McKenzie, Electoral District of Ungava.

The Cedar Bay Property was a gold-copper producer and operated from 1957 to 1990. It produced approximately 4.2 million tons of ore grading 0.097 oz/t Au and 1.65% Cu per ton down to a depth of 780 metres. It was placed on care and maintenance in 1990 when its reserves were depleted after a shaft deepening and underground exploration program yielded marginally economic results.

To consolidate its position in the Chibougamau area, MSV acquired the Cedar Bay, Henderson I and Henderson II properties (the "Properties") from Meston in June of 1993. In consideration of this acquisition, MSV agreed to assume all environmental and rehabilitation obligations of Meston related to the Properties, to completely exonerate Campbell from its obligations to de-water the Henderson II and to pay Meston a 3% net smelter royalty on any minerals mined from Cedar Bay after recovery of all initial capital costs (excluding interest), and after production of not less than 4,000,000 tons of ore. Since 1994, 196,195 tons of ore have been extracted from the Cedar Bay mine.

The Cedar Bay Property was acquired by MSV to permit continued mining of the mineralized zones at Copper Rand that continue at depth. In 1993 and 1994, MSV conducted an exploration program on the Cedar Bay Property from the underground workings of the Copper Rand Mine in order to define a mineralized zone of sufficient size and quality to justify its reopening. Encouraging results from this program point to the presence of several mineralized zones with economically viable gold and copper grades between the 3200 and 3840 levels directly underneath the last operating levels. These mineralized zones could eventually be developed after the Copper Rand Project has been put into production. The surface installations were dismantled in the spring of 1997. The Cedar Bay Property has good exploration potential and is now part of the Copper Rand Project.

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BUSINESS OF GEONOVA

The activities of GeoNova consist mainly in the acquisition, exploration and development of mining properties. Its strategy is to focus on exploration in the Province of Quebec and more specifically, in the Abitibi region.

The main projects are the Discovery project (the "Discovery Project"), the Chevrier project (the "Chevrier Project"), the Berthiaume syndicate (the "Berthiaume Syndicate") and the Pitt Gold property (the "Pitt Gold Property").

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THE DISCOVERY PROJECT

In April 1994, GeoNova entered into an option agreement with Homestake Mining Company ("Homestake") to acquire a 51% interest in the Desjardins and Gander properties. On April 16, 1997, GeoNova acquired the Desjardins portion of the Discovery Project from Homestake.

In November 1994, GeoNova entered into an option agreement entitling it to acquire a 100% undivided interest in the Borduas-Martel property. GeoNova exercised its option and became the sole owner of the Borduas-Martel property in February 1999. In December 2000, the agreement was amended and GeoNova undertook to issue 350,000 GeoNova shares for the cancellation of a provision pursuant to which GeoNova had agreed to pay \$100,000 annually as an advance royalty payment.

On October 8, 2002, Strateco signed a final agreement with GeoNova, under which Strateco has the option to acquire a 50% interest in the Discovery gold project. The agreement provides for Strateco to acquire its 50% interest in the Discovery Project by funding \$4,500,000 in exploration over four years, including \$750,000 the first year, and by issuing 600,000 common shares of Strateco with 300,000 issued upon signature. Each share will be accompanied by half a warrant valid for a period of 24 months from the date of issuance. One warrant entitles its holder to purchase one common share additional common share of Strateco at a 20% premium over the average weighted price on the TSX over the ten days preceding the date of issuance. Strateco has completed 2,000 metres of drilling in late 2002, which was followed by a program of about 10,000 metres of drilling commenced in 2003, aimed at testing the known gold-bearing zones at depth and laterally in order to increase the resource. By December 31, 2005 Strateco had incurred \$2.5 million in exploration expenses since the beginning of their option. (\$1.5 million in 2003). During 2005 Strateco has spent \$384,600 in exploration expenses. In February 2006, GeoNova has signed a letter of intent with Strateco whereby GeoNova agreed to sell the Discovery Project to Strateco for a global value of \$1,5 million (cash & shares). This transaction is subject to the approval by Strateco's Board of Directors and then must receive regulatory approval.

LOCATION, ACCESS AND OWNERSHIP

The Discovery Project is comprised of the contiguous Desjardins, Borduas-Martel and Cameron properties. All these properties are located in Bruneau and Desjardins townships about 205 km west southwest of Chibougamau, Quebec. The property is accessed via a network of secondary logging roads connecting to provincial highway 113, as well as by the CN railway track.

The Desjardins property consists of 28 contiguous claims covering an area of 959.8 hectares in Bruneau Township. GeoNova has a 100% undivided interest subject to a 1% NSR on certain claims and a 3% NSR on the remaining claims retained by Homestake. In addition, the 14 claims affected by a 1% NSR are also subject to a 20% net profit interest held by Noranda Inc.

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The Borduas Martel property consists of 41 claims covering 728 hectares. In 1999, GeoNova exercised an option granted to it by Messrs. Borduas and Martel and acquired a 100% undivided interest in the property subject to a royalty equal to the greater of 2% NSR or (\$1.00) per tonne for any mineral substance processed and/or sold.

The Cameron property consists of 55 claims covering 1,599 hectares. This property was transferred to GeoNova by Strateco in September 2003.

GEOLOGY

The Discovery Project is in the Abitibi sub-province in the Canadian Shield. The Desjardins and Borduas-Martel properties lie on the border of Taibi Group rocks to the north and units of the Vezza-Bruneau volcanic-sedimentary assembly to the south. These volcanic and sedimentary units strike E-W to NW-SE with a subvertical dip, and form a homoclinal stratigraphic sequence showing tops to the north. The Taibi Group consists of detritic and chemical sedimentary sequences composed greywacke-siltstone-argillite beds and iron formations. The Vezza-Bruneau assembly is straddled by the Taibi Group.

The geological units of Desjardins and Bruneau townships show intense regional anisotropy associated with the Douay-Cameron deformation corridor, which extends over 80 km in length and up to 5 km in width. This corridor consists of a NW-SE to ENE-striking structure showing a subhorizontal lineation of stretching. Large regional faults striking NE-SW are present and form a complex structural network.

The Taibi Group and the Vezza-Bruneau Sequence host numerous polymetallic and gold occurrences and deposits. Almost all the deposits are associated with the Casa-Berardi and Douay-Cameron deformation corridors, which lie at the contact of the Cartwright volcanics and the Taibi sediments. The gold is generally associated with quartz-Fe carbonate veins and veinlets encased in the shear zones associated with intrusive and volcanic mafic rocks. The gold-bearing zones are generally folded and associated with quartz-feldspar porphyries. The mineralized zones are often associated with structural phenomena such as fold nose and/or fault intersections.

More specifically, the Discovery Project geology consists of a band of magnetic rocks varying in thickness from 50 to 200 metres over a distance of 5 km along a NW-SE striking axis. These rocks consist of gabbro and quartz diorite sills sitting in the upper portion of a volcanic sequence at the contact of Taibi Group sediments to the north. These rocks are affected by a series of subvertical ductile-brittle shear zones several tens of metres thick, associated with the gold mineralization. The shear zones show intense alteration and contain 10 to 100% quartz-ankerite-albite-sulfide veins and veinlets. The gold occurs at the contact of the veins and the altered host rock, associated with the sulphides and/or as isolated grains.

HISTORICAL MINERAL RESOURCES (1)

The mineralized zone was delineated over a distance of 800 metres and to a depth of 600 metres. It is subdivided into three gold-bearing zones, each 100 to 200 metres long. These zones are open at depth, as well as laterally in the case of the Central and East zones. The potential for additional mineral resources is excellent to the east and west but more particularly to the east on the Borduas-Martel property where the shear zones continue for at least two kilometres.

The west zone was outlined by 20 holes and delineated from surface to 600 metres. Its length ranges from 100 to 250 metres with a maximum between the 150 metre and 300 metre levels. The horizontal thickness at economic grades ranges from 1.50 to 5.54 metres and increases significantly below the 300 metre

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level. The central zone was outlined by nine main holes to a depth of 650 metres. The horizontal thickness at economic grades ranges from 1.50 to 1.73

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metres. The east zone was discovered during the last drilling program and was outlined by nine holes. It begins at the 150 metre level and continues down at least 480 metres.

The latest historical mineral inventory estimate was performed internally in December 1997 by the GeoNova's staff using the polygon method on longitudinal sections. No dilution or mining factors were taken into account. Using a cut-off grade of 2.0 g/t Au the indicated and inferred historical mineral resources are respectively 775,400 tons at 0.147 opt Au with an average thickness of 6.08 metres and 1,562,100 tons at 0.150 opt Au with an average of 7.23 metres. Using a cut off grade of 3.0 g/t Au, the same categories show respectively 558,200 tons at 0.178 opt Au with an average thickness of 3.08 metres and 1,068,600 tons at 0.188 opt Au with an average thickness of 3.19 metres. Using a cut off grade of 4.0 g/t Au for ore blocks and a cut off grade of 3.0 g/t Au for samples, the same categories show respectively 471,400 tons at 0.178 opt Au with an average thickness of 3.32 metres and 907,200 tons at 0.188 opt Au with an average thickness of 3.46 metres. This last scenario is the one retained by GeoNova for historical resources publication. Also, in this last scenario, the historical indicated resources are divided into two sub categories: 82,800 tons at 0.178 opt Au has historical indicated resources of category (I) and 388,600 tons at 0.171 opt Au has historical indicated resources of category (II)). The category (I) represents mineralization within a radius of 10 metres of the drill intersection where as the category (II) represents mineralization within a radius of 10-25 metres of the drill intersection.

Note:

- (1) Historical resources are not in compliance with the National Instrument 43-101 Standards of Disclosure for Mineral Projects.

METALLURGICAL TESTING

In 1998, metallurgical testing was carried out by Lakefield Research ("Lakefield"). A 60 kg sample, taken from drill core from 10 short holes, 10 to 25 metres below surface, drilled on a stripped outcrop showing ore was sent to Lakefield. The ore was tested by total cyanidation, by gravimetric separation and cyanidation, and by gravimetric separation followed by flotation and cyanidation. Preliminary results confirm excellent recovery, ranging from 94.1% (gravimetric separation, flotation and cyanidation) to 96.1% (gravimetric separation and cyanidation). Gravimetric separation alone yielded a gold recovery rate of up to 30%. Other tests confirmed that extraction by total, direct cyanidation yields the best results, with a recovery rate in the order of 96 to 97%. Consumption of chemical products was minimal the carbonate content was sufficient to neutralise the sulphides and prevent the ore from generating acid.

THE CHEVRIER PROJECT

Pursuant to the agreement between Inmet Mining Corporation ("Inmet") and GeoNova dated November 30, 1995 and amended on February 20, 1997, April 30, 1999, October 15, 1999, November 30, 2000 and July 19, 2002 GeoNova acquired 100% of Inmet's interest in a group of 270 claims located in Fancamp, Queylus and Hauy Townships for work commitment in an aggregate amount of \$2,500,000 completed in November 2002 and other consideration including cash payments and shares. Upon completion of a feasibility study, Inmet may re-acquire a 50% interest by reimbursing 100% of the expenses incurred by GeoNova. In addition, on the Dolbo block, pursuant to an agreement between Cambior Inc. ("Cambior") and GeoNova dated July 21, 1997 and amended on November 27, 1997, October 15, 1999 and November 27, 2000, GeoNova may acquire 100% of Cambior's interest in consideration of work. These blocks are subject to royalties of up to 3% NSR with, in some cases, an additional NPI of 7.5 to 10%.

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LOCATION, ACCESS AND OWNERSHIP

The Chevrier Project claims are located near Campbell's Joe Mann Mine, about 30 km southeast of Chapais and 35 km south of Chibougamau, Quebec, and are easily accessed by a network of logging roads. The project is comprised of five claim blocks including 270 mining claims covering 4,297 hectares located in Fancamp, Haury and Queylus Townships. Four of the claim blocks are owned by Inmet with the remaining claim block owned by Inmet as to 64.25% with the remaining 35.75 % owned by Cambior.

GEOLOGY

The underlying rocks on the property consist mainly of basalts, gabbros in concordant and discordant masses, and felsic to intermediate pyroclastics. These units are cut by felsic dikes with quartz and feldspar phenocrysts. A granodiorite outcrops at the south-western end of the property. The rocks are affected by several deformation phases, including the Fancamp fault deformation corridor that strikes NE-SW. Numerous gold occurrences have been discovered along this deformation corridor, including the Chevrier, Chevrier South and East zones. The zones or gold showings correspond to the shear zones and/or folds showing variable carbonate, chlorite, sericite and fuchsite alteration, with 1 to 20% pyrite and injections of quartz-iron carbonate veins and veinlets. These zones range from less than 1 metre to over 100 metre thick. The most significant discovery to date is the Chevrier zone, which consists of a large, low-grade shear zone within which high-grade mylonite zones form an anastomosed and boudinage pattern. This zone has been outlined over a distance of about 1.3 kilometres and to a maximum depth of 575 metres; however, the drill grid is still fairly large making correlation of the enriched zones for the purposes of economic resource calculations difficult. Nonetheless, certain zones show localised lenses with better continuity and grade that could be studied for a small-scale ramp operation between surface and a depth of 200 metres.

During the period from 1985 to 1994, Inmet carried out grass roots exploration including line cutting, stripping and geological and geophysical surveys and approximately 49,000 metres of diamond drilling in 160 holes. From 1996 to 1998, GeoNova drilled and additional 23,000 metres in 70 holes.

HISTORICAL MINERAL RESOURCES(1)

The historical mineral resource is distributed over 14 lenses in the Chevrier zone. Inferred mineral resources at December 31, 2000 are estimated at 3.8 million tons grading 0.149 oz/t Au. Historical mineral resources were calculated by the GeoNova's staff in August 1998, using the polygon method on longitudinal sections with a cut-off grade of 3.0 g/tonne Au, an average thickness of 3.48 metres for the mineralized zones. No dilution or mining factor was taken into account. This calculation was again verified internally in January 2000 by Jean Girard, a Qualified Person, employed by GeoNova as a geologist since 1994.

Note:

- (1) Historical resources are not in compliance with the National Instrument 43-101 Standards of Disclosure for Mineral Projects.

BERTHIAUME SYNDICATE

The Berthiaume Syndicate is a joint venture created on May 1, 1996

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following the acquisition of mining properties by the mining syndicate known as the Beep Mat-1995 Syndicate, created in May 1995. The Berthiaume Syndicate consists of five mining exploration companies with initial interests as follows: Freewest Resources Canada Inc. ("Freewest Resources") (22.5%), Ressources Unifées Oasis inc. (22.5%), SOQUEM (22.5 %), EX-IN (10%) and GeoNova (22.5%). In 1997, EX-IN did not participate in exploration, and its interest was diluted to 9.44% while the interest of the other partners rose to 22.64% each. Partners Ressources

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Unifées Oasis inc. and Freewest Resources did not fund their portion of the 1998 program nor their portion in relation to EX-IN's non-participation for that period as well as for the fall of 1997, and their interests were diluted. EX-IN, Freewest Resources and Ressources Unifées Oasis inc. all declined to participate in the summer 1999 program and costs were split 50-50 between SOQUEM and GeoNova. At October 31, 1999, the interests of the companies were as follows: Freewest Resources (20.04%), Ressources Unifées Oasis inc. (20.04%), EX-IN (8.41%), SOQUEM (25.75%) and GeoNova (25.75%). Only Freewest Resources, SOQUEM and GeoNova participated in work conducted in 2000 in respective proportions of 28%, 36% and 36%. Interests will be recalculated shortly. GeoNova has been the project operator on behalf of the Berthiaume Syndicate since February 1997. When a partner's interest falls below 10%, it can choose to convert the residual interest into a royalty. Partners who become diluted and convert their residual interest into a royalty share a 2% NSR equally among them. Half the royalty (1%) may be repurchased by any future mine operator for \$1,000,000 in the first year of production from a deposit discovered on the property. Notwithstanding the above, no member of Syndicate may receive a royalty of more than 1% NSR or payment of more than \$500,000.

PROPERTY, LOCATION AND ACCESS

The Berthiaume Syndicate's properties consist of 477 claims on two properties; Berthiaume which is comprised of 226 claims, covering 3,609 hectares, and Noyelles which is comprised of 251 claims covering 4,016 hectares. These properties are situated in Berthiaume, Noyelles and Le Tardif townships, approximately 60 kilometres northwest of Lebel-sur-Quevillon and are less than 25 kilometres from the Discovery Project.

GEOLOGY

The geology of the two properties consist of volcanic rocks to the north and sedimentary and volcanics to the south. The sediments contain magnetic horizons of banded-iron formations. The known gold mineralization on the Berthiaume property is related to shear zones and/or folding in the iron formations. In these zones, the magnetite is replaced to a greater or lesser extent by ferrous amphiboles (grunerite) and by pyrrhotite. This mineralization model particularly the Km55 showing on Berthiaume property is similar to that of the Musselwhite deposit in northern Ontario.

On the Noyelles property, gold mineralization is associated with horizons of silica sediments and ferrous sediments in a shear zone. These horizons are located about 100 metres north of a magnetic banded-iron formation. Exploration work conducted by the Syndicate to date includes Beep-Mat prospecting, line-cutting, geophysical and geological surveys, stripping and 3,558 metres of drilling in 34 holes. Overall, this work resulted in the identification of numerous discontinuous and/or fold zones and geophysical or geochemical anomalies that should be tested in the future. The "Km55" and "Ludger" gold showings merit further exploration.

THE PITT GOLD PROPERTY

In June 1998, GeoNova announced the execution of an agreement allowing it to acquire, from Santa Fe Canada Inc., the Pitt Gold Property in Duparquet Township, about 30 km northwest of Rouyn-Noranda, Quebec. In December 1999, GeoNova granted SOQUEM an option to acquire an interest in this property. SOQUEM is the project operator.

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On May 18, 1999, GeoNova signed an agreement with Santa Fe Canadian Mining Ltd. ("Santa Fe"), a wholly-owned subsidiary of Newmont Gold Corp., for the acquisition of a 100% interest in the Pitt Gold Property. An underlying novation agreement among Santa Fe, GeoNova and Alain Cotnoir, Jacques Beauchemin, Jeanne Cotnoir and Maude Cotnoir (the "Cotnoir-Beauchemin group") was also signed on October 27, 1998 pursuant to which GeoNova assumed, in Santa Fe's stead, Santa Fe's commitments to the Cotnoir-Beauchemin group. By agreement dated October 19, 1999, the Cotnoir-Beauchemin group and GeoNova agreed to replace these commitments with payment of \$35,000 to the Cotnoir-Beauchemin group upon final signature between GeoNova and another party of a final agreement to perform work on the property, and \$40,000 on or before February 28, 2002, plus a 2% NSR. By paying \$800,000 or \$900,000 depending on the property potential, the NSR may be reduced to 1%.

SOQUEM has an option on the property pursuant to an agreement dated May 23, 2000 as amended June 1, 2000. This agreement allows SOQUEM to acquire an initial 50% undivided interest in the property in consideration of \$225,000 in exploration work carried out by July 31, 2002. Once this interest is acquired, SOQUEM may choose to form a 50-50 joint venture with GeoNova or acquire an additional 30% undivided interest by incurring \$400,000 in exploration expenses on its own, on or before July 31, 2004. Subsequently, GeoNova can choose to form a 20-80 joint venture with SOQUEM or convert its 20% undivided interest into a 1% NSR. SOQUEM is the project operator.

By July 31, 2002, SOQUEM acquired its 50% interest in the property and formed a joint venture with GeoNova. In July 2004, Ressources Minières Normabec ltee ("Normabec") signed an agreement with SOQUEM and GeoNova under which Normabec has the option to acquire an initial 60% undivided interest in the property in consideration of \$1.0 million in exploration work carried out by December 31, 2006. The exploration work should include 15,000 meters of diamond drilling and the first \$0.5 million has to be spent before January 1, 2006. An additional 20% undivided interest can be acquired by Normabec by spending \$0.5 million before January 1, 2008.

As at December 31, 2005, Normabec has spent \$1,0 million and has drilled 9,300 metres. In March 2006, a new drilling program totalling 3,000 meters was undertaken.

LOCATION, ACCESS AND OWNERSHIP

Located in Duparquet Township about 30 km northwest of Rouyn-Noranda, Quebec, the property consists of two contiguous claim blocks. The main block, the Pitt, is comprised of 20 claims that are subject to a 2% NSR held by the Cotnoir-Beauchemin group. The Pitt block extension, located at the south-east corner of the former, consists of four claims. The property covers a total area of 384 hectares and is easily accessible by Route 393, which is a few hundred metres off the northern boundary of the claims.

GEOLOGY

The Pitt property lies within the volcano-sedimentary belt of the Archean-age Abitibi subprovince. The rocks on the property include mafic to ultra-mafic volcanics and sediments intercalated with numerous quartz-feldspar porphyries. The Destor-Porcupine fault, a major regional auriferous structure, crosses the Pitt property. Numerous gold showings are found all along this structure, as well as numerous active and former producers stretching from Timmins in Ontario to Destor in Quebec. These deposits occur in a geological and structural environment similar to the one on the property.

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The Pitt property contains numerous gold-bearing structures, subsidiary to the Destor-Porcupine fault to the north, the most important of which are the "Stinger zone" and the "Pitt South zone". These are characterized by altered shear and/or brecciated zones that contain quartz-carbonate veining and sulphides, and they are in or at the contacts of the quartz-feldspar porphyries. The sulphides present are mainly pyrite with some small concentrations of chalcopyrite, galena and sphalerite. Fine grains of gold are often seen in the mineralized zones. After compiling old data and conducting some grass-roots work, Santa Fe Canada Inc. carried out a drill program consisting of 28 holes totalling 16,691 metres for over \$1 million between 1995 and 1997. SOQUEM and GeoNova intend to compile all the old and recent data, and to continue to explore these mineralized zones and the property in general.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

This report, dated as of March 30, 2006, provides management's point of view on the past performance and future outlook of Campbell and offers supplementary information to the consolidated financial statements through an analysis of historical performance, the current situation and future prospects.

The information below presents the items management considers important in ensuring a better understanding of the financial situation and operating results of the last three years ended December 31, 2005, as well as future results. These are as follows:

- Summary: A summarized presentation of initiatives, consolidated results and the financial situation as well as the main factors impacting those results and the outlook for 2006.
- Changes to accounting principles: A presentation of the most recent changes to accounting principles and practices impacting current results.
- Critical accounting principles: An analysis of the various accounting principles that significantly impact the value of net assets, liabilities, income and/or expenses in the Company's consolidated financial statements, and how their application requires management to present estimates and significant assumptions.
- Consolidated financial results: A discussion of the results of the last three years.
- Summary of quarterly results: A review of the factors that have led to variations during the quarters and that are required in order to understand the evolution of overall trends in operations.

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- Liquidity and capital resources: A discussion of the liquidity and capital resources, including contractual obligations.
- Risk factors.
- Outlook.
- Capital stock.
- Access to information.
- Disclosure controls and procedures.

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SUMMARY

Campbell is a junior mining company that operates underground gold and copper mines and whose properties are located in the greater Chibougamau area. The area's population base provides the manpower and services required by the Company for its operations.

The two main operations are the Joe Mann and Copper Rand mines. For the past three years, revenues have been generated by the mining activities at the Joe Mann Mine, which has produced between 139,000 and 186,000 tons of ore grading between 0.230 and 0.254 oz/t on an annual basis.

During the same period, production at the Copper Rand Mine (26% interest as at January 1, 2003) was suspended in order to proceed with development activities required to reach resources found at depth.

On October 1, 2003 the Company acquired (through the issuance of 12,195,120 common shares) an additional 50% stake in the Copper Rand property, giving it control over the development and future production of the mine. Also, the Company reimbursed Investissement Quebec \$10.0 million of the \$22 million credit facility plus interest by issuing 10,458,591 common shares.

Also in 2003, the Company entered into an agreement whereby Wolfden could acquire 50% of the Bachelor Lake property in the LeSueur township of Quebec by incurring \$3,000,000 in exploration costs over a three-year period and paying \$100,000 annually in cash in the first two years.

In the fourth quarter of 2004, the Company accepted an offer to purchase from Metanor for the Bachelor Lake property, including the Wolfden option, for a total consideration of \$2,300,000, including a \$300,000 cash payment. The balance of sale, carrying interest at a rate of 10% per annum, starting December 1, 2004, was paid in the second quarter of 2005.

Finally, on November 30, 2004, with the issuance of 5,853,660 common shares, Campbell acquired the outstanding interests of minority shareholders, giving it 100% of the property rights of the Copper Rand Mine and mill.

Development of the Copper Rand Mine requires major funding. In the past three years, the Company has spent the entire credit facility from Investissement Quebec and has concluded private placements of common shares for over \$13.1 million.

Delays in development have resulted in substantial additional costs and delayed ore production has impacted income from metal sales bringing about a

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rapid deterioration to the Company's financial situation. In the first half of 2005, with the Company unsuccessful in finalizing various private placements as well as delays in collecting reimbursable mining tax credits, the Company's financial situation was deteriorating and the Copper Rand Mine required additional funding in order to reach production profitability. On June 30, 2005, the Company was granted an initial order under the CCAA suspending all proceedings against the Company by its creditors and requiring it to present a plan of arrangement. The order has been extended to May 31, 2006.

In 2005, in light of the situation at the Copper Rand Mine, the Company revalued the property. Higher costs and accumulated delays in development led to a \$16.7 million property write-down.

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In the fourth quarter of 2005, the Company wrote down the book value of the Discovery Property by \$1.8 million following the acceptance of the offer made by Strateco. In February 2006, GeoNova has signed a letter of intent with Strateco where GeoNova agreed to sell the Discovery property to Strateco for a global value of \$1.5 million (cash and/or shares). This transaction is subject to the approval by Strateco's Board of Directors and then must receive Regulatory approval.

During the past three years, in order to finance exploration activities, Campbell has issued \$3.0 million in flow-through shares.

Exploration results have been particularly interesting on the Corner Bay property.

The Company also holds other potentially interesting projects such as the Eastmain Mine located north of Chibougamau.

SUMMARY OF FINANCIAL RESULTS

	2005 -----	2004 -----	2003 -----
Years ended December 31			
Net loss (in thousands of \$)	\$ 24,430	\$ 8,192	\$ 3,940
Net loss per share	\$ 0.23	\$ 0.08	\$ 0.07
Gross metal sales (in thousands of \$)	\$ 19,915	\$ 21,833	\$ 22,307
Mining expenses (in thousands of \$)	\$ 16,346	\$ 20,853	\$ 21,516
Total Assets	\$134,643	\$177,756	\$159,773
Long term financial liabilities	\$ 67,782	\$ 66,502	\$ 60,079
Short tons produced	139,064	185,490	182,768
Gross sales per ton	\$ 143.21	\$ 117.70	\$ 122.05
Mining expenses per ton	\$ 117.54	\$ 112.42	\$ 117.72
Ounces of gold sold	30,460	38,447	42,526
Average selling price (\$/oz)	\$ 539	\$ 531	\$ 514
Production costs (\$/oz)	\$ 517	\$ 535	\$ 515
Grade (oz/t)	0.254	0.230	0.252
Recovery	83.36%	91.72%	92.85%

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For 2006, results should be more encouraging. General administration and site maintenance expenses are expected to be covered by revenues generated from both the Joe Mann and Copper Rand mines. Moreover, the metal market forecasts for 2006 and 2007 are very encouraging to producers.

FINANCIAL RESULTS

Campbell's financial situation as at December 31 2005, 2004 and 2003 was as follows:

	2005	2004	2003
	-----	-----	-----
	(in millions of dollars)		
Long-term debt	18,059	17,055	10,906
Shareholders' equity	30,503	54,585	45,803
Cash and cash equivalents	1,772	1,191	4,752

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As of December 31, 2005, total debt was \$67.8 million, \$49.7 million of which represents the Guaranteed Subordinated Debentures and the Guaranteed Non-Cumulative Redeemable Retractable Preferred Shares. These debts will be reimbursed with the assigned restricted deposits under Exchange Agreements. The debt balance is \$18.0 million or \$1.0 million over the December 31, 2004 debt following capitalization of the interest expense on the debt and amortization of the fair value of the conversion right relating to the ECU Facility Agreement.

Shareholders' equity was mainly reduced as a result of the write-down of the Copper Rand Mine and the Discovery project for 2005.

Cash and cash equivalents amounted to \$1.8 million with a negative working capital as at December 31, 2005.

Operating activities, excluding variations in non-cash working capital, used \$3.3 million in 2005 (\$4.0 million in 2004 and \$2.5 million in 2003).

Over the past three years, Campbell has invested over \$33 million in development, underground exploration and the acquisition of equipment related to the resumption of production and the renewal of mineral reserves for both mines (\$2.7 million in 2005 and \$28.0 million in 2004). The current level of development at the Copper Rand Mine has not allowed us to reach a level of commercial production (30,000 tons per month). Expected revenues generated from metal sales have been delayed and the working capital was used to finance this delay. Additional investments are required to increase the level of development in order to add to the number of available stopes.

In 2005 the Company collected the \$2.0 million balance owed from the sale of the Bachelor Lake property. The Company had received \$0.3 million in 2004.

In the fourth quarter of 2004, two financing agreements were finalized. The first provided financing for the settlement receivables for the sale of copper concentrates, while the proceeds from the second went to Copper Rand development.

The Company collected \$2.7 million in 2004 and \$3.9 million in 2005 against

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the line of credit related to the financing of the settlements receivable from Falconbridge Limited.

CHANGES IN ACCOUNTING PRINCIPLES

MINING ASSETS - IMPAIRMENT AND BUSINESS COMBINATIONS

The CICA issued an Emerging Issue Committee Abstract 152 that discusses whether a mining entity should include value beyond proven and probable reserves and the effect of anticipated fluctuations in the future price of minerals when allocating the purchase price of a business combination and testing a mining asset for impairment. The adoption of this guideline had no impact on the Company's financial statements.

CONSOLIDATION OF VARIABLE INTEREST ENTITIES

Accounting Guideline 15, Consolidation of Variable Interest Entities ("VIEs"), provides clarification on the consolidation of those entities defined as "Variable Interest Entities", when equity investors are not considered to have a controlling financial interest, or they have not invested enough equity to allow the entity

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to finance its activities without additional subordinated financial support from other parties. VIEs are commonly referred to as special purpose entities. The guideline came into effect for interim periods beginning on or after November 1, 2004. The adoption of this guideline had no impact on the financial statements.

FINANCIAL INSTRUMENTS

The CICA issued revision to Section 3860 of the CICA Handbook, Financial Instruments - Disclosure and Presentation. The revisions change the accounting for certain financial instruments that have liability and equity characteristics. It requires instruments that meet specific criteria to be classified as liabilities on the balance sheet. Some of these financial instruments were previously classified as equities.

These revisions came into effect on January 1, 2005. Because the Company does not have any instruments with these characteristics, adopting this section on January 1, 2005 has not affected its financial statements.

CRITICAL ACCOUNTING PRINCIPLES

Preparation of the financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions that affect assets, liabilities, revenues and expenses. These estimates are based on management's knowledge of its sector of activity, on historical and current information, on foreseeable future variations, and on available information. These estimates and assumptions are subject to change over time. All accounting principles requiring estimates and assumptions from management are therefore critical.

DEPRECIATION OF LONG-TERM ASSETS

The standards regarding the depreciation of long-term assets are highly critical for the Company because of the requirement to come up with a multitude of estimates and assumptions. Future cash flows are based on estimated mineral resources with estimated grades and estimated recovery levels. Metal sale prices and exchange rates are also estimated. Production levels, costs of production,

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development costs, milling expenses, restoration expenses and capital costs are also estimated on the basis of current methods. The discount rate is also estimated. In the course of a mine's lifespan, the Company will be faced with several internal and external factors that can lead to significant differences between forecasted and actual results. The impact of all these estimates on the assets concerned and on actual results can be significant.

DEPRECIATION AND AMORTIZATION

Mining properties are amortized using the unit-of-production method, which is based on their proven and probable reserves. This amortization can vary considerably if changes occur in the factors or assumptions used in determining the reserves. The results from exploration activities can impact reserves in a substantial way. Variations in metal prices or currency or differences between actual and estimated production costs, as well as variations in ground conditions or modifications to a geological interpretation, can also influence reserve calculations. These are all risks inherent to the mining industry.

FINANCIAL INSTRUMENTS

Campbell does not use derivative instruments to hedge risks related to foreign exchange rates and metal prices. Fluctuations in these factors can have a noticeable impact on results, on the financial situation, and on various asset and liability items.

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FAIR VALUE

The carrying amount of cash, restricted cash, short term loan, short-term investments, receivables, settlement receivables, accounts payable, accrued liabilities and other liabilities in the consolidated balance sheets approximates fair value based on their short-term maturities and/or quotes received. Also, the fair value of long-term debts is approximately equal to their carrying value due to interest rates which are based on current market rate to the exception of the convertible debentures. Given the terms of these convertible debentures, their fair value cannot practically be calculated. No prepayments have been made on the convertible debentures to date.

INTEREST RATE RISK

The Company is subject to interest rate risk due to changes to the prime rate since the majority of its borrowings bear variable interest rates. Otherwise, the Company manages the interest risk through an Exchange Agreement (Notes 7 and 12).

CREDIT RISK

The Company is exposed to credit-related losses in the event of non-performance by counterparties to financial instruments, but does not expect any counterparties to fail to meet their obligations. The Company deals with only highly-rated counterparties, normally major financial institutions and specialized private investors. The credit risk represents the maximum amount that would be at risk if the counterparties failed completely to perform under the contracts.

The copper concentrate is sold exclusively to Falconbridge Limited including the Copper Rand Mine pre-production revenue, under a purchase copper concentrate agreement. The net metal sales to Falconbridge Limited represent

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approximately \$21,854,000 for the year ended December 31, 2005 (\$10,911,000 in 2004 and \$9,659,000 in 2003) and an amount of \$8,365,000 is receivable at year end (\$3,096,000 in 2004 and 2,128,000 in 2003). Furthermore, the short-term loan bearing interest at the LIBOR rate plus 4.0% is guaranteed by the settlements receivable.

ASSET RETIREMENT OBLIGATIONS

The mining sector is subject to several laws and regulations, including those concerning the environment. To this end, the Company must evaluate cash flows and their occurrences in the future. This is based on the estimated useful life of the operation. Consequently, just like the amortization and depreciation of long-term assets, the lifespan of an operation is estimated on the basis of geological reserves. An increase or a decrease in these reserves may change the period of time during which operations are conducted, and may impact the fair value of the obligation, the value of the asset and the expenses charged to results over time.

Non-discounted cash flows may fluctuate based on changes to regulations or a revision of the initial estimate. This re-evaluation also impacts the obligation liability, the value of the asset and expenses charged to results.

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CONSOLIDATED FINANCIAL RESULTS

Metal sales for the periods 2003 through 2005 are:

	2005		2004		2003	
Sales	Quantities	'000 \$	Quantities	'000 \$	Quantities	'000 \$
Gold (ounces)	30,460	17,818	38,447	20,287	42,526	21,637
Copper (lbs)	903,000	2,039	795,000	1,422	813,000	931
Silver (ounces)	22,286	194	22,456	199	18,927	130
Loss on foreign exchange		(136)		(75)		(392)
Total		19,915		21,833		22,307

Metal sales for 2005 were inferior to 2004 and 2003. Market prices for metals were higher in 2005. The average gold grade for 2005 was 0.254 oz/t Au compared to 0.230 oz/t Au in 2004 and 0.252 oz/t Au in 2003. The ore from the Joe Mann Mine was milled at Copper Rand for the first time in 2005. This change was responsible for a reduction in the gold recovery rate. The loss in revenue was largely offset by a reduction in processing costs. The ore had been treated at the Campbell mill in 2004 and 2003. Higher copper grades also contributed to the increase in revenues with an average grade of 0.34% in 2005 compared to 0.23% for 2004 and 2003.

Production costs for 2005 were reduced by \$4.5 million to \$16.3 million. This improvement is due to the collective efforts of Campbell's personnel.

Plant and equipment are mainly amortized using the unit-of-production method, based on proven and probable reserves.

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Administration costs rose to \$3.7 million in 2005, up from \$1.8 million in 2003 and \$2.5 million in 2004. The increase is due to the recognition of costs related to the Employee Incentive and Directors' Stock Option plans (\$0.4 million), salary indexation, capital tax and auditors' fees in 2004. In addition, the 2005 administration costs include professional fees of \$1.0 million related to the Creditors' Arrangement Plan.

In 2005, the Company completed a \$2.0 million exploration program of which \$1.8 million was funded by flow-through shares issued at the end of 2004. A \$1.5 million surface exploration program, funded by the flow-through shares issued in 2003, was completed in 2004. The exploration programs focus on targets identified during previous campaigns in the Chibougamau mining camp and drilling programs on the Corner Bay property. Total costs of \$2.0 million over two years were capitalized to the cost of the property.

In 2005, interest expenses on short-term debt were \$0.4 million compared to \$0.01 million in 2004. In 2005, interest expenses on long-term debt were \$0.8 million compared to \$0.4 million in 2004 and \$0.8 million in 2003. Final reimbursement in February 2004 of the credit facility on the Joe Mann Mine and the conversion into shares of the matured Convertible Subordinated Debentures in July 2004, are responsible for this difference between 2003 and 2004. The 2005 interest expense on the ECU is responsible for the increase.

In the 2001 and 2002 fiscal years, the Company sold a \$32.4 million royalty on future production from the Joe Mann Mine in consideration of cash and notes receivables. As at June 30, 2005 the notes receivable of \$25.4 million, bearing interest of 6.25% and maturing February 2011 were outstanding. The royalty carried forward was \$24.9 million. Because the Company placed itself under the CCAA and was therefore in default, the royalty unitholders exercised their right to require the Company to buy back the units. The buyback price is the fair market value at the date of the default, June 30, 2005. An independent engineering firm evaluated the

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royalty at \$5.9 million as of that date and the Company therefore recorded a gain of \$19.0 million. This buyback price was applied against the notes receivable. The balance remaining of these notes is \$17.4 million and is now due. Given the uncertainty regarding the collection of all or parts of these notes from the unitholders, the Company has recorded an allowance for doubtful accounts for the full amount. Each unitholder has been notified of the obligation to pay the due amount. The Company intends to take legal measures to recover the amounts.

In 2004, Campbell realized a gain of \$0.8 million, of which \$0.4 million came from the sale of Queenstake Resources Inc. shares obtained in 2003 in partial payment of the sale of the Mexican subsidiaries. This sale generated gains of \$2.3 million in 2003.

SUMMARY OF QUARTERLY RESULTS

For the fourth quarter of 2005, metal production was 25,678 tons for gross metal sales of \$4.2 million, compared with the 41,557 tons and 40,152 tons produced in the same quarter in 2004 and 2003 respectively. Metal sales for the same period in 2004 and 2003 were \$5.6 million and \$5.2 million, respectively.

Production losses for the fourth quarter of 2005, 2004 and 2003 were \$22.8 million, \$3.9 million and \$1.3 million respectively. An \$18.5 million write-down of the Copper Rand property and the Discovery project (\$1.8 million on the Joe

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Mann property in 2004) and exploration costs of \$0.1 million are included in the loss for 2005.

The net loss in the fourth quarter of 2005 was \$21.3 million compared with losses of \$3.0 million and \$1.3 million in 2004 and 2003 respectively.

The following summary present quarterly gross sales and income for the last two years:

	Q-1	Q-2	Q-3	Q-4
	-----	-----	-----	-----
2005				
Gross metal sales	\$ 5,512	\$ 5,245	\$ 4,924	\$ 4,2
Loss from operations	(\$3,052)	(\$1,362)	(\$1,007)	(\$22,8
Net earning (loss)	(\$2,677)	\$ 166	(\$ 645)	(\$21,2
Basic and fully diluted loss from operations per share	(\$ 0.03)	(\$ 0.01)	(\$ 0.01)	(\$ 0.
Basic and diluted net loss per share	(\$ 0.02)	\$ 0.00	(\$ 0.01)	(\$ 0.
2004				
Gross metal sales	\$ 4,936	\$ 6,466	\$ 5,397	\$ 5,5
Loss from operations	(\$2,164)	(\$2,093)	(\$1,388)	(\$ 3,8
Net loss	(\$1,796)	(\$2,100)	(\$1,267)	(\$ 3,0
Basic and fully diluted loss from operations per share	(\$ 0.02)	(\$ 0.02)	(\$ 0.01)	(\$ 0.
Basic and diluted net loss per share	(\$ 0.02)	(\$ 0.02)	(\$ 0.01)	(\$ 0.

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The following summary present quarterly production data for the last three years:

	Q-1	Q-2	Q-3	Q-4
	-----	-----	-----	-----
2005				
Tons produced	41,891	39,810	31,685	25,678
Grades				
Au (oz./t)	0.217	0.251	0.304	0.256
Cu (%)	0.29	0.33	0.38	0.39
Ag (oz./t)	0.198	0.217	0.273	0.259
Recovery				
Au (%)	81.47	83.18	84.22	84.99
Cu (%)	93.01	93.86	95.83	96.03
Ag (%)	64.50	66.55	67.67	72.79
Metal produced				
Au (oz.)	7,410	8,319	8,125	5,577
Cu (lbs)	224,838	249,360	231,004	192,258
Ag (oz.)	5,353	5,748	5,861	4,833
2004				

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Tons produced	46,323	53,868	43,742	41,557
Grades				
Au (oz./t)	0.204	0.229	0.235	0.256
Cu (%)	0.19	0.21	0.24	0.27
Ag (oz./t)	0.142	0.157	0.182	0.199
Recovery				
Au (%)	91.43	91.8	92.01	91.60
Cu (%)	93.50	95.95	95.72	96.04
Ag (%)	68.92	72.62	75.90	77.10
Metal produced				
Au (oz.)	8,642	11,308	9,472	9,754
Cu (lbs)	166,253	220,065	198,990	215,324
Ag (oz.)	4,535	6,135	6,057	6,392

2003

Tons produced	49,011	49,864	43,741	40,152
Grades				
Au (oz./t)	0.253	0.233	0.296	0.227
Cu (%)	0.21	0.23	0.27	0.22
Ag (oz./t)	0.145	0.137	0.177	0.151
Recovery				
Au (%)	91.82	92.86	94.02	92.55
Cu (%)	93.20	94.80	96.88	95.33
Ag (%)	67.98	67.74	73.67	72.88
Metal produced				
Au (oz.)	11,370	10,772	12,163	8,442
Cu (lbs)	196,052	212,778	227,288	169,989
Ag (oz.)	4,821	4,634	5,708	4,430

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LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2005, short-term assets amounted to \$16.6 million or \$25.3 million, less than the short-term liabilities. As at December 31, 2004, short-term assets were \$12.4 million and the working capital was negative by \$7.8 million. Because the Company is operating under the CCAA and is in default with its long term lender, all long-term debt, other than lease-financing and the \$50.0 million financing due in January 2007 guaranteed by restricted deposit and exchange agreements, is presented in the current portion of long-term debt.

In 2004 and 2005, the Company invested a total of \$28.0 million and \$2.7 million in development work and in the purchase of equipment at both the Copper Rand and Joe Mann Mines.

In 2005, the Company received the confirmation for \$1.3 million of refundable mining tax credits.

In 2004, the Company received payments of short-term notes in an amount of \$0.6 million related to the 2002 and 2001 royalty sales and received \$1.7 million in interest earned on these notes and long-term notes.

In 2004, the Company received the \$5.5 million balance on the loan facility from Investissement Quebec to finance development at the Copper Rand Mine. It also received \$1.1 million for the 2002 refundable mining tax credits on the Copper Rand Mine, as well as a \$0.3 million refund on the 2001 and 2002 mining tax credits for the Joe Mann Mine.

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The Company also closed two financings in the fourth quarter of 2004. On October 8, 2004, the Company obtained a line of credit of US\$8 million from Auramet Trading, LLC, to finance 90% of the payable copper and silver content and 100% of the payable gold content included in the concentrate shipped to Falconbridge's smelting facilities. Receivables are also in U.S. dollars. This line of credit allows the Company to receive the value of the payable content the second working day following receipt of the concentrate by Falconbridge Limited instead of the fourth month following the month of shipment. These advances bear interest at the LIBOR, plus 2.5% or 4% if the Company is in default. To secure this financing, the Company assigned its settlements receivable to the lender. On closing, the Company paid a fee of US\$100,000 and issued 200,000 warrants for a 3-year period, giving the lender the right to subscribe to 200,000 shares at a price of \$0.65 per share. This line of credit expired on December 31, 2005, with the lender having the option to renew the facility for an additional two-year period. This line of credit was extended to December 2006 with an increase in the interest rate to LIBOR plus 4% and the issue of 200,000 additional warrants for a 2 year period at a price of \$0.20 per share.

The second is a bridge financing with RMB, for a maximum of \$4,000,000 guaranteed by a first-ranking encumbrance on the Corner Bay, Eastmain and Joe Mann properties, and a floating charge on all other Company assets. This financing was used for development work at the Copper Rand Mine. This credit facility was reimbursable on or before May 2, 2005 at the Company's discretion. On that date, RMB had the possibility to convert a maximum of \$1,000,000 into common shares of the Company. After May 2, 2005, and before November 2, 2006, RMB may convert the balance owing under this facility into common shares of the Company. In both instances, the rate of conversion will be \$0.574 per share if the average share price is less than \$1.70 for a period of 20 days prior to the conversion. If the average share price for the same 20-day period is equal to or higher than \$1.70 per share, the rate of conversion will be the period average multiplied by the conversion rate of \$0.574 per share, divided by \$1.70. The outstanding balance on the loan is to be repaid by

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the Company on November 2, 2006. Interest at LIBOR plus 3.5% is payable quarterly. Should the Company decide not to pay the interest, RMB could add this interest to the balance of the loan or convert the amount of the interest into Campbell common shares at the market price. Fees of \$200,000 were paid to the lender on closing. Campbell estimated, on the issue date, the fair value of the debt conversion right at \$0.5 million (Black - Scholes evaluation model).

The Company also sold the Bachelor Lake property to Metanor for \$2,300,000 in 2004. A first payment of \$100,000 was received on signing of the initial offer; a payment of \$200,000 was made on closing; the balance, bearing interest at 10% beginning December 1, 2004, was paid in the second quarter of 2005.

In addition to the transactions outlined above, the Copper Rand Mine development was financed through private placements closed in the first two quarters of 2004, which generated net proceeds of \$8.1 million. These private placements were composed of 11,023,000 units at \$0.80 per unit: each unit included one common share and one-half of one common share purchase warrant. Each warrant entitles the holder to purchase one common share at \$1.20 per share until March 11, 2007. The fair value of the warrants at the date of issue was estimated at \$2.0 million.

In July 2004, the \$3.4 million Convertible Subordinated Debentures, bearing interest at 7.5% per annum, were repaid in shares at the conversion rate of

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US\$5.00 per share, as stipulated in the contract, for a total of 510,200 shares.

The \$38.0 million Guaranteed Subordinated Debentures and the \$11.7 million Guaranteed Non-Cumulative Redeemable Retractable Preferred Shares of a subsidiary will be fully repaid and repurchased in 2007 from restricted deposits and under Agreements referred to in Note 7.

In the third quarter 2004, Campbell renegotiated the reimbursement terms of its Convertible Debentures totalling \$650,000, plus accrued interest of \$174,000. The debenture holders agreed to delay the capital and interest payments by one year. The first payment is now due on July 1, 2005, with subsequent quarterly payments. The capital will be repaid as follows: 20% on July 1, 2005, 40% on July 1, 2006, and 40% on July 1, 2007, or converted into common shares at a price of \$1.025, or up to a maximum of \$1.64, based on an increase of the price of gold beyond US\$350. These debentures had been negotiated by MSV Resources before its merger with Campbell. At the date of the merger, the fair value of the net asset acquired was below book value. No value has been assigned to the conversion rights held by these investors.

As of December 31, 2005, cash and cash-equivalents were \$1.8 million compared with \$1.2 million as of December 31, 2004.

TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

The Company is committed under contractual obligations for a total amount of approximately \$27.0 million. The minimum payments due in each of the following periods are as follows:

CONTRACTUAL OBLIGATIONS (IN MILLION DOLLARS)	PAYMENTS DUE BY PERIOD				
	TOTAL	LESS THAN 1 YEAR	1-3 YEARS	4-5 YEARS	MORE THAN 5 YEARS
Long-Term Debt Obligations(1) (2)	18.0	18.0	--	--	--
Pension Plan Actuarial Deficit(3)	4.3	0.9	1.2	0.6	1.6

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CONTRACTUAL OBLIGATIONS (IN MILLION DOLLARS)	PAYMENTS DUE BY PERIOD				
	TOTAL	LESS THAN 1 YEAR	1-3 YEARS	4-5 YEARS	MORE THAN 5 YEARS
Asset Retirement Obligations(2)	4.7	--	0.5	0.4	3.8
Total	27.0	18.9	1.7	1.0	5.4

Notes:

(1) An amount of \$50 million is assumed by the restricted deposit and the

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Exchange Agreement assigned.

- (2) Asset retirement exclude obligations assumed by the Copper Rand/Portage Fiduciary Fund.
- (3) Based on December 31, 2002 actuarial valuation. The obligations may differ based on December 31, 2005 actuarial valuation, which is not available at the present time.

RISK FACTORS

The Company's current and proposed mining and exploration activities are subject to various laws and regulations on the protection of the environment. These laws and regulations are continually changing and, generally, are becoming more restrictive. The Company conducts its operations in such a way as to protect its employees, the general public and the environment and, to the best of its knowledge, it believes its operations are, in all material respects, in compliance with all applicable laws and regulations. To ensure compliance, the Company has made declarations and committed expenditures and expects to continue to do so in the future. The Company records asset retirement obligations in accordance with the provisions of Section 3110 of the CICA Handbook, "Asset Retirement Obligations".

The Company does not engage in off-balance sheet financing. All operating costs are expressed in Canadian dollars. Metal sales are in U.S. dollars. Metal sales revenues are directly affected by fluctuations in gold and copper prices and in the Canadian/U.S. exchange rate. Numerous factors outside the control of the Company can have an impact on these fluctuations. The Company may occasionally use hedging contracts to offset fluctuations. Since the resumption of production at the Copper Rand Mine in April 2002, Campbell has sold its entire production at spot prices.

Metal prices also have an impact on the estimation of mineral reserves, the decision to discontinue a mining operation or to delay the development of a property, as well as the book value of a mining asset.

Interest rate changes represent less of a risk for the Company. Debentures and redeemable preferred shares, which total \$49.7 million of the total long-term debt of \$67.8 million, are covered by the exchange agreements with an international bank.

The collective agreements covering all employees are in force and expire in 2009 and 2010.

The Company, like the mining industry as a whole, is faced with certain types of risks related to ground conditions, seismic activity and floods. These risks can cause adverse events such as injuries, or even loss of human life, damage to mining properties, the impairment or destruction of a production facility. Such events could impact the level of production and generate financial losses and possible litigation.

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OUTLOOK

The Company is confident it will reach a plan of arrangement with its creditors and be in a position to finance the completion of development work at the Copper Rand Mine and reach a profitable level of production.

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CAPITAL STOCK

The following details the outstanding capital stock as at the date of this Management's Discussion and Analysis:

	Expiry date	Exercise price	Total	Total
	-----	-----	-----	-----
Common shares				108,213,181
Share purchase option	August 15, 2006	0.51	694,750	
	June 8, 2007	0.67	530,000	
	October 14, 2008	0.80	40,000	
	May 31, 2009	0.64	550,000	1,814,750
Warrants	March 11, 2007	1.20	5,511,500	
	October 9, 2007	0.65	200,000	
	February 1, 2008	0.20	200,000	5,911,500

		Conversion rate	Amount	Total
		-----	-----	-----
			\$	
Conversion rights of the exchangeable capital units	November 1, 2006	0.574 (1)	4,000,000	6,968,6

Note:

- (1) The conversion rate is valid if the average price of the common share is inferior to \$1.70 per share for a period of 20 days prior to the conversion. If the average price is equal or over \$1.70 per share, the conversion rate will be the average price of the share multiplied by \$0.574 and divided by \$1.70.

ACCESS TO INFORMATION

Additional information about Campbell Resources Inc., including a copy of Form 20-F in lieu of an Annual Information Form, can be obtained from the SEDAR website at www.sedar.com and the Company website at www.campbellresources.com.

DISCLOSURE CONTROLS AND PROCEDURES

As of December 31, 2005, an evaluation was carried out, under the supervision of and with the participation of management, including the President and Chief Executive Officer and the Executive Vice-President and Chief Administrative Officer, of the effectiveness of our disclosure controls and procedures as defined in Multilateral Instrument 52-109. Based on that evaluation, the President and Chief Executive Officer and the Executive Vice-President and Chief Administrative Officer concluded that the design and operation of these disclosure controls and procedures were effective.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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DIRECTORS

The following table sets forth certain information concerning the persons to be nominated for election as directors of the Company, including their beneficial ownership of common shares as of March 30, 2006. Unless otherwise indicated, each nominee holds sole voting and investment power over his shares.

NAME & MUNICIPALITY OF RESIDENCE -----	PRINCIPAL OCCUPATION AND BUSINESS EXPERIENCE -----	DIRECTOR SINCE -----	AGE ---
Louis Archambault (1) (2) (3) Montreal, Quebec	President, Groupe Conseil Entraco Inc., Montreal, Quebec, environmental consulting firm.	2001	55
Michel Blouin (2) Montreal, Quebec	Secretary of Campbell; Partner, Lavery, de Billy, General Partnership, Montreal, Quebec, law firm; Director of Jaguar Nickel Inc., Jilbey Gold Exploration Ltd. and Stingray Resources Inc., exploration companies.	2000	64
Graham G. Clow (3) (4) Toronto, Ontario	Consulting Mining Engineer; Principal, Roscoe Postle Associates Inc., Toronto, Ontario, geological and mining consultants; Director of Baffinland Iron Mines Corporation; prior to May 2001, President and Chief Executive Officer, Manhattan Minerals Corp., Vancouver, BC.	1996	55
Andre Y. Fortier (5) Montreal, Quebec	President and Chief Executive Officer of Campbell; prior to June 2001, Chairman and Chief Executive Officer of MSV Resources Inc. and President and Chief Executive Officer of GeoNova Explorations Inc.; Director of Excellon Resources Inc. and Norcast Income Fund.	2000	65
James C. McCartney Q.C. (1) (2) (5) Toronto, Ontario	Chairman of Campbell; Counsel, McCarthy Tetrault LLP, Toronto, Ontario, law firm; 40 years as a practising lawyer in corporation finance and mergers and acquisitions; trustees, Labrador Iron Ore Royalty Income Fund; Director, Iron Ore Company of Canada; prior to January 2003, Partner and Past Chairman, McCarthy Tetrault LLP.	1993	68
G. E. "Kurt" Pralle (4) Ramsey, New Jersey	Mining and Metallurgical Consultant.	1993	71
James D. Raymond (1) (5) Montreal, Quebec	Private Investor.	1979	80

Notes:

- (1) Member of Compensation Committee.
- (2) Member of Corporate Governance Committee.
- (3) Member of Environmental Committee.
- (4) Member of Audit Committee.

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- (5) Member of Executive Committee.
- (6) Excludes 86,500 common shares subject to option.
- (7) Excludes 77,000 common shares subject to option.
- (8) Excludes 90,000 common shares subject to option.
- (9) Excludes 450,000 common shares subject to option.
- (10) Excludes 145,000 common shares subject to option.
- (11) Excludes 45,000 common shares subject to option.
- (12) Excludes 90,000 common shares subject to option.
- * Less than 1% of the outstanding common shares.

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As of March 30, 2006, the directors and officers of the Corporation as a group beneficially owned 453,821 common shares representing approximately 0.4% of the outstanding common shares excluding 1,153,000 common shares subject to option. The information as to common shares beneficially owned or over which control or direction is exercised, not being within the knowledge of the Corporation, has been furnished by the respective directors and officers individually.

SENIOR MANAGEMENT

The following table shows certain information with respect to the executive and other officers of the Company

NAME ----	OFFICE -----	YEAR APPOINTED TO OFFICE -----	OTHER PO -----
Andre Y. Fortier	President and Chief Executive Officer of the Company	2000	Business
Claude Begin	Executive Vice President & Chief Operating Officer	2001	Mining E
Alain Blais	Vice President, Geology & Development	2001	Geologis
Lucie Brun	Executive Vice President & Chief Administrative Officer	2001	Chartere
Michel Blouin	Secretary	2003	Lawyer (5

Notes:

- (1) See description of Principal Occupation and Business Experience under Item 6 - "Directors".
- (2) Prior to joining Campbell in 2001, Mr. Begin was Mine Manager of the

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Holloway gold mine operated by Battle Mountain Canada Ltd.

- (3) Prior to the merger in June 2001, Mr. Blais was Vice President, Geology & Development with MSV and has worked as a geologist in Chibougamau since 1979.
- (4) Prior to joining Campbell in 2001, Ms. Brun was Executive Vice President and Chief Administrative Officer of MSV which she joined in 1996.
- (5) Mr. Blouin is a partner at the law firm Lavery, de Billy, L.L.P.

The Board of Directors has adopted Standards of Ethical Conduct which apply to all directors and officers of the Company.

There is no family relationships between any director or executive officer and any other director or executive officer.

There is no arrangement or understanding between any director or executive officer and any other person pursuant to which the director was elected or the executive officer was appointed.

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EXECUTIVE COMPENSATION

The following table sets forth information concerning the compensation paid to the Company's Chief Executive Officer and its most highly paid executive officers as required to be disclosed in accordance with applicable securities regulations (the "Named Executive Officers") during the Company's three financial years ended December 31, 2005, December 31, 2004 and December 31, 2003:

SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL POSITION	YEAR	ANNUAL COMPENSATION			LONG-TERM COMPENSATION	
		SALARY (\$)	BONUS (\$)	OTHER ANNUAL COMPENSATION (\$)	AWARDS	
					SECURITIES UNDER OPTIONS (#)	RESTRICTED SHARES OR RESTRICTED SHARE UNITS (\$)
Andre Y. Fortier President & Chief Executive Officer	2005	229,845	--	16,500	--	--
	2004	225,000	19,200	15,500	100,000	--
	2003	233,653	--	14,500	--	--
Claude Begin Executive Vice President & Chief Operating Officer	2005	138,000	5,035	16,500	--	--
	2004	138,000	15,039	15,500	50,000	--
	2003	143,308	--	14,500	--	--
Alain Blais Vice President, Geology & Development	2005	107,200	7,021	16,500	--	--
	2004	107,200	17,240	15,500	50,000	--
	2003	103,847	--	14,500	--	--

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Lucie Brun	2005	110,000	6,207	16,500	--	--
Executive Vice	2004	110,000	16,685	15,500	50,000	--
President & Chief	2003	114,231	--	14,500	--	--
Administrative Officer						

OPTION/SAR GRANTS IN LAST FINANCIAL YEAR

There were no grants of options and stock appreciation rights ("SARs") to Named Executive Officers during the financial year ended December 31, 2005.

AGGREGATED OPTION/SAR EXERCISES DURING THE MOST RECENTLY COMPLETED FINANCIAL YEAR AND FINANCIAL YEAR END OPTION/SAR VALUES

The following table sets forth information concerning the exercise of options during the financial year ended December 31, 2005 and the value at December 31, 2005 of unexercised in-the-money options held by each of the Named Executive Officers:

NAME ----	SECURITIES ACQUIRED ON EXERCISE (#) -----	AGGREGATE VALUE REALIZED (\$) -----	UNEXERCISED OPTIONS AT FINANCIAL YEAR-END (#) EXERCISABLE/UNEXERCISABLE -----
Andre Y. Fortier President & Chief Executive Officer	Nil	Nil	570,000/Nil
Claude Begin Executive Vice President & Chief Operating Officer	Nil	Nil	220,000/Nil

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NAME ----	SECURITIES ACQUIRED ON EXERCISE (#) -----	AGGREGATE VALUE REALIZED (\$) -----	UNEXERCISED OPTIONS AT FINANCIAL YEAR-END (#) EXERCISABLE/UNEXERCISABLE -----
Alain Blais Vice President, Geology & Development	Nil	Nil	177,500/Nil
Lucie Brun Executive Vice President, & Chief Administrative Officer	Nil	Nil	207,500/Nil

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No directors or executive officers of the Corporation are indebted to the Corporation.

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EMPLOYEE INCENTIVE PLAN

The Corporation maintains an employee incentive plan (the "Employee Incentive Plan" consisting of the share purchase plan (the "Share Purchase Plan"), the share option plan (the "Share Option Plan"), the share bonus plan (the "Share Bonus Plan") and the share loan plan (the "Share Loan Plan"). Directors who are not officers do not participate in the Employee Incentive Plan.

The Employee Incentive Plan was approved by the board in March, 1989 and by shareholders on May 11, 1989. Increases in the number of common shares reserved for issuance under the Employee Incentive Plan were approved by shareholders on April 26, 1995, May 18, 1999, June 8, 2001, May 14, 2002 and May 11, 2005.

All benefits, rights and options accruing to any participant in accordance with the terms and conditions of the Employee Incentive Plan shall not be transferable except as provided for below. During the lifetime of a participant all benefits, rights and options may only be exercised by the participant.

The Board and the Compensation Committee reserve the right to amend, modify or terminate the plan at any time if and when it is advisable in the absolute discretion of the Board or the Compensation Committee. However, any amendment of the plan which would:

- (a) materially increase the benefits under the Employee Incentive Plan;
- (b) materially increase the number of common shares which would be issued under the Employee Incentive Plan;
- (c) materially modify the requirements as to eligibility for participation in the Employee Incentive Plan; or
- (d) otherwise require approval by shareholders (or disinterested shareholders as the case may be) in accordance with the requirements of any regulatory body having jurisdiction over the common shares;

shall be effective only upon the approval of the shareholders (or disinterested shareholders as the case may be) of the Corporation. Any amendment to any provision of the Employee Incentive Plan shall be subject to approval by any regulatory body having jurisdiction over the securities of the Corporation.

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As at December 31, 2005, the total number of common shares reserved for issuance under the Employee Incentive Plan was 3,551,790, of which 1,463,750 were issuable upon the exercise of outstanding options. Such options were exercisable at exercise prices ranging from \$0.51 to \$0.67 per share and were due to expire between January 31, 2006 and May 31, 2009.

SHARE OPTION PLAN

The Share Option Plan is intended to promote the interests of the Corporation and its shareholders by making provisions for stock options as an additional incentive to attract, retain and motivate officers and salaried employees. Grants are made at the discretion of the Board or a committee of the board comprised of members, a majority of whom are not eligible to participate in the Plan (the "Compensation Committee"). The Board or the Compensation Committee may, in its discretion, determine which officers or employees will be granted options, the number of common shares to be the subject of each option, the purchase price of such shares and the duration of the options, which may not

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exceed five years. The Board or the Compensation Committee may also impose other terms and conditions respecting any option granted as it may consider appropriate or necessary.

Freestanding "SARs" are not provided for under the Share Option Plan. The options may, at the discretion of the Board or the Compensation Committee, be accompanied by SARs which entitle the holder to elect to terminate his or her options, in whole or in part and, in lieu of receiving the common shares (the "Option Shares") to which the terminated options relate, elect to receive that number of common shares, disregarding fractions, which have a total value equal to the product of the number of Option Shares times the difference between the fair value (at the date of such election) and the option price per share of the Option Shares, less any amount withheld on account of income taxes, which income taxes will be remitted on the employee's behalf by the Corporation.

The purchase price of the common share under option granted under the Share Option Plan from time to time shall be set by the Board or the Compensation Committee in its discretion but in any event shall not be less than the average of the closing prices for the common shares on the TSX or in the event of no trades, the average of the bid and asked prices, on the last five business days prior to the date of the grant of an option.

No option may be exercised after the employment of an optionee ceases with the Corporation and the optionee shall have no rights or claims against the Corporation in respect of the options or in respect of any common shares subject to options which have not been purchased prior to such date except that:

- (a) if such employment ceases by reason of permanent disability of the optionee, or the retirement of the optionee on or after attaining the age of sixty years or the death of the optionee, any option granted to the optionee may be exercised in full by the optionee or by his legal representatives as if such employment had not ceased provided that all options held by the optionee or his legal representatives must be exercised on or before one (1) year after employment so ceased and thereafter any portion which remains unexercised shall terminate and be of no force or effect; and
- (b) the Board or the Compensation Committee may in its discretion, in special circumstances, give its express consent to the exercise, after the effective date of the optionee ceasing to be employed by the Corporation, of any options which are exercisable at the time the optionee's employment ceases.

Termination of the Employee Incentive Plan shall not affect the rights of an optionee holding an option at the time of the termination of the plan without the consent of the optionee.

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Options shall not be granted to a participant if such options together with all other options then held by such participant and any rights attached thereto would upon exercise result in the issue to such participant of more than 5% of the common shares then outstanding.

During 2005, no options were granted to employees under the Share Option Plan.

SHARE PURCHASE PLAN

The Share Purchase Plan is designed to encourage employees of the

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Corporation to purchase common shares on a regular basis. Employees of the Corporation who have been continuously employed by the Corporation for at least one year, or less at the discretion of the Compensation Committee or the Board, are eligible each January 1 to participate in the Share Purchase Plan. Each eligible employee may contribute up to 5% of his or her basic salary to the Share Purchase Plan through monthly deductions. On a quarterly basis, the Corporation will contribute an amount equal to 50% of the employee's contributions to such date and each participating employee will then be issued common shares at an issue price equals to the average of the closing prices for the common shares on the TSX or in the event of no trades, the average of the bid and asked prices, on the last five business days prior to the date of issue and having a value equal to the aggregate amounts contributed by such employee and the Corporation. During 2005, 103,724 common shares were issued pursuant to the Share Purchase Plan.

In the event that a participant ceases to be employed by the Corporation for any reason or in the event of the death of a participant while participating in the Share Purchase Plan, no further purchases of common shares will be made and the participant's contribution then held in trust by the Corporation for the participant shall be paid to the participant or his estate or successor, as the case may be, and the Corporation's contribution then held in trust for the participant shall be paid to the Corporation. A participant shall not be entitled to withdraw from the Share Purchase Plan under any other circumstances during the calendar year for which he has elected to participate.

SHARE BONUS PLAN

The Share Bonus Plan is intended to promote the interests of the Corporation and its shareholders by permitting the Board or the Compensation Committee, in its discretion, to issue common shares to full-time salaried employees of the Corporation as a bonus in recognition of services provided to the Corporation by such employee. The maximum number of common shares that may be issued and reserved for issuance under the Share Bonus Plan shall not exceed 5% of the total number of common shares issued and reserved for issuance pursuant to the Employee Incentive Plan nor 1% of the issued capital. The issue of common shares to such employee may be subject to such terms and conditions as are determined by the Board or the Compensation Committee. During 2005, no common shares were issued pursuant to the Share Bonus Plan.

SHARE LOAN PLAN

The Share Loan Plan is intended to provide an additional incentive to motivate full time officers who will make important contributions to the success of the Corporation by assisting such persons to acquire shares of Campbell. The Compensation Committee may in its discretion make loans to full time officers of the Corporation. The number of common shares issued and reserved for issuance pursuant to the Share Loan Plan to any one person shall not exceed 12% of the aggregate number of common shares issued and reserved for issuance pursuant to the Employee Incentive Plan. The number of common shares issued and reserved for issuance pursuant to the Share Loan Plan (whether or not such common shares are issued pursuant to the exercise of options granted under the Share Option Plan) shall not exceed 25% of the aggregate number of

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common shares issued and reserved for issuance pursuant to the Employee Incentive Plan. Such loans shall be subject to such terms and conditions including rates of interest, if any, as the Compensation Committee may consider appropriate. During 2005, no loans were granted and no loans are outstanding

under the Share Loan Plan.

In the event that the share loan participant ceases to be an employee of the Corporation for any reason whatsoever (other than the death of the employee), his loan, or the amount thereof remaining outstanding, shall mature and be payable, together with any applicable interest thereon, eighteen (18) months from the date he ceases to be an employee:

- (a) if the loan and any interest thereon have not been repaid in full to the Corporation within eighteen (18) months of the date the participant ceases to be an employee:
 - (i) the trustee shall sell on behalf of such share loan participant all or such part of the common shares then held by it on his behalf as shall be necessary to repay the loan and any interest thereon in full and the trustee shall pay to the Corporation the proceeds of such sale;
 - (ii) the trustee shall transfer and deliver to the share loan participant the balance of the common shares, if any, that are not so sold; and
 - (iii) the Board or the Compensation Committee shall fix such terms and conditions with regard to repayment of all or part of the balance of the loan or forgiveness of all or part of the balance of the loan as the Board or the Compensation Committee may in its discretion determine.
- (b) if the loan and any interest thereon have been repaid in full to the Corporation within eighteen (18) months of the date the Participant ceases to be an employee, the Trustee shall forthwith upon repayment transfer and deliver to the Share Loan Participant the Shares, if any, then held by it on behalf of such Share Loan Participant.

In the event that a share loan participant dies while in the employ of the Corporation, the loan, or the amount thereof remaining outstanding shall mature and be payable, together with any applicable interest thereon, one year from the date of such share loan participant, and:

- (a) if the loan and any such interest thereon have not been repaid in full to the Corporation within one year from the date of death of such Share Loan participant;
 - (i) the trustee shall sell on behalf of such deceased Share Loan participant all or such part of the common shares then held by it on his behalf as shall be necessary to repay to the Corporation the loan and such interest in full and the trustee shall pay to the Corporation the proceeds of such sale;
 - (ii) the trustee shall transfer and deliver the balance of the common shares, if any, to the legal personal representatives of the deceased Share Loan participant; and
 - (iii) the Board or the Compensation Committee shall fix such terms and conditions with regard to repayment of all or part of the balance of the loan or forgiveness of all or part of the balance of the loan as the Board or the Compensation Committee may in its discretion determine.

- (b) if the loan and any interest thereon have been repaid in full to the Corporation within one year of the date of the death of the share loan participant, the trustee shall then transfer and deliver the common shares held by it to the legal personal representatives of the deceased participant.

DIRECTORS' STOCK OPTION PLAN

In August 1993, the Board approved the directors' stock option plan (the "Directors' Plan") and shareholders approved the Directors' Plan on May 18, 1994. An increase in the number of common shares reserved for issuance under the Directors' Plan was approved by shareholders on May 11, 2005

The Directors' Plan is administered by the Board or by a Committee thereof (the "Administrator"). The exercise price of the options granted thereunder shall be at the average of the closing prices (or bid and ask where there was no trade) of the common shares of the Corporation on the TSX on the five trading days prior to the date of grant (the "Market Price"). Options granted under the Directors' Plan are for a five-year term to be exercisable on terms and conditions as set out by the Administrator. In order that the Directors' Plan together with the Employee Incentive Plan comply with stock exchange rules, a provision was added to the Directors' Plan to provide that the maximum number of shares subject to option under the Directors' Plan together with the shares reserved for issuance under the Employee Incentive Plan shall not at any time exceed 10% of the issued and outstanding shares of the Corporation on a non-diluted basis or such higher number as exchange rules may permit.

The exercise price of any option shall be the closing price of the common shares of the Corporation on the TSX on the last trading day prior to the date on which such option is granted.

If a participant ceases to be a director of the Corporation or any of its subsidiaries for any reason (other than death) he may, within the 30-day period, thereafter, exercise any options held by such participant. In any event, any options held by such participant at the expiry of such 30-day period shall be void and of no effect.

In the event of the death of a participant, the option theretofore held by such participant shall be exercisable within the six month period following such death by the person or persons to whom the participant's rights under the option shall pass by the participant's will or the law of descent and distribution. If such person elects to exercise the options of a deceased participant as aforesaid, such person shall deliver to the Corporation in addition to the exercise price and the notice specified in the Directors' Plan:

- (a) the original grant of probate or letters of administration or a court certified copy thereof; or
- (b) the original of a court certified or authenticated copy of the grant of representation, will, order, or other instrument or such other evidence as the Administrator may require of his or their authority to act for the estate.

Any options previously held by a deceased participant which are not exercised as aforesaid within such six month period shall upon the expiry of such period be void and of no effect.

No option or the benefits and rights accruing to any participant in accordance with the terms and conditions of the Directors' Plan shall be transferable or assignable. Except as provided above, all options and such

benefits and rights may only be exercised by the participant.

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The Board of the Corporation may, subject to the requirements of any regulatory authority having jurisdiction, amend the Directors' Plan provided that any amendment to change the exercise price or expiry date of any option, materially modify the requirements for eligibility for participation in the Directors' Plan or any other amendment that could reasonably be considered to be material shall not be effective until it has been approved by the shareholders of the Corporation.

The Board of the Corporation may terminate the plan at any time provided that such termination shall not alter the terms or conditions of any option or impair any right of any participant pursuant to any option granted prior the date of such termination.

As at December 31, 2005, the total number of common shares reserved for issuance under the Directors' Plan was 2,891,000, of which 671,000 were issuable upon the exercise of outstanding options. Such options were exercisable at exercise prices ranging from \$0.44 to \$0.67 per share and were due to expire between January 31, 2006 and May 31, 2009.

During 2005, no options were granted to directors of the Corporation under the Directors' Plan and no options were exercised under the Directors' Plan.

REMUNERATION OF DIRECTORS

All directors of the Corporation receive an annual director's fee of \$6,000 and an attendance fee of \$600 per meeting attended in person and \$300 per meeting attended by telephone and out-of-pocket expenses relating to attendance at a board or committee meeting. The Corporation paid aggregate remuneration of \$74,400 to seven (7) incumbent and one former director in their capacities as such during the fiscal period ended December 31, 2005. Mr. Fortier does not receive director's fees.

In 2005, the Company engaged the law firm Lavery, de Billy, L.L.P. of which Michel Blouin, a director and officer of the Company, is a senior partner, to provide legal advice to the Company. An aggregate of \$509,872 was paid to Lavery, de Billy, L.L.P. for legal services in 2005.

In 2005, the Company engaged the engineering firm Roscoe Postle Associates Inc., geological and mining consultants, of which Graham G. Clow, a director of the Company, is a principal. An aggregate of \$31,991 was paid to Roscoe Postle Associates Inc. in 2005.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

In 2005, the Corporation purchased directors' and officers' liability insurance with a liability limit of \$10,000,000 for which the Corporation paid an annual premium of \$233,805. The policy provides for a deductible, payable by the Corporation of \$150,000 other than for claims brought in the United States in which case the deductible is \$350,000.

EMPLOYMENT AGREEMENTS

The Corporation has entered into employment agreements with its Named Executive Officers as described below.

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On August 6, 2002, the Corporation entered into an employment agreement with Andre Y. Fortier as President and Chief Executive Officer. The agreement stipulates among other things, a base salary and provides that in the event that Mr. Fortier's employment is terminated, he will be entitled to be paid up to thirty-six months' salary and benefits. In the event of a change of control, as defined, Mr. Fortier will be entitled to resign within six months thereof and be paid thirty-six months' salary and benefits. The agreement also provides that in the event of resignation or termination, options held by Mr. Fortier will immediately become fully exercisable. Such options will expire ninety days after resignation or termination.

On August 6, 2002, the Corporation entered into an employment agreement with Lucie Brun as Executive Vice President and Chief Administrative Officer. The agreement stipulates among other things, a base salary and provides that in the event that Mrs. Brun's employment is terminated, she will be entitled to be paid up to twenty-four months' salary and benefits. In the event of a change of control, as defined, Mrs. Brun will be entitled to resign within six months thereof and be paid twenty-four months' salary and benefits. The agreement also provides that in the event of resignation or termination, options held by Mrs. Brun will immediately become fully exercisable. Such options will expire ninety days after resignation or termination.

On August 6, 2002, the Corporation entered into an employment agreement with Claude Begin as Executive Vice President and Chief Operating Officer. The agreement stipulates among other things, a base salary and provides that in the event that Mr. Begin's employment is terminated, he will be entitled to be paid up to twenty-four months' salary and benefits. In the event of a change of control, as defined, Mr. Begin will be entitled to resign within six months thereof and be paid twenty-four months' salary and benefits. The agreement also provides that in the event of resignation or termination, options held by Mr. Begin will immediately become fully exercisable. Such options will expire ninety days after resignation or termination.

On August 6, 2002, the Corporation entered into an employment agreement with Alain Blais as Vice President, Geology & Development. The agreement stipulates among other things, a base salary and provides that in the event that Mr. Blais's employment is terminated, he will be entitled to be paid up to twenty-four months' salary and benefits. In the event of a change of control, as defined, Mr. Blais will be entitled to resign within six months thereof and be paid twenty-four months' salary and benefits. The agreement also provides that in the event of resignation or termination, options held by Mr. Blais will immediately become fully exercisable. Such options will expire ninety days after resignation or termination.

COMPENSATION COMMITTEE

COMPOSITION OF THE COMPENSATION COMMITTEE

The Compensation Committee of the Board considers and approves compensation, remuneration and incentive arrangements for directors, officers and senior employees of Campbell. The members of the Compensation Committee are Louis Archambault, James C. McCartney, Q.C. and James D. Raymond. Mr. McCartney is Chairman of the Corporation and he is also Chairman of the Compensation Committee. Mr. McCartney is counsel with the law firm McCarthy Tétrault LLP which provides legal advice to the Corporation. Neither Mr. Archambault nor Mr. Raymond is, nor was, at any time, an officer or employee of the Corporation or any of its subsidiaries. In 1994, the Committee established an executive

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compensation philosophy and policy to be followed in its future consideration of executive compensation and incentive arrangements. Mr. Raymond joined the Compensation Committee in May 2004.

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EXECUTIVE COMPENSATION PHILOSOPHY AND POLICY

The Corporation's executive compensation policy is primarily based on a pay for performance philosophy. The main objective of the policy is the alignment of all financial reward systems with shareholder interests. The compensation structure must also reflect the Corporation's current financial position and the scope of its operations. As a consequence, a heavy emphasis is placed on the long-term business objectives of creating wealth, decreasing risk by expanding operations, and providing returns to the Corporation's shareholders.

The particular elements of the executive compensation program for senior executives of the Corporation, designed to encourage, compensate and reward employees on the basis of individual and corporate performance, may be summarized as follows:

BASE SALARY The program is designed to attract and retain executive officers by delivering a competitive rate of base pay. Market competitive rates will be determined by comparison with average compensation levels of comparable mining companies. It is believed that the average pay of these companies is a reasonable reference point from which to target and manage base pay, while recognizing the need for executive level experience and skills in the current phase which will further the Corporation's achievement of its growth objectives.

ANNUAL INCENTIVE COMPENSATION The Corporation currently does not offer a short-term variable pay or incentive plan but may in future implement an annual incentive plan. Campbell's Employee Incentive Plan has a Share Bonus Plan component, which may be used to provide annual incentive compensation. The use of this plan can combine both short and longer term incentives and, through increased share holding, would also align the interests of executive officers with those of Campbell's shareholders. Grants of annual bonuses would be based on the employee's contribution towards Campbell's success in meeting its goals.

STOCK OPTION PROGRAMS Campbell strongly believes that by providing those persons who have substantial responsibility for the management and growth of Campbell with an opportunity to acquire Campbell's stock, the interests of shareholders and executives will be increasingly aligned. The number of stock options that will be granted to executive officers will be based on competitive practices of comparable mining companies and will reflect an emphasis on long-term performance awards. Options will generally be granted for a five-year term.

REPORT ON EXECUTIVE COMPENSATION

The Compensation Committee, which is composed of Louis Archambault, James C. McCartney, Q.C. and James D. Raymond, did not meet during the year ended December 31, 2005, due to the fact that the Company is currently the object of an order under the CCAA.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table summarizes as of December 31, 2005, the equity

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compensation plans pursuant to which equity securities of the Corporation may be issued:

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EQUITY COMPENSATION PLAN INFORMATION

PLAN CATEGORY	NUMBER OF COMMON SHARES TO BE ISSUED UPON EXERCISE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS (A)	WEIGHTED-AVERAGE EXERCISE PRICE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS (B)	NUMBER OF COMMON SHARES AVAILABLE FOR FUTURE ISSUANCE UNDER EQUITY COMPENSATION PLANS
Equity compensation plans approved by securityholders	2,134,750	\$0.61	4,200,000
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
TOTAL:	2,134,750 =====	\$0.61 =====	4,200,000 =====

Note:

- (1) 2,131,764 common shares remain available for future issuance under the Employee Incentive Plan and 2,145,000 common shares remain available for future issuance under the Directors' Plan.

SHAREHOLDER RETURN PERFORMANCE GRAPH

The chart below compares the yearly percentage change in the cumulative total shareholder return on the common shares against the cumulative total shareholder return of S&P/TSX Composite Index for the five fiscal year periods commencing December 31, 2000 and ending December 31, 2005.

COMPARISON OF FIVE YEAR CUMULATIVE TOTAL RETURN

(PERFORMANCE GRAPH)

	Dec. 31, 2000(2)	Dec. 31, 2001	Dec. 31, 2002	Dec. 31, 2003	Dec. 31, 2004
Campbell	\$100(1)	\$91.67	\$141.67	\$261.11	\$400.00
S&P/TSX Composite Index	\$100(1)	\$86.06	\$ 74.04	\$ 92.02	\$ 100.00

Note:

- (1) \$100 invested on 12/31/00 in stock or index - including reinvestment of dividends.

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INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No directors or executive officers of the Company are indebted to the Company.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Board of Directors of the Corporation considers good corporate governance to be important to the effective operations of the Corporation and to ensure that the Corporation is managed so as to enhance shareholder value. The Corporate Governance Committee is responsible for ensuring that the Corporation addresses all relevant corporate governance issues. This committee makes recommendations regarding the compliance of the Corporation's practices with the corporate governance guidelines set forth in National Policy 58-201 of the Canadian Securities Administrators and oversees disclosure obligations related thereto.

A description of the Corporation's corporate governance practices is set out below in response to the requirements of National Instrument 58-101 "Disclosure of Corporate Governance Practices" and in the form set forth in Form 58-101F1 "Corporate Governance Disclosure".

FORM 58-101-F1 - CORPORATE GOVERNANCE DISCLOSURE

THE COMPANY'S PRACTICES

1. BOARD OF DIRECTORS

- | | |
|---|---|
| a) Disclose the identity of directors who are independent. | The Board of Directors is composed of seven persons. Of those seven persons, Louis Archambault, Graham G. Clow, James C. McCartney, G.E. "Kurt" Pralle and James D. Raymond are independent. These directors are independent as none of them has a direct or indirect material relationship with the Company. |
| b) Disclose the identity of directors who are not independent, and describe the basis for that determination. | The other two Directors are Andre Y. Fortier and Michel Blouin, neither of whom is independent as they hold the positions of President and Chief Executive Officer and Corporate Secretary, respectively. |
| c) Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the board of directors (the board) does to facilitate its exercise of independent judgement in carrying out its responsibilities. | A majority of the Company's Directors are independent. |
| d) If a director is presently a director of any other | Andre Y. Fortier is also a director of Excellon Resources, Inc. and Norcast |

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issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.

Income Fund.

Michel Blouin is also a director of Jaguar Nickel Inc. and Stingray Resources Inc.

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FORM 58-101-F1 - CORPORATE GOVERNANCE DISCLOSURE

THE COMPANY'S PRACTICES

e) Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.

When required, the independent Directors hold scheduled meetings at which non-independent Directors and members of management are not in attendance. Such meetings are held at least once a year. In 2005, three such meetings were held.

f) Disclosure whether or not the chair of the board is an independent director. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the board has neither a chair that is independent nor a lead director that is independent, describe what the board does to provide leadership for its independent directors.

James C. McCartney serves as non-executive Chair of the Board. He has served in that position since April 26, 1995.

g) Disclose the attendance record of each director for all board meetings held

All Directors attended all Board meetings, except Louis Archambault who was absent from two meetings, James C.

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since the beginning of the issuer's most recently completed financial year.

McCartney, who was absent from one meeting, Graham G. Clow, who was absent from one meeting, and G.E. "Kurt" Pralle, who was absent from one meeting.

2. BOARD MANDATE

- a) Disclose the text of the board's written mandate. If the board does not have a written mandate, describe how the board delineates its role and responsibilities.

The Board's mandate is set forth in the Governance Policy of the Company, a copy of which is attached hereto as Exhibit 15.4.

3. POSITION DESCRIPTIONS

- a) Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.

The Board has developed written position descriptions for the Chair of the Board and the Chair of each Board committees. These descriptions are set forth in the Governance Policy of the Company, a copy of which is attached hereto as Exhibit 15.4.

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FORM 58-101-F1 - CORPORATE GOVERNANCE DISCLOSURE

THE COMPANY'S PRACTICES

- b) Disclose whether or not the board and CEO have developed a written position description for the CEO. If the board and CEO have not developed such a position description, briefly describe how the board delineates the role and responsibilities of the CEO.

The Board and the Chief Executive Officer have developed a written position description for the Chief Executive Officer. This description is set forth in the Governance Policy of the Company, a copy of which is attached hereto as Exhibit 15.4.

4. ORIENTATION AND CONTINUING EDUCATION

- a) Briefly describe what measures the board takes to orient new directors

Orientation and education of directors is an ongoing matter. As such, ongoing informal discussions between management

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|---|---|
| <p>regarding</p> <p>i) the role of the board, its committees and its directors, and</p> <p>ii) the nature and operation of the issuer's business.</p> <p>b) Briefly describe what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.</p> | <p>and members of the Board is encouraged and formal presentations by management throughout the year in addition to regularly scheduled site visits to the Company's operations are mandated.</p> <p>Orientation and education of directors is an ongoing matter. As such, ongoing informal discussions between management and members of the Board is encouraged and formal presentations by management throughout the year in addition to regularly scheduled site visits to the Company's operations are mandated.</p> |
|---|---|

5. ETHICAL BUSINESS CONDUCT

- | | |
|---|--|
| <p>a) Disclose whether or not the board has adopted a written code for the directors, officers and employees. If the board has adopted a written code:</p> <p>i) disclose how a person or Company may obtain a copy of the code;</p> <p>ii) describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code; and</p> | <p>The Board has adopted a written Code of Conduct for directors, officers and employees.</p> <p>A copy of the Code of Conduct is attached hereto as Exhibit 11.1.</p> <p>Employees, officers and directors must confirm having read and understood the Code of Conduct and the Company has implemented a complaint procedure which allows employees to report any conduct that is not compliant with the Code of Conduct on an anonymous and/or confidential basis. Mid-level and upper levels of management are required to report to senior management any instances of fraud, illegal acts and compliance issues. When situations of non-compliance have become known to management, appropriate disciplinary action has been taken.</p> |
|---|--|

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<p>iii) provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.</p>	<p>The Company has not filed any material change report during the financial year ended December 31, 2005 that pertains to any conduct of a Director or executive officer that constitutes a departure from the Code of Conduct. No waivers from the Code of Conduct have been sought or granted.</p>
<p>b) Describe any steps the board takes to ensure directors exercise independent judgement in considering transactions and agreements in respect of which a director or executive officer has a material interest.</p>	<p>In the event any transactions or agreements occur in respect of which a Director or executive officer has a material interest, the matter must be initially reviewed by the Audit Committee and is then submitted to the Board of Directors. The Board may implement any measures that it finds necessary in order to ensure the exercise of independent judgment. In the event a Director has a material interest in any transaction or agreement, such Director will abstain from voting in that regard.</p>
<p>c) Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.</p>	<p>Through the above-noted methods, the Board encourages and promotes a culture of ethical business conduct. This is reinforced by the behaviour of the Board, as provided in its mandate, which is in strict compliance with the terms and the spirit of these measures.</p>
<p>6. NOMINATION OF DIRECTORS</p>	
<p>a) Describe the process by which the board identifies new candidates for board nomination.</p>	<p>The Corporate Governance Committee oversees the process by which the Board identifies new candidates for Board nomination.</p>
<p>b) Disclose whether or not the board has a nominating committee composed entirely of independent directors. If the board does not have a nominating committee composed entirely of independent directors, describe what steps the board takes to encourage an objective nomination process.</p>	<p>With the exception of Michel Blouin, a lawyer specializing in mining law and securities law, this Governance Committee is composed entirely of independent Directors.</p>
<p>c) If the board has a nominating committee,</p>	<p>The Corporate Governance Committee oversees the process by which the Board</p>

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describe the responsibilities, powers and operation of the nominating committee.

identifies new candidates for Board nomination.

7. COMPENSATION

- a) Describe the process by which the board determines the compensation for the issuer's directors and officers.

Each year, the Compensation Committee reviews data of director compensation for companies of a comparable size. Using such information, the Compensation Committee formulates a recommendation to the Board of Directors and the final decision is made by the Board of Directors.

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FORM 58-101-F1 - CORPORATE GOVERNANCE
DISCLOSURE

THE COMPANY'S PRACTICES

As concerns the officers, the Compensation Committee is responsible for establishing the annual compensation of all senior executives following discussions with the President and Chief Executive Officer and after reviewing their recommendations. The level of compensation for senior executives is to be consistent with the compensation provided for senior executives of companies in local markets of comparable size and type facing similar operating and financial issues.

As concerns the President and Chief Executive Officer, the Committee reviews and recommends to the Board the compensation and performance criteria with respect to the President and Chief Executive Officer basing its recommendations on available data for comparable companies.

Because the Company is the object of an order under the CCAA, the Compensation Committee did not meet in 2005.

- b) Disclose whether or not the board has a compensation committee composed entirely of independent directors. If the board does not have a compensation committee composed entirely of

The Compensation Committee oversees compensation matters and is composed entirely of independent Directors.

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independent directors, describe what steps the board takes to ensure an objective process for determining such compensation.

- | | |
|---|---|
| c) If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee. | Compensation matters are overseen by the Compensation Committee. |
| d) If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work. | During the 2005 financial year, the Company did not retain the services of a compensation consultant. |

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FORM 58-101-F1 - CORPORATE GOVERNANCE DISCLOSURE

THE COMPANY'S PRACTICES

8. OTHER BOARD COMMITTEES

If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.

The Board has no standing committees other than the Audit Committee, the Compensation Committee, the Environment Committee, the Corporate Governance Committee and the Executive Committee.

9. ASSESSMENTS

Disclose whether or not the board, its committees and individual directors are

The Board has adopted processes for evaluating the effectiveness of the Board of Directors and its various

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regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees, and its individual directors are performing effectively.

committees. Once a year the Chair of the Corporate Governance Committee will have each Director and committee member complete the appropriate effectiveness assessment questionnaire. The input is summarized on a confidential basis and reviewed by the Corporate Governance Committee. The Chair of that committee reports the findings to the full Board and time is set aside at that meeting for a full and comprehensive discussion of Board and committee effectiveness and any agreed upon improvements are implemented as applicable.

EMPLOYEES

At March 30, 2006, the Company had 252 employees compared to 286 at March 31, 2005, all of whom were in Canada. At the Joe Mann Mine, approximately 114 employees were employed as of December 31, 2005, compared to 165 persons as of December 31, 2004. Of the 114 employees, 105 mine workers were covered by a collective bargaining agreement with CSN and 1 nurse was covered by a collective bargaining agreement with La Federation des Infirmiers et Infirmieres du Quebec (FIIQ). As at March 30, 2006, MSV had approximately 64 full time employees at the Copper Rand Mine compared to 135 at March 30, 2005 and 332 at the end of 1996 prior to the suspension of operations, as previously described. At the Copper Rand Mine, 102 employees were covered by a collective bargaining agreement with the United Steelworkers of America. The collective agreement has been renewed for five years in 2004.

At the headquarter, Campbell has 6 employees at March 2006 compared to 5 at December 2005 and 2004. Of these employees, two are officers. The two other officers are based at the mining office in Chibougamau.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

As of March 30, 2006, the Company had 108,220,881 common shares outstanding. Each common share entitles its holder to one vote.

To the knowledge of the Company, as of March 30, 2006, no person beneficially owned or exercised control or direction over more than 10% of the common shares of the Company except as described below.

There are no related party transactions, except as otherwise disclosed herein under Item 6.

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ITEM 8. FINANCIAL INFORMATION

FINANCIAL STATEMENTS

The Company's consolidated financial statements are set out under Item 17.

LEGAL PROCEEDINGS

During 1996, Campbell's Mexican subsidiary, Sotula received import duty assessments claiming Sotula's interest in certain pieces of machinery and equipment with an approximate value of US\$2,200,000 and levying taxes,

penalties, interest and inflationary adjustments for a further Mexican pesos 9,200,000. The claim against the subsidiary's assets and the additional amount payable arose as a result of the subsidiary not presenting certain import documentation to tax authorities by a prescribed date in connection with their audit of imports of the claimed machinery and equipment during 1990 and 1991 when the mine was not owned by Sotula. The charge against certain pieces of machinery and equipment will be released when the final tax assessment is issued.

Professional advice received indicating the basis for these assessments to be weak and accordingly appealed the assessments on March 5, 1997 before the Local Tax Legal Administration for Revenues in Nogales, Sonora. On May 26, 1997, Sotula was advised that it was successful in its appeal and that Mexican pesos 9,200,000 was not payable. While the local tax authority was requested by the federal tax authorities to issue a re-assessment which must take into account the basis of the appeal, on May 6, 1998, the tax authorities issued a tax assessment identical to that issued in 1996 except that the amounts claimed have increased to Mexican pesos 18,000,000 as a result of inflation and additional interest. Sotula was advised by its Mexican counsel that this assessment is improper as it completely ignores the earlier ruling. Accordingly, Sotula filed a new appeal before the federal tax court to nullify the assessment. On October 11, 2001, Sotula received notice that it was successful in its appeal against the assessments; however, this decision was appealed once more by the Mexican tax authorities (the "tax case").

On January 31, 2002, Queenstake purchased all of the shares of Sotula. Pursuant to the purchase and sale agreement, Campbell received a US \$1 million promissory note from Queenstake. This promissory note maturing on the third anniversary of the date of issuance. Such note is subject to adjustment as follows. To the extent that the actual liability, incurred by Queenstake with respect to outstanding litigation commenced in 1996, between Sotula and the tax case and reclamation costs of properties owned by Sotula (the "reclamation"), does not exceed US\$2,000,000, there shall be no reduction. To the extent that the actual combined liability incurred by Queenstake with respect to the tax case and the reclamation exceeds US\$2,000,000 but does not exceed US\$2,400,000, the amount of the promissory note issued shall be reduced by 100% of the amount of the liability in excess of US\$2,000,000. To the extent that the actual combined liability incurred by Queenstake with respect to the tax case and the reclamation exceeds US\$2,400,000 but does not exceed US\$2,750,000, the amount of the promissory note issued shall be reduced by 100% of the first US\$400,000 in excess of US\$2,000,000 and 80% of any excess over US\$2,400,000. To the extent that the actual combined liability incurred by Queenstake with respect to the tax case and the reclamation exceeds US\$2,750,000, the amount of the promissory note issued shall be reduced by 100% of the first US\$400,000 in excess of US\$2,000,000 and 80% of the excess over US\$2,400,000 up to US\$2,750,000 and by 70% of the excess of US\$2,750,000 up to a maximum of US\$3,207,000. In December 2003, Queenstake paid immediately US\$850,000 as a final payment of the US\$1 million promissory note.

In January 2004, the Oujibougoumou Cree initiated legal proceedings against the Company, claiming that the poor condition of lakes in the region of Chibougamau, Quebec was due to mining activities in the area. The Public Health Department, the MENVIQ and the Quebec Fish and Wildlife Association began to study the

issue. As a temporary measure, the Company and the plaintiffs jointly agreed in 2004 to request that proceedings be suspended for one year. A new postponement

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is currently negotiated by the parties. It is not possible to determine either the outcome of the proceedings or the financial consequences for the Company.

The Oujibougoumou Cree recently initiated legal proceedings against the Company, claiming that the poor condition of lakes in the region of Chibougamau, Quebec was due to mining activities in the area. The Public Health Department, the Quebec Environment Ministry and the Quebec Fish and Wildlife Association began to study the issue. As a temporary measure, the Company and the plaintiffs jointly agreed to request that proceedings be suspended for one year. It is not possible to determine either the outcome of the proceedings or the financial consequences for the Company.

DIVIDEND RECORD AND POLICY

The Company has not paid a dividend on its common shares since 1984. The Company's present policy is to retain any earnings to finance future growth. Dividends on the common shares paid to non-residents of Canada will generally be subject to withholding tax under the Tax Act at the rate of 25%. Such rate may be subject to reduction under the provisions of a tax treaty between Canada and the country in which the recipient is resident. The Canada-U.S. Income Tax Convention (1980) (the "Convention") provides for a general reduction in the rate of withholding tax to 15% on dividends paid on shares of a corporation resident in Canada (such as the Company) to a resident of the United States, and also provides for a further reduction to 5% where the beneficial owner of the dividend is a corporation, resident in the United States, which owns at least 10% of the voting shares of the corporation paying the dividend.

SIGNIFICANT CHANGES

There have been no significant changes since the date of the annual financial statements included in this Annual Report.

ITEM 9. THE OFFER AND LISTING

The Company's common shares are listed and traded in Canada on the Toronto Stock Exchange under the symbol "CCH". In addition, the common shares are traded in the United States on the OTC-BB under the symbol "CBLRF". Until November 23, 2001, the common shares were listed and traded in the United States on the New York Stock Exchange. The following table sets forth the price ranges and volume of common shares during the periods indicated on the Toronto Stock Exchange and on the OTC-BB/New York Stock Exchange.

TORONTO STOCK EXCHANGE

PERIOD -----	HIGH ----	LOW ----	VOLUME -----
MONTH ENDED			
To March 30, 2006	0.23	0.11	10,650,800
February 2006	0.27	0.19	13,029,500
January 2006	0.23	0.13	11,850,700
December 2005	0.17	0.13	4,604,500
November 2005	0.18	0.09	10,580,200
October 2005	0.19	0.14	4,033,600
September 2005	0.30	0.08	27,512,500

PERIOD -----	HIGH ----	LOW ----	VOLUME -----
QUARTER ENDED			
December 31, 2005	0.19	0.09	19,218,300
September 30, 2005	0.30	0.05	51,386,000
June 30, 2005	0.38	0.07	14,334,400
March 31, 2005	0.52	0.36	11,237,700
December 31, 2004	0.72	0.44	8,195,700
September 30, 2004	0.66	0.37	6,009,100
June 30, 2004	0.81	0.56	4,648,300
March 31, 2004	0.98	0.72	7,144,100

PERIOD -----	HIGH ----	LOW ----	VOLUME -----
FISCAL YEAR ENDED			
December 2005	0.52	0.05	96,176,400
December 2004	0.98	0.37	25,997,200
December 2003	1.11	0.33	23,030,700
December 2002	0.91	0.31	12,260,900
December 2001	1.05	0.26	3,672,790

Note:

- (1) All prices and volumes have been adjusted to reflect the one for ten consolidation in May 2000. Prices are in Canadian dollars.

OTC-BB

PERIOD -----	HIGH ----	LOW ----	VOLUME -----
MONTH ENDED			
To March 30, 2006	0.21	0.01	3,155,900
February 2006	0.24	0.17	4,326,800
January 2006	0.20	0.11	2,661,900
December 2005	0.15	0.11	1,879,500
November 2005	0.16	0.07	2,306,100
October 2005	0.17	0.12	1,165,100
September 2005	0.25	0.02	2,638,600

PERIOD -----	HIGH ----	LOW ----	VOLUME -----
QUARTER ENDED			
December 31, 2005	0.17	0.07	5,350,700
September 30, 2005	0.25	0.02	7,831,500

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June 30, 2005	0.32	0.05	4,723,600
March 31, 2005	0.48	0.29	3,588,900
December 31, 2004	0.58	0.34	2,361,935
September 30, 2004	0.50	0.29	2,507,916
June 30, 2004	0.63	0.41	2,829,605
March 31, 2004	0.78	0.55	2,653,486

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PERIOD -----	HIGH ----	LOW ----	VOLUME -----
FISCAL YEAR ENDED			
December 2005	0.48	0.02	21,494,700
December 2004	0.78	0.29	10,352,942
December 2003	0.84	0.20	11,209,588
December 2002	0.45	0.29	9,339,003
December 2001	0.69	0.13	6,322,000

Notes:

- (1) Traded on the New York Stock Exchange until November 23, 2001 and commenced trading on the OTC-BB on November 29, 2001.
- (2) All prices and volumes have been adjusted to reflect the one for ten consolidation in May 2000. Prices are in U.S. dollars.

ITEM 10. ADDITIONAL INFORMATION

SHARE CAPITAL

Not applicable.

MEMORANDUM AND ARTICLES OF INCORPORATION

Campbell was incorporated in June 1950 under the laws of British Columbia. On September 8, 1982, Campbell was continued under the CBCA and on June 8, 1983, in connection with an amalgamation of three other companies, the name of Campbell was changed from GM Resources Limited to Campbell Resources Inc. On August 9, 1999, Campbell filed Restated Articles of Incorporation. These restated Articles were filed as Exhibit 4(a) to the Company's Registration Statement on Form S-8 (Registration No. 333-93063), which is hereby incorporated by reference.

Pursuant to the CBCA, the Company's Articles as amended include its corporate name, the place in Canada where its registered office is located, its minimum and maximum number of directors and the authorized share capital of the Company consisting of an unlimited number of common shares and an unlimited number of preferred shares. There are only common shares outstanding. There are no restrictions on the business that the Company may carry on. The Company's general by law, By-Law No. 1, as amended and as in effect on the date hereof, was filed as Exhibit 3.12 to the Company's Annual Report on Form 10K for the year ended December 31, 1987, which is hereby incorporated by reference.

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By Articles of Amendment dated May 19, 2000 and filed as Exhibit 3.1 to the Company's Current Report on Form 8-K dated May 19, 2000, which is hereby incorporated by reference, the common shares of the Company were consolidated (reverse split) on the basis of one post consolidation common share for every ten pre-consolidation common shares. By Articles of Arrangement effective June 30, 2001, the Company completed its merger with GeoNova. These Articles of Arrangement were filed as Exhibit 3.3 to the Company's Annual Report on Form 20-F for the year ended December 31, 2001, which is hereby incorporated by reference.

The Restated Articles of Incorporation were approved by resolution of the directors dated October 22, 2004. The Restated Certificate of Incorporation was issued by Industry Canada on January 7, 2005 in order to remove the provisions which were irrelevant.

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ELECTION AND QUALIFICATIONS OF DIRECTORS

The directors of the Company stand for election at the annual meeting of shareholders and there are no staggered terms. There is no cumulative voting for directors of the Company. There is no provision in the Articles or By-laws that imposes a requirement for retirement or non-retirement of directors.

There is no provision in the Company's Articles or By-laws that a director be required to hold a share in the capital of the Company as a qualification for his office, but he must be qualified to become or act as a director as required by the CBCA. The CBCA provides that no person is qualified to act as a director if that person is less than 18 years of age; is a person who has been found to be a person of unsound mind by a court in Canada; a person who is not an individual; or is a person who has the status of bankrupt.

The CBCA provides that a director of a Company may be removed if the shareholders by ordinary resolution at a special meeting vote to remove a director or directors from office.

MEETINGS

The CBCA provides that the Company must hold an annual meeting of its shareholders not later than 15 months after holding the last preceding annual meeting but no later than 6 months after the end of the Company's preceding financial year. The Company must give notice of any meeting to its shareholders entitled to receive notice not more than 60 days prior to and not less than 21 days before the date of meeting. The CBCA requires the directors of a company to provide with the notice of a general meeting a form of proxy for use by every member entitled to vote at such meeting as well as an information circular containing prescribed information regarding the matters to be dealt with and the conduct of the meeting.

Under the CBCA, the directors of the Company may call a meeting of shareholders and one or more shareholders holding not less than 5% of the issued voting shares of the Company may give notice to the directors requiring them to call and hold a meeting.

LIMITATIONS ON OWNERSHIP OF SECURITIES

Except as described below under Exchange Controls, there are no limitations on the right to own securities imposed by foreign law to the Company's knowledge or by the Articles of the Company.

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CHANGE IN CONTROL OF COMPANY

There are no provisions in the Company's Articles or By-laws that would have the effect of delaying, deferring, or preventing a change in control of the Company and that would operate only with respect to a merger, acquisition or corporate restructuring of the Company or its subsidiaries.

MATERIAL CONTRACTS

Royalty Agreement between Meston and Repadre dated April 23, 1993 as amended June 30, 2001, as described under Item 4 - Information on the Company.

Merger Agreement dated May 7, 2001 between Campbell, MSV and GeoNova pursuant to which MSV and GeoNova became wholly-owned subsidiaries of the Company, as described under Item 4 - Information on the Company.

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Option agreement dated June 8, 2003 between Campbell and Wolfden as described under Item 4 - Information on the Company.

ECU Facility Agreement dated October 26, 2004 between MSV, Campbell, Meston, RMB International (Dublin) Limited and RMB, as described under Item 4 - Information on the Company.

Sale and Purchase Agreement dated November 10, 2004 between GeoNova and Metanor, as described under Item 4 - Information on the Company.

Copper, Silver and Gold Purchase Agreement dated as of October 8, 2004 between Campbell, Meston and Auramet Trading, LLC, as described under Item 4 - Information on the Company.

EXCHANGE CONTROLS

Other than as provided in the Investment Canada Act (Canada) (the Investment Act), there are currently no limitations imposed by Canadian laws, decrees or regulations that restrict the import or export of capital, including foreign exchange controls, or that affect the remittance of dividends to non-resident holders of the Company's securities. However, any such remittances of dividends paid to United States residents are subject to withholding tax at a rate equal to a maximum of 15% of the amount paid (see Item 10 - Taxation).

The following discussion summarises the material features of the Investment Act, in its present form, for a non-resident of Canada who proposes to acquire common shares of the Company. The Investment Act regulates the acquisition of control of a Canadian business by a non-Canadian as defined under the Investment Act. With respect to the Company, an acquisition of control is considered to be the acquisition of the majority of its common shares. However, if a non-Canadian acquires more than one-third of the voting shares of the Company, but less than a majority, there is a presumed acquisition of control unless it can be established that the Company is not controlled in fact by the acquirer. All acquisitions of control of a Canadian business are notifiable (which requires that a notification form be submitted to Investment Canada within thirty days after the implementation of the investment) unless the investment is reviewable. If the investment is reviewable, the investment may not be implemented until the Minister responsible for the Investment Act is, or has been deemed to be, satisfied that the investment is likely to be of net benefit to Canada.

Where either the acquirer is, or the Company is presently controlled by, a

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WTO investor (as that term is defined in the Investment Act), a direct acquisition of control of the Company will only be reviewable if the value of the Company's assets, as shown on its audited financial statements for the most recently completed fiscal year, is equal to or greater than \$223 million. This amount varies each year based on the rate of growth in Canadian gross domestic product. Other direct acquisitions of control are reviewable if the value of the assets of the Company, as calculated above, is equal to or greater than \$5 million. The \$5 million threshold for review also applies with respect to the acquisition of control of any Canadian business that provides any financial services or transportation services, is a cultural business, or is engaged in the production of uranium and owns an interest in or producing uranium property in Canada.

Indirect acquisitions of control (acquisitions of control of an entity which in turn controls the Company) are not reviewable under the Investment Act if the acquirer is a WTO investor or if the Company is controlled by a WTO investor. Otherwise, an indirect acquisition will be reviewable if the value of the Company's assets is \$50 million or more, or if the value of the Company's assets acquired in the total transaction are in Canada or the acquisition is not effected through the acquisition of control of a foreign corporation.

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Certain types of transactions are exempt from application of the Investment Act including acquisitions of control of the Company:

- (a) by the acquisition of voting shares or the voting interests by any person in the ordinary course of that person's business as a trader or dealer in securities;
- (b) in connection with the realization of security granted for a loan or other financial assistance and not for any purpose related to the Investment Act;
- (c) for facilitating its financing and not for any purpose related to the Investment Act on the condition that the acquirer divest control within two years after control was acquired; and
- (d) by reason of an amalgamation, merger, consolidation or corporate reorganization following which the ultimate or indirect control in fact of the Company through the ownership of voting interests remains unchanged.

There are currently no limitations on the right of foreign or non-resident owners of common shares to hold or vote such securities imposed by Canadian law or the Company's charter or other constituent documents.

There are no family relationships between any of the directors and executive officers of the Company.

TAXATION

CERTAIN CANADIAN FEDERAL INCOME TAX CONSEQUENCES

The discussion under this heading summarises the material Canadian federal income tax consequences of acquiring, holding and disposing of common shares of the Company for a shareholder of the Company who is not resident in Canada but is resident in the United States and who will acquire and hold common shares of the Company as capital property for the purpose of the Tax Act. This summary

does not apply to a shareholder who carries on business in Canada through a "permanent establishment" situated in Canada or who has a fixed tax base regularly available to him through which he or she performs independent personal services in Canada if the shareholder's holding in the Company is effectively connected with such permanent establishment or fixed base. This summary is based on the provisions of the Tax Act and the regulations thereunder and on the Company's understanding of the administrative practices of CCRA and takes into account all specific proposals to amend the Tax Act or regulations made by the Minister of Finance of Canada to March 15, 2005. It has been assumed that there will be no other relevant amendment of any governing law although no assurance can be given in this respect. This discussion is general only and is not a substitute for independent advice from a shareholder's own Canadian and U.S. tax advisors.

The provisions of the Tax Act are subject to income tax treaties to which Canada is a party, including the Convention and the Protocols to the Convention.

DIVIDENDS ON COMMON SHARES

Under the Tax Act, a non-resident of Canada is generally subject to Canadian withholding tax at the rate of 25% on dividends paid or deemed to have been paid to him by a corporation resident in Canada. The Convention limits the rate to 15% if the shareholder is resident in the United and the dividends are beneficially owned by and paid to him, and to 5% if the shareholder is a corporation that beneficially owns at least 10% of the voting shares of the payer corporation. The Convention generally exempts from Canadian income tax

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dividends paid to a religious, scientific, literary, educational or charitable organisation or to an organisation constituted and operated exclusively to administer a pension, retirement or employee benefit fund or plan, if the organisation is resident in the United States and is exempt from income tax under the laws of the United States.

DISPOSITION OF COMMON SHARES

Under the Tax Act, a taxpayer's capital gain or capital loss from a disposition of common shares of the Company is the amount, if any, by which his proceeds of disposition exceed (or are exceeded by, respectively) the aggregate of his adjusted cost base of the share and reasonable expenses of disposition. One-half of a capital gain (the "taxable capital gain") is included in income, and one-half of a capital loss in a year (the "allowable capital loss") is deductible from taxable capital gains realized in the same year. The amount by which a shareholder's allowable capital loss exceeds the taxable capital gain in a year may be deducted from a taxable capital gain realized by the shareholder in the year or in the three previous or any subsequent year, subject to certain restrictions in the case of a corporate shareholder.

In the case of a shareholder that is a corporation, the amount of any capital loss otherwise determined may be reduced, in certain circumstances, by the amount of dividends previously received in respect of the shares disposed of, unless the corporation owned the shares for at least 365 days prior to sustaining the loss and (together with corporations, persons and other entities with whom the corporation was not dealing at arm's length) did not, at the time the dividends were received, own more than 5% of the shares of any class of the capital stock of the corporation from which the dividend was received. These loss limitation rules may also apply where a corporation is a member of a partnership or a beneficiary of a trust that owned the shares disposed of.

A non-resident of Canada is not subject to tax under the Tax Act in respect of a capital gain realized upon the disposition of shares unless the shares represent "taxable Canadian property". Common shares of the Company will not generally constitute taxable Canadian property. Common shares of the Company will constitute taxable Canadian property of a shareholder at a particular time if the shareholder holds the shares as "capital property" and used the shares in carrying on a business in Canada, or if at any time in the five years immediately preceding the disposition the shareholder owned, either alone or with persons with whom the shareholder did not deal at arm's length, 25% or more of the issued shares of any class of the capital stock of the Company.

Where a United States resident realises a capital gain on a disposition of shares that constitute "taxable Canadian property", the Convention relieves the United States resident from liability for Canadian tax on such capital gains unless:

- (a) the value of the shares is derived principally from "real property" in Canada, including the right to explore for or exploit natural resources and rights to amounts computed by reference to production,
- (b) the shareholder was resident in Canada for 120 months during any period of 20 consecutive years preceding the disposition, was resident in Canada at any time during the 10 years immediately preceding the disposition and the shares were owned by him when he ceased to be resident in Canada, or
- (c) the shares formed part of the business property of a "permanent establishment" or pertained to a fixed base used for the purpose of performing independent personal services that the shareholder has or had in Canada within the 12 months preceding the disposition.

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Notwithstanding the potential exemption from Canadian tax provided under the Convention, where a non-resident of Canada disposes of shares of common shares of the Company that are "taxable Canadian property", the non-resident is required to file a Canadian income tax return in respect of any such dispositions.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following discussion summarises the material United States federal income tax consequences to certain U.S. Holders (as defined below) of the acquisition, ownership and disposition of the Company's common shares. This discussion assumes such holders hold the common shares as capital assets for United States Federal income tax purposes. This discussion does not address consequences peculiar to persons subject to special provisions of federal income tax law, such as tax-exempt organisations, qualified retirement plans, financial institutions, insurance companies, real estate investment trusts, regulated investment companies, broker-dealers, non-resident alien individuals or foreign corporations, shareholders owning common shares representing 10% of the vote and value of the Company. In addition, this discussion does not address any state, local or foreign tax consequences.

The following discussion is based upon the Internal Revenue Code of 1986, as amended (the "Code"), final, temporary and proposed Treasury Regulations promulgated thereunder, published Internal Revenue Service ("IRS") rulings, published administrative positions of the IRS and court decisions that are

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currently applicable, any or all of which could be materially and adversely changed, possibly on a retroactive basis. In addition, this discussion does not consider the potential effects, both adverse and beneficial of recently proposed legislation which, if enacted, could be applied, possibly on a retroactive basis, at any time. The following discussion is for general information only and is not intended to be, nor should it be construed to be, legal or tax advice to any holder or prospective holder of the Company's common shares and no opinion or representation with respect to the United States federal income tax consequences, to any such holder or prospective holders is made. Accordingly, holders and prospective holders of the Company's common shares should consult their own tax advisors about the federal, state, local foreign tax consequences of purchasing, owning and disposing of shares of common shares of the Company.

U.S. HOLDERS

As used herein, the term "U.S. Holder" means a beneficial owner of common shares that is (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organised under the laws of the United States, or any political subdivision thereof, (iii) an estate the income of which is subject to United States federal income tax regardless of source, or (iv) a trust subject to the primary supervision of a United States court and which has one or more United States persons who have the authority to control all substantial decisions of the trust.

DISTRIBUTIONS OF COMMON SHARES

For United States Federal income tax purposes, the gross amount of all distributions paid (without reduction for Canadian income tax withheld) with respect to common shares out of current or accumulated earnings and profits as determined under United States Federal income tax principles to a U.S. Holder will be treated as foreign source ordinary income to such holder. Such Canadian tax withheld may be credited, subject to certain limitations, against the U.S. Holder's United States federal income tax liability or, alternatively, may be deducted in computing the U.S. Holder's United States federal taxable income by those who itemise deductions. (See more detailed discussion at "Foreign Tax Credit" below.) To the extent that distributions exceed current or accumulated earnings and profits of the Company, they will be treated first as a return of capital up to the U.S. Holder's adjusted basis in the common shares and thereafter as gain from the sale or

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exchange of such shares. Preferential tax rates for long-term capital gains may be available to non-corporate U.S. Holders. Dividends paid on the Company's common shares will not generally be eligible for the dividends received deduction provided to corporations receiving dividends from certain United States corporations.

If a dividend is paid in Canadian dollars, the amount includible in income will be the U.S. dollar value of the Canadian dollars at the exchange rate in effect on the date of receipt of the distribution by the U.S. Holder. A U.S. Holder will have a tax basis in such Canadian dollars for United States federal income tax purposes equal to the United States dollar value on the date of receipt. Gain or loss, if any, realized on the disposition of the Canadian dollars generally will be United States source ordinary income or loss.

FOREIGN TAX CREDIT

A U.S. Holder who pays (or has withheld from distributions) Canadian income

tax with respect to the ownership of the Company's common shares may be entitled, at the option of the U.S. Holder, but subject to the limitations discussed below, to either a deduction or a tax credit for such foreign tax paid or withheld. Subject to certain limitations, Canadian taxes withheld will be eligible for credit against the U.S. Holder's United States federal income taxes. Under the Code, the limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. Dividends paid by the Company generally will be either "passive" income or "financial services" income, depending on the particular U.S. Holder's circumstances. Foreign tax credits allowable with respect to each class of income cannot exceed the U.S. federal income tax otherwise payable with respect to such class of income. The consequences of the separate limitations will depend on the nature and sources of each U.S. Holder's income and the deductions appropriately allocated or apportioned thereto. The availability of the foreign tax credit and the application of the limitations on the credit are fact specific and holders and prospective holders of common shares should consult their own tax advisors regarding their individual circumstances.

DISPOSITION OF COMMON SHARES

A U.S. Holder will recognize United States source gain or loss upon the sale of common shares equal to the difference, if any, between (i) the amount of cash plus the fair market value of any property received, and (ii) the shareholder's tax basis in the common shares. This gain or loss will be capital gain or loss if the shares are a capital asset in the hands of the U.S. Holder, and such gain or loss will be long-term capital gain or loss if the U.S. Holder has held the common shares for more than one year. Gains and losses are netted and combined according to special rules in arriving at the overall capital gain or loss for a particular tax year. The net long-term capital gain of non-corporate U.S. Holders generally will be subject to tax at a maximum rate of 20 percent. Deductions for net capital losses are subject to significant limitations.

OTHER CONSIDERATIONS

In the following circumstance, the above discussion may not describe the United States federal income tax consequences resulting from the holding and disposition of the Company's common shares:

PASSIVE FOREIGN INVESTMENT COMPANY

Special rules are applicable to U.S. Holders owning shares in a passive foreign investment company (a "PFIC"). A foreign corporation will be classified as a PFIC if at least 75% of its gross income for the taxable year is passive income or if the value of assets held by it during the taxable year which produce passive income represents at least 50% of the value of its assets. In determining whether a foreign corporation is a PFIC, if the foreign corporation owns 25% or more (by value) of the stock of another corporation, the foreign corporation is treated as if it (i) held its proportionate share of the assets of such other corporation, and (ii) received directly

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its proportionate share of the income of such other corporation. In general, "passive income" includes the excess of gains over losses from certain commodities transactions, including transactions involving gold and other precious metals. However, gains from commodities transactions generally are excluded from the definition of passive income if (i) such gains are derived by a foreign corporation in the active conduct of a commodity business by an active

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producer, merchant or handler of commodities, and (ii) "substantially all" of such corporation's business is as an active producer or processor of commodities (the "active commodities business exclusion").

Based on the nature of the income, assets and activities of the Company, it is not certain whether the Company could be classified as a PFIC for any taxable year. While the Company believes that it presently qualifies for the active commodities exclusion, the application of the relevant provisions of the Code and accompanying prior and current regulations to the Company is not. Further, the operations and business plans of the Company may change in subsequent taxable years. Therefore, no assurances can be made regarding the present or future status of the Company.

If the Company were treated as a PFIC at any time during a U.S. Holder's holding period for the common shares, such U.S. Holder might be subject to additional tax as well as certain interest charges in respect of the deferral of tax for the period during which such common shares were held. Any such additional tax and interest charges would apply to the disposition of the common shares or the receipt of certain dividends that are considered "excess distributions" under the Code. Additionally, any gain realized on the disposition of such common shares would be treated as ordinary income rather than as capital gain and the tax basis of the common shares held by a U.S. Holder generally would not be stepped up to fair market value at death. U.S. Holders and prospective holders of common shares should consult their own tax advisors regarding the possible application of the PFIC rules to the Company.

BACKUP WITHHOLDING

Certain non-corporate U.S. Holders may be subject to backup withholding at a rate of 31% on taxable distributions with respect to the common shares and the proceeds of a disposition of the common shares. Backup withholding will apply only if the U.S. Holder (i) fails to furnish its Taxpayer Identification Number ("TIN") which, in the case of an individual, would be his or her social security number, (ii) furnishes an incorrect TIN, (iii) is notified by the IRS that it has failed to properly report payments of interest or dividends or (iv) under certain circumstances, fails to certify, under the penalty of perjury, that it has furnished a correct TIN and has not been notified by the IRS that it is subject to backup withholding. Under newly issued U.S. Treasury regulations, in the case of interest paid after December 31, 1999, a U.S. Holder generally will be subject to backup withholding at a 31% rate unless certain IRS certification procedures are complied with, directly or through an intermediary. U.S. Holders should consult their tax advisors regarding their qualification for exemption from backup withholding and the procedure for obtaining such an exemption if applicable.

DOCUMENTS ON DISPLAY

Any shareholder may inspect any of the documents or Exhibits referred to in this Annual Report or any other disclosure by making a request to the Company in writing.

SUBSIDIARY INFORMATION

Information relating to the Company's subsidiaries is contained in Item 4 - Information on the Company particularly under "Organizational Structure" and in Item 19 under "Exhibit 8.1".

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ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

See the notes to the consolidated financial statements in Item 17 and "Management's Discussion and Analysis" in Item 5 for additional information.

GOLD RISK DISCLOSURES

The results of the Company's operations are affected significantly by the market price of gold. See disclosure in Notes 12(c), 15, 18(a) and 21(c). Gold prices are influenced by numerous factors over which the Company has no control, including expectations with respect to the rate of inflation, the relative strength of the United States dollar and certain other currencies, interest rates, global or regional political or economic crises, demand for jewellery and certain industrial products, and sales by central banks, other holders of gold and gold producers.

To reduce the impact of negative changes in the gold price the Company may attempt to fix the future price at which the Company's gold production is sold through the use of fixed forward sale contracts, spot deferred gold sale contracts or through the use of various derivative instruments such as puts and calls.

The Company's last forward gold sales contracts expired on December 31, 2001 and the \$0.8 million of cash, deposited to secure potential obligations in respect of these contracts, was released.

FOREIGN CURRENCY RISK DISCLOSURES

The Company's reporting currency is Canadian dollars. The sales price of gold (represents approximately 95% of total metal sales) and copper (represents approximately 5% of total metal sales) is denominated in United States dollars. The Company's Joe Mann Mine is in Canada and its future profitability is impacted by fluctuations in the United States dollar relative to the Canadian dollar. To reduce the impact of the fluctuations in the relative exchange rates on the Company's operations the Company may enter into fixed forward contracts to sell United States dollars and buy Canadian dollars. At December 31, 2005 the Company had no forward contracts to sell United States dollars. (See under heading "Currency And Metric Equivalents")

OTHER FINANCIAL INSTRUMENT RISK DISCLOSURES

In 2004, a subsidiary of the Company entered in an ECU financing of \$4,000,000 with RMB, guaranteed by a first-ranking hypothec on the Corner Bay, Eastmain and Joe Mann properties, and a floating charge on all other Company assets. The amounts borrowed can be redeemed by tranches of \$500,000 on or before May 2, 2005, at the Company's right. On that date, RMB may elect to convert into Company's common shares a maximum of \$1,000,000. After May 2, 2005, and before November 2, 2006, the maturing date, RMB may elect to convert part or the balance owing under this facility into common shares of the Company. In both instances, the rate of conversion will be \$0.574 per share if the average price of the share is less than \$1.70 per share for a period of 20 days prior to conversion. If the average price of the share for the same 20-day period is equal to or higher than \$1.70 per share, the rate of conversion will be the multiple of the average multiplied by the rate of conversion of \$0.574 per share and divided by \$1.70. The balance outstanding is to be reimbursed by the Company on November 2, 2006. The EUC financing bears interest at LIBOR plus 3.5% and is payable quarterly. If the Company decides not to pay the interest, RMB may elect to add the interest payable to the balance of the loan or to convert it in common shares based on the share current market price.

COMPETITION

The Company competes with other mining companies in connection with the acquisition of mining claims and leases on gold and other precious metals prospects and in connection with the recruitment and retention of qualified employees.

Since there is a world market for gold, the Company believes that no single company has sufficient market power to materially affect the price or supply of gold in the world market.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES - NOT APPLICABLE

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

EXCHANGEABLE CAPITAL UNITS

As at June 30, 2005, the interests in the amount of \$73,157 were due and remain unpaid. As at March 31, 2006, the due interest are in the amount of \$220,275 and these interests are capitalized to the loan as described in the loan agreement.

CREDIT FACILITY WITH INVESTISSEMENT QUEBEC

On June 30, 2005, capital and interests in the amount of \$832,917 became payable and remains due. As at March 31, 2006, the total amount of capital and interest due is \$3,950,371.

CONVERTIBLE DEBENTURES

On July 1, 2005, capital and interest in the amount of \$342,701 became payable and remains due. As at April 1, 2006, the total amount of capital and interest due will be \$382,904.

On June 30 2005, Campbell announced that the Superior Court of Quebec (Commercial Division) has granted an initial order under the CCAA. The Court subsequently granted extension of the CCAA protection to May 31, 2006.

With the consent of the Monitor and the Court, the Company has determined the process of preparation and evaluation of creditors' claims that will lead up to the presentation to creditors of a plan of arrangement.

Initial difficulties in the start-up of the Copper Rand Mine and a shortage of capital have combined to create a situation where the operations could not generate enough cash to allow the Company to carry on without a financial restructuring under the CCAA. Difficulties encountered at the Copper Rand Mine in 2004 and 2005 included unstable ground conditions in the development of a critical ventilation raise, reduced ore and waste hoisting capacity during repairs to a section of the shaft, and, more importantly, mine equipment problems. These difficulties have resulted in development of stopes and workplaces below planned levels and, consequently, lower levels of production.

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Development of additional production stopes is required for the Copper Rand Mine to attain the level of production to begin commercial production. Management estimates that \$4,000,000 of additional funds are required to be able to obtain the desired level of commercial production. Management is seeking different solutions to meet that requirement, including sale of assets.

Under the law, actions by creditors to collect indebtedness owed by the Company prior to June 30, 2005 (pre-petition) are stayed and certain other pre-petition contractual obligations may not be enforced against the Company.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHT OF SECURITY HOLDERS AND USE OF PROCEEDS - NONE

ITEM 15. CONTROLS AND PROCEDURES

"Disclosure controls and procedures" are controls and other procedures that are designed to ensure that information required to be disclosed by Campbell in the reports it files with the Securities and Exchange Commission is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that the information is accumulated and communicated to the management of the Company, including the Chief Executive Officer and the Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

The Company's Chief Executive Officer and Chief Financial Officer have conducted an evaluation of the effectiveness of disclosure controls and procedures pursuant to Rules 13a-15 and 15d-15 of the Securities Exchange Act of 1934, as amended, as of the end of the period covered by this Annual Report (the "Evaluation Date"). Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of the Evaluation Date, the disclosure controls and procedures are effective in ensuring that all material information required to be filed in this Annual Report has been made known to them in a timely fashion. There have been no significant changes in internal controls, or in factors that could significantly affect internal controls, subsequent to the date the Chief Executive Officer and Chief Financial Officer completed their evaluation.

ITEM 16 A. AUDIT COMMITTEE FINANCIAL EXPERT

Messrs. Clow, McCartney and Pralle, all of whom are non-management and unrelated directors with the exception of Mr. McCartney, currently comprise the Audit Committee. Mr. Pralle is Chairman of the Audit Committee. Messrs. Clow, McCartney and Pralle satisfy the current requirements of the TSX, relating to the independence and the qualification of the members of the Audit Committee.

Graham G. Clow obtained a B.Sc in Geological Engineering in 1972, and a B.Sc in Mining Engineering in 1974. He has 32 years experience in the mining industry at all levels from operations to corporate, including chief executive officer of public companies.

James C. McCartney has 40 years of experience as a corporate lawyer in the fields of corporate finance and mergers and acquisitions in major part for mining companies.

G.E. "Kurt" Pralle is a graduate in mining engineer (1958), a graduate metallurgical engineer (1959), and has post-graduate education in financial and credit assessment. He has 20 years of experience as Vice President of Citibank with Specialized (mining/metals) Industries credit authority, and has been a director of mining companies.

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The Board of Directors of Campbell has determined that Mr. Pralle qualifies as an "audit committee financial expert".

The Audit Committee meets on a quarterly basis and holds special meetings as circumstances require. All three members attended the five meetings of the Audit Committee held during the last fiscal year, with the exception of Mr. McCartney, who was absent for two meetings, and Mr. Pralle, who was absent for one meeting.

ITEM 16 B. CODE OF ETHICS

As part of its stewardship responsibilities, the Board of Directors has approved formal "Standards of Ethical Conduct" that govern the behaviour of the directors, officers and employees of the Company. The Board monitors compliance with these standards and is responsible for the granting of any waivers from these standards to directors or officers. Disclosure will be made by the Company of any waiver from these standards granted to the directors or officers of the Company in the quarterly report of the Company that immediately follows the grant of such waiver. No waiver has been granted to date. A copy of the "Standards of Ethical Conduct" was filed as Exhibit 11.1 to the 2003 Annual Report on Form 20-F.

ITEM 16 C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

(A) AUDIT FEES

The aggregate fees billed for professional services rendered by Samson Belair / Deloitte & Touche s.e.n.c.r.l., the principal accountant for the Company, for the audit of the Company's annual financial statements and services normally provided by such accountants in connection with the Company's statutory and regulatory filings for the Company's fiscal year ended December 31, 2005, were \$200,000 (2004 - \$167,086).

(B) AUDIT-RELATED FEES

The aggregate fees billed for assurance and related services by Samson Belair / Deloitte & Touche s.e.n.c.r.l. that are reasonably related to the performance of the audit or review of the Company's financial statements were \$nil for the Company's fiscal year ended December 31, 2005 (2004 - \$16,604).

(C) TAX FEES

The aggregate fees billed for products and services rendered by Samson Belair / Deloitte & Touche s.e.n.c.r.l. for tax compliance, tax advice and tax planning for the Company's fiscal ended December 31, 2005 were \$nil (2004 - \$4,413). Such services included special tax service rendered in connection with a notice of assessment issued by the fiscal authorities.

(D) ALL OTHER FEES

The aggregate fees billed for professional services rendered by Samson Belair / Deloitte & Touche s.e.n.c.r.l. other than the fees reported in this Item 16C above for the Company's fiscal year ended December 31, 2005 were \$5,774 (2004-\$5,978).

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(E) AUDIT COMMITTEE'S PRE-APPROVAL POLICIES

The Audit Committee approves the engagement terms for all audit and non-audit services to be provided by the Company's accountants before such services are provided to the Company or any of its subsidiaries.

The Audit Committee approved one hundred percent (100%) of the services provided to the Company and its subsidiaries described in Items 16C (b) through (d) above.

(F) AUDITORS USE OF NON-PERMANENT EMPLOYEES

None of the hours expended by Samson Belair / Deloitte & Touche s.e.n.c.r.l. on its engagement to audit the Company's financial statements for the fiscal year ended December 31, 2005, were performed by persons other than fulltime permanent employees of Samson Belair / Deloitte & Touche s.e.n.c.r.l.

INTEREST OF AUDITORS

Samson Belair / Deloitte & Touche s.e.n.c.r.l. are the Independent Registered Chartered Accountants of the Company and are independent within the meaning of the Code of Ethics of the Ordre des comptables agrees du Quebec, and of the Securities Act of 1933 and the applicable rules and regulations thereunder adopted by the Securities and Exchange Commission and the Public Company Accounting Oversight Board (United States).

ITEM 16 D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES - NONE

ITEM 16 E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS - NONE

PART III

ITEM 17. FINANCIAL STATEMENTS

The Company has elected to comply with the financial statement requirement of this Item rather than Item 18. The financial statements filed as part of this Annual Report are listed in "Item 19 -Exhibits".

These financial statements were prepared in accordance with generally accepted accounting principles in Canada and are expressed in Canadian dollars. Such financial statements have been reconciled to US generally accepted accounting principles in Note 21. For a history of the exchange rates which were in effect for Canadian dollars against U.S. dollars, see "Currency and Metric Equivalents".

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REPORT OF INDEPENDENT REGISTERED CHARTERED ACCOUNTANTS

To the Board of Directors and the Shareholders of
Campbell Resources Inc.

We have audited the consolidated balance sheets of Campbell Resources Inc. (the "Company") as at December 31, 2005 and 2004 and the consolidated statements of operations, contributed surplus and deficit and cash flows for each of the years in the three-year period ended December 31, 2005. These financial statements are the responsibility of the Company's management. Our responsibility is to express

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an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards and standards of the Public Company Accounting Oversight Board (United States). These standards require that we plan and perform an audit to obtain reasonable assurance 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, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2005 and 2004 and the results of its operations and its cash flows for each of the years, included in the three-year period ended December 31, 2005, in accordance with Canadian generally accepted accounting principles.

The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly we express no such opinion.

(s) Samson Belair / Deloitte & Touche s.e.n.c.r.l.
Independent Registered Chartered Accountants

Montreal, Quebec
March 13, 2006

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COMMENTS BY INDEPENDENT REGISTERED CHARTERED ACCOUNTANTS ON CANADA-UNITED STATES OF AMERICA REPORTING STANDARDS DIFFERENCE

The standards of the Public Company Accounting Oversight Board (United States) require the addition of an explanatory paragraph (following the opinion paragraph) when there are changes in accounting principles that have a material effect on the comparability of the Company's consolidated financial statements as described in Note 3 to the consolidated financial statements as well as when the consolidated financial statements are affected by conditions and events that cast substantial doubt on the Company's ability to continue as a going concern, such as those described in Note 2 to the consolidated financial statements. Although we conducted our audits in accordance with both Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States), our report to the Shareholders and Board of Directors dated March 13, 2006, is expressed in accordance with Canadian reporting standards, which do not permit a reference to such conditions and events in the report when these are adequately disclosed in the financial statements.

(s) Samson Belair / Deloitte & Touche s.e.n.c.r.l.
Montreal, Quebec
March 13, 2006

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CAMPBELL RESOURCES INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

YEARS ENDED DECEMBER 31

(EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS EXCEPT PER SHARE AMOUNTS)

	2005	2004	2003
	-----	-----	-----
	\$	\$	\$
GROSS METAL SALES	19,915	21,833	22,307
Treatment charges	1,641	1,372	1,495
	-----	-----	-----
Net metal sales	18,274	20,461	20,812
	-----	-----	-----
Expenses			
Mining	16,346	20,853	21,516
Amortization of property, plant and equipment	4,675	4,802	4,466
Write-down of properties (Note 8)	18,512	1,750	--
General administration	3,688	2,524	1,777
Exploration	854	705	--
Care and maintenance	345	365	242
	-----	-----	-----
	44,420	30,999	28,001
	-----	-----	-----
Loss before the following items	26,146	10,538	7,189
Interest on short term loan (Note 10)	392	10	--
Interest expense on long-term debt (Note 14)	770	405	769
Interest income	(900)	(1,702)	(1,854)
Amortization of deferred charges	1,851	264	264
	-----	-----	-----
Loss from operations	28,259	9,515	6,368
	-----	-----	-----
Other (income) expense			
Foreign exchange gain	(334)	(47)	(682)
Gain on sale of subsidiaries (Note 15)	--	--	(2,296)
Other (income) expense	(3,577)	(797)	309
Share of loss of affiliate	--	--	190
	-----	-----	-----
	(3,911)	(844)	(2,479)
	-----	-----	-----
Loss before taxes and non-controlling interest	24,348	8,671	3,889
Income and mining tax (recovery) expense (Note 16)	82	(455)	81
	-----	-----	-----
	24,430	8,216	3,970
Non-controlling interest	--	(24)	(30)
	-----	-----	-----
NET LOSS	24,430	8,192	3,940
	=====	=====	=====
WEIGHTED AVERAGE NUMBER OF COMMON SHARES ('000)	107,925	96,482	55,251
	=====	=====	=====
BASIC AND FULLY DILUTED LOSS PER SHARE	0.23	0.08	0.07
	=====	=====	=====

See notes to the consolidated financial statements.

CAMPBELL RESOURCES INC.

CONSOLIDATED STATEMENTS OF CONTRIBUTED SURPLUS AND DEFICIT
YEARS ENDED DECEMBER 31
(EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS)

	2005	2004	2003
	-----	-----	-----
	\$	\$	\$
CONTRIBUTED SURPLUS			
Balance, beginning of year	1,101	1,081	--
Options and warrants expired during the year (Note 13d)	303	20	1,081
	-----	-----	-----
Balance, end of year	1,404	1,101	1,081
	=====	=====	=====
DEFICIT			
Balance, beginning of year	19,200	11,008	7,068
Net loss	24,430	8,192	3,940
	-----	-----	-----
Balance, end of year	43,630	19,200	11,008
	=====	=====	=====

See notes to the consolidated financial statements.

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CAMPBELL RESOURCES INC.

CONSOLIDATED BALANCE SHEETS
AS AT DECEMBER 31
(EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS)

	2005	2004
	-----	-----
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	1,772	1,191
Restricted cash (Note 11c)	350	350
Short-term investments	125	102
Receivables	1,654	2,819
Settlements receivable	8,374	3,131
Production inventories	67	592
Supply inventories	3,330	3,982
Prepays	877	218
	-----	-----
	16,549	12,385
Amount receivable from Copper Rand/Portage Restoration Fiduciary Trust (Note 6)	3,012	2,853

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Notes receivable (Note 5)	--	26,145
Restricted deposits and exchange agreements (Note 7)	49,723	49,447
Future income taxes (Note 16)	1,324	1,901
Property, plant and equipment (Note 8)	59,955	79,379
Accrued benefit asset (Note 19)	3,897	3,215
Deferred charges and other assets (Note 9)	183	2,431
	-----	-----
	134,643	177,756
	=====	=====
LIABILITIES		
Current liabilities		
Short-term loan (Note 10)	6,606	2,686
Accounts payable	13,563	11,149
Accrued liabilities	3,695	3,670
Current portion of long-term debt (Note 12)	18,037	2,694
	-----	-----
	41,901	20,199
Asset retirement obligations (Note 11)	7,738	7,321
Long-term debt (Note 12)	49,745	63,808
Future income taxes (Note 16)	4,756	4,067
Deferred royalty (Note 5)	--	27,776
	-----	-----
	104,140	123,171
	-----	-----
Commitments and contingencies (Note 18)		
SHAREHOLDERS' EQUITY		
Capital stock (Note 13)	69,958	69,610
Warrants, stock options and conversion rights (Note 13)	2,771	3,074
Contributed surplus	1,404	1,101
Deficit	(43,630)	(19,200)
	-----	-----
	30,503	54,585
	-----	-----
	134,643	177,756
	=====	=====

See notes to the consolidated financial statements.

APPROVED ON BEHALF OF THE BOARD

/s/ Andre Y. Fortier Andre Y. Fortier

/s/ G. E. "Kurt" Pralle G. E. "Kurt" Pralle

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CAMPBELL RESOURCES INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31
(EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS)

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	2005	2004	2003
	-----	-----	-----
	\$	\$	\$
OPERATING ACTIVITIES			
Net loss	(24,430)	(8,192)	(3,940)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities			
Amortization	4,675	4,802	4,466
Write-down of the properties (Note 8)	18,512	1,750	--
Deferred royalty amortization	(2,860)	(2,597)	(1,462)
Future income tax related to flow-through share renunciation (Note 16)	--	(550)	--
Gain on sale of subsidiaries (Note 15)	--	--	(2,296)
Gain on sale of property, plant and equipment	(4)	(39)	--
(Gain) loss on repurchase of royalty (Note 5)	(1,571)	--	559
Gain on sale of short-term investments	--	(374)	(112)
Share of loss of affiliate	--	--	190
Asset retirement accretion expense, net of the share assumed by the Restoration Fiduciary Trust	258	273	237
Amortization of deferred charges and other assets	2,248	356	315
Amortization of conversion right on long term debt	202	--	--
Unrealized foreign exchange loss (gain)	--	42	(717)
Accretion of short-term loan and long-term debt	--	101	206
Stock-based compensation (Note 13)	--	269	43
Deferred interest accrued on long-term debt	51	52	136
Non-controlling interest	--	(24)	(30)
Excess of amount paid over pension plan costs	(354)	(25)	(19)
Share purchase plan	12	56	--
Share bonus plan	--	48	--
Other	(23)	12	(59)
Changes in non-cash working capital (Note 17a)	2,536	5,233	(1,897)
	-----	-----	-----
Cash (used for) provided by operating activities	(748)	1,193	(4,380)
	-----	-----	-----
FINANCING ACTIVITIES			
Increase in short-term loan	3,920	2,686	--
(Decrease) increase in long-term debt	(8)	8,834	(2,644)
Issuance of capital stock (Note 13)	25	8,748	9,288
Future mining taxes	51	1,466	--
Share issue costs (Note 13)	(3)	(689)	(647)
Conversion rights on long-term debt	--	460	--
Warrants issued as part of private placements	--	1,996	--
	-----	-----	-----
Cash provided by financing activities	3,985	23,501	5,997
	-----	-----	-----

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CAMPBELL RESOURCES INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31
(EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS)

2005 2004 2003

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	----- \$	----- \$	----- \$
INVESTING ACTIVITIES			
Restricted cash	--	(116)	(234)
Notes receivable (Note 5)	--	590	1,902
Business acquisitions, net of cash (Note 4)	--	--	(41)
Increase in property, plant and equipment	(2,696)	(28,053)	(4,193)
Proceeds on sale of subsidiaries (Note 15)	--	--	1,492
Proceeds on sale of short-term investments	--	796	729
Proceeds on sale of property, plant and equipment	40	50	48
Amount paid in excess of the pension plan costs capitalized to property, plant and equipment	--	(951)	--
Increase in deferred charges and other assets	--	(571)	--
	-----	-----	-----
Cash used in investing activities	(2,656)	(28,255)	(297)
	-----	-----	-----
Increase (decrease) in cash and cash equivalents	581	(3,561)	1,320
Cash and cash equivalents, beginning of year	1,191	4,752	3,432
	-----	-----	-----
CASH AND CASH EQUIVALENTS, END OF YEAR	1,772	1,191	4,752
	=====	=====	=====

See notes to the consolidated financial statements.

Supplementary information (Note 17b))

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CAMPBELL RESOURCES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2005, 2004 AND 2003

(TABULAR AMOUNTS ARE EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT SHARE DATA)

1. DESCRIPTION OF BUSINESS

Campbell Resources Inc. (the "Company" or "Campbell") was incorporated under the laws of British Columbia and continued under the Canada Business Corporations Act. The Company, through its subsidiaries, is engaged in the business of exploration, development, mining and processing of precious and base metals in the Chibougamau Region located in the Province of Quebec.

2. GOING CONCERN

On June 30th 2005, Campbell Resources Inc. ("Campbell") announces that the Superior Court of Quebec (Commercial Division) has granted an initial order under the Companies' Creditors Arrangement Act ("CCAA"). The court subsequently granted extensions of the CCAA protection to May 31, 2006.

With the consent of the Monitor and the Court, the Company has determined the process of preparation and evaluation of creditors' claims that will lead up to the presentation to creditors of a plan of arrangement.

Initial difficulties in the start-up of the Copper Rand mine and a shortage of capital have combined to create a situation where the operations could not generate enough cash to allow the Company to carry on without a financial restructuring under the Act. Difficulties encountered at Copper

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Rand in 2004 and 2005 included unstable ground conditions in the development of a critical ventilation raise, reduced ore and waste hoisting capacity during repairs to a section of the shaft, and, more importantly, mine equipment problems. These difficulties have resulted in development of stopes and workplaces below planned levels and, consequently, lower levels of production.

Development of additional production stopes is required for Copper Rand to attain the level of production to begin commercial production. Management estimates that four millions dollars of additional funds are required to be able to obtain the desired level of commercial production. Management is seeking different solutions to meet that requirement, including sale of assets.

Under the law, actions by creditors to collect indebtedness owed by the Company prior to June 30, 2005 (pre-petition) are stayed and certain other pre-petition contractual obligations may not be enforced against the Company.

Specifically, Campbell expects to continue exploring, developing, mining and processing precious and based metals, paying vendors for inventory, parts and services received during the reorganization process and providing employees with uninterrupted wages, healthcare coverage, vacation and sick leave.

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CAMPBELL RESOURCES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2005, 2004 AND 2003

(TABULAR AMOUNTS ARE EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT SHARE DATA)

2. GOING CONCERN (CONTINUED)

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. If the going concern basis is not appropriate, adjustments may be necessary in the carrying amounts and/or classification of assets and liabilities in these consolidated financial statements. While under the protection of the CCAA, the Company may sell or otherwise dispose of assets, and liquidate or settle liabilities for amounts other than those reflected in the consolidated financial statements. Additionally, the amounts reported on the consolidated balance sheets could materially change because of changes in business strategies and the effects of any proposed reorganization plan.

Due to material uncertainties, it is not possible to predict the length of time the Company will operate under CCAA protection, the outcome of the reorganization in general, the effect of the reorganization on the Company's business or the recovery by creditors of the Company. Because of the ongoing nature of the current proceedings, the outcome of which is not presently determinable, the accompanying financial statements are subject to material uncertainties and may not be indicative of the results of the Company's future operations or financial position and as such there is substantial doubt about the Company's ability to continue as a going

concern.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Preparation of consolidated financial statements

The consolidated financial statements are prepared in accordance with Canadian GAAP, which differ in certain material respects with United States GAAP. Significant differences relevant to the Company are presented in Note 21.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities and the reported amounts of revenue and expenses during the period. Actual results could differ from estimates. During the fiscal periods presented, management has made a number of significant estimates and valuation assumptions, including estimates of the net realizable value of receivables, settlement receivables and notes receivable, inventories, the useful lives of capital assets, the recoverability of mining properties, the future costs associated with environmental and site restoration matters, valuation of future income taxes and the fair value of financial assets and liabilities. These estimates and valuation assumptions are based on current information and management's planned course of action, as well as assumptions about future business and economic conditions. Should the underlying valuation assumptions and estimates change, the recorded amounts could change by a material amount.

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CAMPBELL RESOURCES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2005, 2004 AND 2003

(TABULAR AMOUNTS ARE EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT SHARE DATA)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Principles of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany balances and transactions have been eliminated on consolidation.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances with banks and short-term deposits with original maturities of three months or less.

Production inventories

Production inventories are valued at the lower of average production cost and net realizable value. Production cost includes direct labour, benefits and supplies.

Supply inventories

Supply inventories are valued at the lower of average cost and replacement cost.

Investments

Short-term investments are recorded at the lower of cost and net realizable value.

Property, plant and equipment

Mining properties represents the aggregate of acquisition cost, capitalized exploration and development costs and infrastructure investments. They are recorded at cost and are amortized on the unit-of-production method basis using proven and probable reserves to which they relate. Costs incurred to expand existing capacity, develop new ore bodies and develop property substantially in advance of production are capitalized.

Plant buildings and equipment used in the mining process are recorded at cost with amortization provided on the unit-of-production method basis using proven and probable reserves to which they relate. The houses, stationery and surface equipment are amortized using the declining balances at 3%, 10% and 10%, respectively. Mills and other equipment are amortized using the straight-line method over their estimated useful lives.

Exploration expenditures are charged to earnings in the period incurred except where these costs relate to specific properties for which economically recoverable reserves exist, in which case they are deferred. Significant property payments for active exploration properties are capitalized. If no mineable ore body is discovered, previously capitalized costs are expensed.

Mining properties are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. Conditions that may trigger an impairment assessment include changes in reserve estimates, commodity prices or estimated operating and reclamation and restoration costs. If estimated future net undiscounted cash flows expected to result from the use of the properties and their eventual disposal are less than the carrying amount, then these properties are written down to their estimated fair value amount determined on a discounted basis. Estimated future net discounted cash flows are based on current estimated reserves and current estimates of future commodity prices and operating and reclamation and restoration costs.

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CAMPBELL RESOURCES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2005, 2004 AND 2003

(TABULAR AMOUNTS ARE EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT SHARE DATA)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred charges and other assets

Deferred charges and other assets are comprised principally of charges incurred in relation to the royalty sale (Note 5). These charges are

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amortized on a straight-line basis over a 10-year period. The fees related to the long-term debt and short-term loan are amortized on a straight-line basis over the financing period.

Stock-based compensation plans

The Company has two stock-based compensation plans, which are described in Note 13. No compensation expense for these plans was recognized prior to 2003, when stock options were issued to directors or employees. Any consideration paid by employees and directors on exercise of these stock options is credited to share capital.

The Company prospectively adopted the fair value based method to account for stock-based compensation costs arising from awards to employees in 2003.

Deferred royalty

The deferred royalty was considered deferred income and was amortized based on the number of tons extracted from the Joe Mann Mine multiplied by \$35 per ton in 2005 and thereafter (\$14 per ton in 2004 and \$8 per ton in 2003).

Asset retirement obligations

In 2003, the Company opted for early adoption of the recommendations of Section 3110 of the CICA Handbook, entitled "Asset Retirement Obligations". This section establishes standards for the recognition, measurement and disclosure of liabilities for asset retirement obligations and the associated asset retirement costs.

The estimated costs of asset retirement obligations are based on periodic evaluations performed by Company management and engineers. In addition, the Company's financial personnel estimated the appropriate risk-free credit adjusted interest rate and annual inflation rate to be used in calculating the asset retirement obligations. The Company uses its recent borrowing experience in determining the appropriate risk-free interest rate to be used. The annual inflation rate used in the computations is based on the previous year average consumer price index of Canada. Changes in such estimates could significantly affect the Company's operating costs and net results.

In 2003, this new section was adopted retroactively with the restatement of previous years' financial statements and had for effect a \$2,148,000 decrease of the deficit as at January 1, 2003.

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CAMPBELL RESOURCES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2005, 2004 AND 2003

(TABULAR AMOUNTS ARE EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT SHARE DATA)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of long-lived assets

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The CICA Handbook Section 3063, Impairment of Long-Lived Assets provides guidance on the recognition, measurement and disclosure of the impairment of long-lived assets. The provisions of the Section require an impairment loss for a long-lived asset to be held and used to be recognized when its carrying amount exceeds the sum of the undiscounted cash flows expected from its use and eventual disposition. The impairment loss is measured at the amount by which its carrying amount exceeds its fair value.

Share issue costs

Share issue costs incurred are applied against capital stock issued during the year.

Income taxes

The Company accounts for its income taxes by using the asset and liability method. Under the asset and liability method, future tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying value and the tax basis of assets and liabilities. Future tax assets are recognized only to the extent that, in the opinion of management, it is more likely than not that the future income tax assets will be realized.

Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Revenue recognition

The Company recognizes metal revenue when title to delivered gold, silver or copper and the risks and rewards of ownership are passed to the buyer. All commodity price adjustments are recorded monthly based on current commodity market prices and quantity adjustments that are recorded when final settlement has occurred. All adjustments are recorded to gross metal sales.

Earnings per share

Basic earnings per share are based on the weighted average number of shares outstanding during the year.

The Company's use of the treasury stock method in calculating diluted earnings per share is consistent with United States GAAP.

Flow-through shares

Effective March 2004, the Company adopted the recommendation of the Emerging Issues Committee ("EIC") 146 of the CICA, Flow-through shares. Under the terms of flow-through share agreements, tax attributed to the related expenditures is renounced to subscribers. This EIC requires the Company to recognize the foregone tax benefits at the date that the Company renounces the tax credits associated with the expenditure, provided there is reasonable assurance that the expenditures will be made. To recognize the foregone tax benefit to the Company, the carrying value of the shares issued in fiscal 2004 has been reduced by the tax effect of the tax benefits renounced to subscribers in the amount of \$550,000 (see Note 16).

CAMPBELL RESOURCES INC.

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(TABULAR AMOUNTS ARE EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT SHARE DATA)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pension plans

The Company accrues its obligations under Pension plans and the related costs, net of plan assets. Pension benefits earned by employees are actuarially determined using the projected benefit method prorated on service and management's best estimate of expected plan investment performance, salary escalation and retirement ages of employees. Pension plan assets are valued at fair value for the purpose of calculating the expected return on plan assets. Past service costs arising from plan amendments are amortized on a straight-line basis over the average remaining service period of the active employees at the date of the plan amendment. The excess of the net actuarial gain (loss) over 10% of the greater of the accrued benefit obligation and the fair value of plan assets is amortized over the average remaining service period of active employees.

Translation of foreign currency

Revenue and expenses denominated in foreign currencies are recorded at the rate of exchange prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at exchange rates prevailing at the balance sheet dates. Unrealized translation gains and losses are reflected in net loss.

RECENT ACCOUNTING CHANGES

2005

Mining assets - Impairment and business combinations

The CICA issued an Emerging Issue Committee Abstract 152 that discuss whether a mining entity should include value beyond proven and probable reserves and the effect of anticipated fluctuations in the future price of minerals when allocating the purchase price of a business combination and testing a mining asset for impairment. The adoption of this guideline had no impact on the financial statements.

Consolidation of variable interest entities

Accounting Guideline 15, Consolidation of Variable Interest Entities ("VIEs"), provides clarification on the consolidation of those entities defined as "Variable Interest Entities", when equity investors are not considered to have a controlling financial interest, or they have not invested enough equity to allow the entity to finance its activities without additional subordinated financial support from other parties. VIEs are commonly referred to as special purpose entities. The guideline came into effect for interim periods beginning on or after November 1, 2004. The adoption of this guideline had no impact on the financial statements.

Financial instruments

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The CICA issued revision to Section 3860 of the CICA Handbook, Financial Instruments – Disclosure and presentation. The revisions change the accounting for certain financial instruments that have liability and equity characteristics. It requires instruments that meet specific criteria to be classified as liabilities on the balance sheet. Some of these financial instruments were previously classified as equities.

These revisions came into effect on January 1, 2005. Because the Company does not have any instruments with these characteristics, adopting this section on January 1, 2005 has not affected the financial statements.

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CAMPBELL RESOURCES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(TABULAR AMOUNTS ARE EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT SHARE DATA)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUTURE ACCOUNTING CHANGES

Comprehensive income

The CICA issued Section 1530 of the CICA Handbook, Comprehensive Income. The section is effective for fiscal years beginning on or after October 1, 2006. It describes how to report and disclose comprehensive income and its components.

Comprehensive income is the change in a company's net assets that results from transactions, events and circumstances from sources other than the company's shareholders. It includes items that would not normally be included in net earnings, such as:

- changes in the currency translation adjustment relating to self-sustaining foreign operations
- unrealized gains or losses on available for-sale investments

The CICA also made changes to Section 3250 of the CICA handbook, Surplus, and reissued it as Section 3251, Equity. The section is also effective for fiscal years beginning on or after October 1, 2006. The changes in how to report and disclose equity and changes in equity are consistent with the new requirements of Section 1530, Comprehensive Income.

Adopting these sections on January 1, 2007 will require that the Company start reporting the following items in the financial statements:

- comprehensive income and its components
- accumulated comprehensive income and its components.

Non-monetary transactions

The CICA issued Section 3831, non-monetary transaction.

The main feature of this Section is a general requirement to measure an

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asset or liability exchanged or transferred in a non-monetary transaction at fair value, unchanged from the requirement in former Section 3830. However, an asset exchanged or transferred in a non-monetary transaction is measured at its carrying amount when:

- the transaction lacks commercial substance;
- the transaction is an exchange of a product or property held for sale in the ordinary course of business for a product or property to be sold in the same line of business to facilitate sales to customers other than the parties to the exchange;
- neither the fair value of the asset received nor the fair value of the asset given up is reliably measurable; or
- the transaction is a non-monetary non-reciprocal transfer to owners that represents a spin-off or other form of restructuring or liquidation.

The new requirements are effective for non-monetary transactions initiated in period beginning on or after January 1, 2006.

Management will evaluate the impact on the financial statements of adopting this section when a transaction will happen.

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CAMPBELL RESOURCES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(TABULAR AMOUNTS ARE EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT SHARE DATA)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUTURE ACCOUNTING CHANGES (CONTINUED)

Financial Instruments - Recognition and Measurement

The CICA issued Section 3855 of the CICA Handbook, Financial Instruments - Recognition and Measurement. The section is effective for fiscal years beginning on or after October 1, 2006. It describes the standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives.

This section requires that:

- all financial assets be measured at fair value, with some exceptions like loans and investments that are classified as held-to-maturity;
- all financial liabilities be measured at fair value if they are derivatives or classified as held for trading purposes. Other financial liabilities are measured at their carrying value; and
- all derivative financial instruments be measured at fair value, even when they are part of a hedging relationship.

Management will evaluate the impact on the financial statements of adopting

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this section on January 1, 2007.

Hedges

The CICA recently issued Section 3865 of the CICA Handbook, Hedges. The section is effective for fiscal years beginning on or after October 1, 2006, and describes when and how hedge accounting can be used.

Hedging is an activity that may be used by a company to change an exposure to one or more risks by creating an offset between:

- changes in the cash flows attributable to a hedged item and a hedging item, or
- changes resulting from a risk exposure relating to a hedged item and a hedging item.

Hedge accounting makes sure that all gains, losses, revenues and expenses from the derivative and the item it hedges are recorded in the statement of operations in the same period.

Management will evaluate the impact on the financial statements of adopting this section on January 1, 2007.

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CAMPBELL RESOURCES INC.

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(TABULAR AMOUNTS ARE EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT SHARE DATA)

4. BUSINESS ACQUISITIONS

On November 30, 2004, the Company acquired for a consideration of \$3,219,000 the minority held interest of 24% in the outstanding shares of Copper Rand Corporation ("CCR") which then became a wholly owned subsidiary. This acquisition did not have a significant impact on the results of operations for the years ended December 31, 2004 and 2003 since CCR was and is still in the development stage. CCR is engaged in the development, mining and processing of precious and base metals. The Company recorded these transactions using the acquisition method which is summarized as follows:

	2005	2004	2003
	----	-----	-----
	\$	\$	\$
Assets acquired			
Cash and cash equivalents	--	--	4
Inventories	--	--	1,953
Property, plant and equipment	--	(2,501)	34,861
Liabilities assumed			
Accounts payable	--	--	(135)
Due to an affiliated company	--	--	(3,850)
Future income taxes	--	--	(700)

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Long-term debt (c)	--	--	(14,658)
Deferred subsidy	--	--	(97)
Other liabilities	--	--	(300)
Non controlling interest	--	5,721	(5,776)
	---	-----	-----
Fair value of net assets acquired	--	3,220	11,302
	===	=====	=====
Consideration			
Issuance of common shares (a) (b)	--	3,219	5,000
Acquisition costs	--	1	45
Initial investment of 26% in CCR	--	--	6,257
	---	-----	-----
	--	3,220	11,302
	===	=====	=====

- (a) The value of \$3,219,000 for the 5,853,660 shares issued as consideration for the November 2004 acquisition of the 24% tranche in CCR was determined using the average closing share price on the TSX over a reasonable period before and after the date the terms were agreed to by the parties.
- (b) The value of \$5,000,000 for the 12,195,120 shares issued as consideration for the 2003 acquisition of the 50% interest in CCR was determined using the average closing share price on the TSX over a reasonable period before and after the date the terms of the acquisition were agreed to by the parties.
- (c) Part of the credit facility due to Investissement Quebec was reimbursed simultaneously with the October 1, 2003 acquisition in consideration of the issuance of 10,458,591 common shares of the Company for a value of \$8,157,701. The value of the shares issued as consideration was determined using the average closing share price on the TSX over a reasonable period before and after the agreement date.

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CAMPBELL RESOURCES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(TABULAR AMOUNTS ARE EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT SHARE DATA)

5. NOTES RECEIVABLE AND DEFERRED ROYALTY

In previous years, the Company executed royalty sales to be paid on the future production of the Joe Mann and Corner Bay properties for an aggregate amount of \$32,400,000. In 2003, the Company repurchased the tranche of royalty sales based on future production of the Corner Bay property for \$10,814,000, realized a loss of \$559,000, and sold a tranche of royalty on the future production of the Joe Mann property for \$10,255,000.

The royalty was paid to the unitholders based on the following formula: \$8 per ton of ore for 2002 and 2003, \$14 for 2004 and \$35 from January 1, 2005 until the net proceeds of the royalty sale plus interest of 10% compounded annually, exceed the aggregate of all royalty payments, from the date paid to the date of determination, at 10% compounded annually and \$1.50 per ton thereafter. The royalty paid yearly by the Company was taxable in the hands

of the unitholders who were entitled to resource allowance on the royalty income received. In addition, Canadian development expenditure deductions for an amount aggregating \$32,400,000 may be claimed by the unitholders over the years.

The unitholders had the right to require the Company to retract the royalty on or at any time after May 1, 2004 at the fair market value of the royalty unit.

In 2005, the unitholders exercised their right and the Company repurchased the deferred royalty for a total lump sum of \$5,900,000. This deferred royalty amounted to \$24,908,000 at the time of the repurchase and the Company therefore recorded a gain of \$19,008,000. However, given the uncertainty regarding the collection of the notes receivable from the unitholders, the Company has recorded an allowance for doubtful account equal to the remaining portion of the amount, which stood at \$17,437,000 at the repurchase date. The net impact resulting from the repurchase of the deferred royalty aggregates \$1,571,000 and is included in other income. The Company intends to take legal action to recover the entire amount.

6. AMOUNT RECEIVABLE FROM COPPER RAND/PORTAGE RESTORATION FIDUCIARY TRUST

The Company through its subsidiary, MSV Resources Inc. ("MSV"), has access to an environmental fund, the Copper Rand/Portage Restoration Fiduciary Trust, totalling approximately \$4,100,000 (\$4,400,000 in 2004). This fund is held in trust by a trust company, Computershare of Canada, for the rehabilitation and restoration of sites acquired in 1993 by MSV from Westminer Canada Limited ("Westminer"); the sites are Copper Rand, Portage, Jaculet and Copper Cliff. At the time it was created, this fund was not recorded, as it had been provided by Westminer and could only be used by the Company for the restoration of these sites.

Given that the subsidiary, MSV, has a legal obligation to undertake future rehabilitation work on these sites, and since MSV has access to this fund, the Company recorded the asset retirement obligations, in accordance with the provisions of Section 3110 of the CICA Handbook and also recorded a receivable equal to this provision from this fund, without exceeding the amounts available in the fund. As at December 31, 2005, the asset retirement obligations total \$3,012,000 (\$2,853,000 in 2004).

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CAMPBELL RESOURCES INC.

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(TABULAR AMOUNTS ARE EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT SHARE DATA)

6. AMOUNT RECEIVABLE FROM COPPER RAND/PORTAGE RESTORATION FIDUCIARY TRUST
(CONTINUED)

In the event that the funds available to undertake the rehabilitation work are insufficient, the shortfall would be assumed equally by the Company and the James Bay Development Corporation in accordance with the agreement reached in 1993. If, on the other hand, there was a surplus after completion of the rehabilitation work, the surplus would be divided in equal parts between these two companies.

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7. RESTRICTED DEPOSITS AND EXCHANGE AGREEMENTS

As described in Note 12a), the Company, in 1991, entered into a series of Exchange Agreements and made deposits with an international bank to secure all principal and interest payments associated with the Guaranteed Subordinate Debentures and Notes and Guaranteed Non-Cumulative Redeemable Retractable Preferred Shares. These deposits expire in 2007 and earn interest at Canadian Bankers' Acceptance rates. The deposits and the Exchange Agreements were irrevocably assigned to secure all payments due to investors.

Interest accumulates on the restricted deposits and the Exchange Agreements over the term of the financing arrangement to attain \$50,000,000, which is the amount due at the end of the financing arrangement.

8. PROPERTY, PLANT AND EQUIPMENT

	2005		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Property, plant and equipment			
Road	730	730	--
Plant	7,466	5,909	1,557
Mining, exploration and milling equipment	36,764	17,626	19,138
Office furniture and computer equipment	1,388	1,155	233
	46,348	25,420	20,928
Mining properties			
Joe Mann property	116,727	115,633	1,094
Copper Rand property	31,793	--	31,793
Exploration properties	6,140	--	6,140
	154,660	115,633	39,027
	201,008	141,053	59,955
	=====	=====	=====

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CAMPBELL RESOURCES INC.

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(TABULAR AMOUNTS ARE EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT SHARE DATA)

8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

2004

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	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Property, plant and equipment			
Road	730	730	--
Plant	7,461	5,867	1,594
Mining, exploration and milling equipment	36,637	14,394	22,243
Office furniture and computer equipment	1,367	1,119	248
	-----	-----	-----
	46,195	22,110	24,085
Mining properties			
Joe Mann property	116,727	114,270	2,457
Copper Rand property	46,042	--	46,042
Exploration properties	6,795	--	6,795
	-----	-----	-----
	169,564	114,270	55,294
	-----	-----	-----
	215,759	136,380	79,379
	=====	=====	=====

In 2005, the Company wrote down by an amount of \$16,702,000 its mining interest in the Copper Rand property based on an assets impairment analysis, which was required following the development problems encountered in 2004 and 2005 and the reassessment of the additional development required to enable the company to reach commercial production level.

In 2005, the Company wrote down by an amount of \$1,810,000 its mining interests in the Discovery project following its intention to the sell of the property in early 2006.

In 2004, the Company wrote down by an amount of \$1,750,000 its mining interests in the Joe Mann property based on an asset impairment analysis, which was required following the updated reserve calculations which reduced the mine's estimated useful life.

Also during 2004, the Company concluded an agreement with Metanor Resources Inc. ("Metanor") to sell for an amount of \$2,300,000 all of its interest in the Bachelor Lake Property, subject to the Wolfden option. An amount of \$300,000 was received in 2004 but given the uncertainty regarding Metanor's ability to secure the required financing of the transactions in 2004, management of the Company had estimated that the \$2,000,000 receivable should be fully provided for. In 2005, the \$2,000,000 was received from Metanor and was included in other income along with the gain on the repurchase of the royalty.

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CAMPBELL RESOURCES INC.

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(TABULAR AMOUNTS ARE EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT SHARE DATA)

9. DEFERRED CHARGES AND OTHER ASSETS

	2005		
	Cost	Accumulated amortization	Net book value
	----- \$	----- \$	----- \$
Fees related to the sale of the royalty	2,486	2,486	--
Fees related to the long-term debt	455	272	183
Fees related to the short-term loan	200	200	--
	-----	-----	---
	3,141	2,958	183
	=====	=====	===

	2004		
	Cost	Accumulated amortization	Net book value
	----- \$	----- \$	----- \$
Fees related to the sale of the royalty	2,486	635	1,851
Fees related to the long-term debt	455	47	408
Fees related to the short-term loan	200	28	172
	-----	---	----
	3,141	710	2,431
	=====	===	=====

10. SHORT TERM LOAN

The short term loan is bearing interest at LIBOR rate plus 4% per annum (2.5% in 2004) and is secured by the settlements receivable.

11. ASSET RETIREMENT OBLIGATIONS

The Company's mining and exploration activities are subject to various federal and provincial laws and regulations governing the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. The Company conducts its operations so as to protect its employees, the general public and the environment.

The Company has recorded its asset retirement obligations of the mining sites based on management's best estimate of these costs. Such estimates are, however, subject to change based on modifications in laws and regulations or as new information becomes available.

a) Change in obligation

The following tables set forth the evolution of the asset retirement obligations for the years ended December 31, 2005, 2004 and 2003.

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11. ASSET RETIREMENT OBLIGATIONS (CONTINUED)

	Balance at beginning	Accretion expense	Adjusted or (incurred)	Balance at end
	----- \$	----- \$	----- \$	----- \$
2005				
Campbell Mill	2,622	157	(1)	2,778
Joe Mann Mine	786	47	(4)	829
Eastmain Mine	968	58	1	1,027
Cedar bay Mine	29	--	--	29
Corner Bay project	19	1	--	20
Henderson I and II	44	2	(3)	43
Copper Rand Mine	2,722	162	(2)	2,882
Portage, Jaculet and Copper Cliff Mines	131	5	(6)	130
	-----	---	----	-----
	7,321	432	(15)	7,738
	-----	---	----	-----

2004

Campbell Mill	2,502	150	(30)	2,622
Joe Mann Mine	645	39	102	786
Eastmain Mine	952	57	(41)	968
Cedar bay Mine	28	1	--	29
Corner Bay project	18	1	--	19
Henderson I and II	50	2	(8)	44
Copper Rand Mine	2,771	165	(214)	2,722
Portage, Jaculet and Copper Cliff Mines	146	8	(23)	131
	-----	---	----	-----
	7,112	423	(214)	7,321
	-----	---	----	-----

	Balance at beginning	Accretion expense	Adjusted or (incurred)	Balance at beginning
	----- \$	----- \$	----- \$	----- \$

2003

Campbell Mill	2,360	142	--	2,502
Joe Mann Mine	609	36	--	645
Eastmain Mine	898	54	--	952
Cedar bay Mine	27	1	--	28

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Corner Bay project	17	1	--	18
Henderson I and II	47	3	--	50
Copper Rand Mine	2,614	157	--	2,771
Portage, Jaculet and Copper Cliff Mines	138	8	--	146
	-----	----	---	-----
	6,710	402	--	7,112
	=====	====	===	=====

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CAMPBELL RESOURCES INC.

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11. ASSET RETIREMENT OBLIGATIONS (CONTINUED)

- b) Information used in the calculation of the asset retirement obligations

The Company is using a credit adjusted risk free rate of 6%. The following table sets forth the assumptions used in the calculation of the obligations for the year ended December 31, 2005:

	Total estimated cash flow	Discount periods
	-----	-----
\$		
Campbell Mill	4,172	18
Joe Mann Mine	836	5
Eastmain Mine	1,166	7
Cedar Bay Mine	28	3
Corner Bay project	21	4
Henderson I and II	43	3
Copper Rand Mine	3,135	8
Portage, Jaculet and Copper cliff Mines	127	3

	9,528	

- c) The fair value of the assets

The asset retirement obligations for Copper Rand, Portage, Jaculet and Copper Cliff Mines are assumed by the Copper Rand/Portage Restoration Fiduciary Trust. Furthermore, at December 31, 2005, the Company had posted a security deposit of \$350,000 for the Joe Mann Mine and a Canadian bond from the Copper Rand/Portage Restoration Fiduciary Trust of \$1,163,000 as a guarantee for the Copper Rand Mine restoration obligation.

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12. LONG-TERM DEBT

	2005	2004
	-----	-----
	\$	\$
Guaranteed Subordinated Debentures, bearing interest at varying rates (2005 effective average rate of 5.16% in 2005 and 4.89% in 2004), repayable at maturity in 2007 (a)	38,000	38,000
Guaranteed Non-Cumulative Redeemable Retractable Preferred Shares of a subsidiary (50 shares), with a nominal value of \$12,000,000 (a)	11,723	11,447
	-----	-----
	49,723	49,447
Exchangeable Capital Units facility agreement bearing interest at an average of LIBOR plus 3.5% per annum, interest payable quarterly, secured by collateral security and maturing on November 2, 2006 (b)	3,809	3,607
Credit facility including \$396,772 in accrued interest, (\$567,000 in 2004) secured by a first-ranking encumbrance on the assets of CCR and secured by MSV, bearing interest at the average prime rate of six Canadian banks plus 1.5%, repayable from June 30, 2005 in quarterly instalments, maturing March 2009 (c)	13,326	12,567
Convertible Debentures with interest accrued thereon of \$238,000 (\$187,000 in 2004) (d)	888	837
Other	36	44
	-----	-----
	67,782	66,502
Current portion	18,037	2,694
	-----	-----
Balance due in 2007	49,745	63,808
	=====	=====

As a result of the going concern discussed in Note 2, all of the long-term debt, to the exception of the Guaranteed Subordinated Debentures and Guaranteed Non Cumulative, Redeemable, Retractable Preferred Shares, were classified as current liabilities as at December 31, 2005, since the Company was in default of the repayment terms and covenants.

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CAMPBELL RESOURCES INC.

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12. LONG-TERM DEBT (CONTINUED)

- a) In 1991, a subsidiary of the Company entered into a financing arrangement ("Arrangement") whereby it issued to a group of Canadian financial institutions \$38,000,000 of Guaranteed Subordinate Debentures and Notes ("Debentures") and \$12,000,000 of Guaranteed Non-Cumulative Redeemable Retractable Preferred Shares ("Preferred Shares"). The Debentures are guaranteed by a series of restricted deposit and Exchange Agreements (Note 7), subordinate to all existing non-tradable debt and future senior debt, and cannot be prepaid. The Preferred Shares are redeemable at any time at an amount of \$240,000 per Preferred Share, rank equally and pari passu with the common shares for dividends when declared, and are retractable in 2007.

In order to secure the performance and repayment of the Debentures and Preferred Shares, the Company's subsidiary entered into a series of Interest Rate and Currency Exchange Agreements, referred to as Exchange Agreements, with a major international bank. The Exchange Agreements provide for the conversion of one floating rate interest basis to another and for differences in the timing of payments so as to match the interest payment requirements under the Debentures, repayment of the Debentures upon maturity and retraction of the Preferred Shares. The Company's subsidiary invested \$29,850,000 in restricted deposits and \$16,150,000 as an initial payment under the Exchange Agreements with the counterparty, all of which have been assigned to secure all payments due under the Exchange Agreements (Note 7). The deposits and Exchange Agreements were irrevocably assigned directly to and accepted by the investors.

The Preferred Shares will increase to their nominal value of \$12,000,000 over the term of the financing period.

Under the term of the Exchange Agreements, the deposit will be drawn down to nil by January 2007. The Exchange Agreements provide for termination payments to be made to the subsidiary of the Company totalling \$50,000,000 in January 2007.

- b) In 2004, a subsidiary of the Company entered into an Exchangeable Capital Units ("ECU") financing agreement of \$4,000,000 with RMB Resources Ltd. ("RMB"), guaranteed by a first-ranking hypothec on the Corner Bay, Eastmain and Joe Mann properties, and a floating charge on all other Company assets. The net proceeds were used to complete the development at the Copper Rand Mine and to increase working capital.

The amounts borrowed could be redeemed by a tranche of \$500,000 on or before May 2, 2005, at the Company's option. On May 2, 2005, RMB had the possibility to convert into the Company's common shares, a maximum of \$1,000,000. After May 2, 2005, and before November 2, 2006, the maturity date, RMB may elect to convert part or the balance owing under this facility into common shares of the Company. In both instances, the rate of conversion will be \$0.574 per share if the average share price is less than \$1.70 per share for a period of 20 days prior to the conversion. If the average price of the share for the 20-day period is equal to or higher than \$1.70 per share, the rate of conversion will be the period average multiplied by the rate of conversion of \$0.574 per share and divided by \$1.70. The balance

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outstanding is reimbursable by the Company on November 2, 2006. If the Company decides not to pay the interest, RMB may elect to add the interest payable to the balance of the loan or to convert it into common shares of the Company based on the current market price of the shares. The value assigned to the conversion rights granted was estimated at \$460,000 (Note 13d).

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CAMPBELL RESOURCES INC.

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12. LONG-TERM DEBT (CONTINUED)

- c) The interests of \$759,394 in 2005 were capitalized to property, plant and equipment since CCR was in development (\$468,480 in 2004).
- d) The debentures are unsecured, bear interest at 8% annually, plus an additional interest charge calculated as follows: 1% for every \$1 million of unpaid capital multiplied by the net smelter return ("NSR"), which is reduced by \$40 multiplied by the tonnage of ore produced by the Copper Rand Mine. This charge will be determined at the end of each year, beginning with the first repayment of capital. The first interest payment is due July 1, 2005, and quarterly thereafter. The debentures are repayable as to 20% of capital on July 1, 2005, as to 40% on July 1, 2006 and up to 40% on July 1, 2007, or are convertible into common shares at a price of \$1.025 per share or up to a maximum of \$1.64 based on an increase of the gold price above US\$350. During 2003, \$2,500,000 of these debentures plus accrued interest of \$385,000 were converted into 2,815,000 common shares.

13. CAPITAL STOCK

- a) Authorized shares

Preference shares - unlimited, issuable in series, without par value

Common shares - unlimited

- b) Issued and outstanding shares

	2005		2004		2003
	Shares	Amount	Shares	Amount	Shares
	(in thousands)	\$	(in thousands)	\$	(in thousands)
Common shares					
Balance, beginning of year	107,238	69,610	86,762	55,429	44,478
Issued					
Private placements	--	--	11,041	6,175	14,167
Conversion of convertible debentures (Note 12)	--	--	510	3,349	2,815

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Flow through shares	--	--	2,690	1,224	1,431
Business acquisitions (Note 4)	--	--	5,854	3,219	12,195
Reimbursement of the credit facility of the business acquired (Note 4)	--	--	--	--	10,459
Payment of debt	871	311	--	--	693
Exercise of warrants and options	--	--	--	--	325
Share purchase plan	104	37	306	166	199
Share Bonus Plan	--	--	75	48	--
	-----	-----	-----	-----	-----
Balance, end of year	108,213	69,958	107,238	69,610	86,762
	=====	=====	=====	=====	=====

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13. CAPITAL STOCK (CONTINUED)

b) Issued and outstanding shares (continued)

In 2004, an amount of \$550,000 has been applied in reduction of the flow-through shares proceeds in order to reflect the tax effect of the tax benefits renounced in favour of the subscribers (nil in 2005).

As part of the 2004 private placements and flow-through share financing, the Company incurred in 2005 issuance costs of \$3,000 which was applied against Capital Stock issued in payment of debt (\$689,000 and \$647,000 for the years ended December 31, 2004 and 2003 respectively).

c) Employee Incentive Plan and Directors' Stock Option Plan

The Employee Incentive Plan comprises a Share Option Plan, a Share Purchase Plan, a Share Bonus Plan and a Share Loan Plan. The Share Purchase Plan calls for Company contributions of an amount equal to 50% of the employee contributions, which can amount to a maximum of 5% of their basic annual salaries or wages. The common shares are issued on a quarterly basis at market value. In 2005, 103,724 common shares were issued at an average price of \$0.36 per share (in 2004, the Company issued a total of 305,705 common shares at an average current market price of \$0.54 per share and 198,816 common shares at \$0.53 for 2003).

Under the Share Bonus Plan, common shares can be issued to full-time salaried employees as a bonus in recognition of services as determined by the Compensation Committee or the Board of Directors. In 2005, no shares were issued (75,000 shares were issued under the plan at a current market price of \$0.64 per share in 2004, no shares were issued in 2003).

The Share Loan Plan provides the Compensation Committee or the Board of Directors the discretion to make loans to full-time employees to enable them to acquire common shares in the Company. No loans are presently outstanding under this plan.

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13. CAPITAL STOCK (CONTINUED)

c) Employee Incentive Plan and Directors' Stock Option Plan (continued)

Options granted under the Directors' and Employee Share Option Plans having no vesting period expire no later than five years from the date on which they were granted and all current options expire on or before May 31, 2009. Changes in the share option plans are as follows:

	2005		2004		2003
	Shares	Weighted average exercise price	Shares	Weighted average exercise price	Shares
	(in thousands)	\$	(in thousands)	\$	(in thousands)
Outstanding, beginning of year	2,270	0.62	1,700	0.66	2,181
Granted	--	--	645	0.64	100
Expired and cancelled (1)	(135)	0.74	(75)	1.64	(342)
Exercised	--	--	--	--	(239)
	-----	-----	-----	-----	-----
Outstanding, end of year	2,135	0.61	2,270	0.62	1,700
	=====	=====	=====	=====	=====

- (1) 120 000 options initially accounted for as stock-based compensation expense, for an amount of approximately \$45,000, were cancelled in 2005 and applied to contributed surplus (45,000 options for \$20,000 in 2004).

The following summarizes information about stock options outstanding at December 31, 2005:

Options outstanding and exercisable

Range of	Weighted average remaining	Weighted average
----------	----------------------------	------------------

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exercise price	Number outstanding	contractual life	exercise price
-----	-----	-----	-----
\$	(in thousands)		\$
0.44 - 0.64	1,565	1.5	0.58
0.67 - 0.80	570	1.5	0.68
	-----	---	----
	2,135	1.5	0.61
	=====	===	====

The Black-Scholes model, used by the Company to calculate option values granted to employees and directors, was developed to estimate the fair value of freely tradable, fully transferable options without vesting restrictions. This model also requires four highly subjective assumptions, including future stock price volatility and expected duration, which greatly affect the calculated values.

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13. CAPITAL STOCK (CONTINUED)

c) Employee Incentive Plan and Directors' Stock Option Plan (continued)

The fair value of the options granted and the assumptions are as follows:

	2005	2004	2003
	----	-----	-----
	\$	\$	\$
Fair value of each option	--	\$ 0.42	\$ 0.44
Stock-based compensation expense	--	\$269,000	\$ 43,000
Number of options	--	645,000	100,000
Assumptions			
Risk-free interest rate	--	3.68%	4.02-4.11%
Expected return on share	--	nil	nil
Expected volatility	--	78%	85-90%
Expected duration	--	5 years	5 years

d) Warrants, stock options and conversion rights

During the three years period ended December 31, 2005, the Company entered into various Capital Stock issuances, long-term debt financings and granted stock options as part of the employee Incentive Plan and Directors' Stock option Plan. The value assigned to the warrants, stock options and conversion rights issuance during the three-year period can be summarized as follows:

	2005	2004	2003
	-----	-----	-----
	\$	\$	\$
Balance, beginning of year	3,074	301	1,339
Warrants issued as part of the private placement	--	1,996	--
ECU-conversion rights	--	460	--
Credit facility	--	68	--
Stock-based compensation expense	--	269	43
Expired options and warrants	(303)	(20)	(1,081)
	-----	-----	-----
Balance, end of year	2,771	3,074	301
	=====	=====	=====

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13. CAPITAL STOCK (CONTINUED)

2004

In 2004, 5,511,500 share purchase warrants were issued with regard to the private placement. Each warrant entitles the holder to purchase one common share at \$1.20 per share until March 11, 2007. The fair value of the warrants as at the date of issuance was estimated at \$1,996,000 and applied in reduction of the proceeds received for the issued shares of the private placement, as part of capital stock.

As part of the ECU financing entered into during 2004, the Company issued conversion rights as detailed in Note 12b). The fair value of these conversion rights as at the date of the agreement was estimated at \$460,000.

Also in 2004, as part of the short-term loan, the Company granted warrants to purchase 200,000 common shares at a price of \$0.65 per share. The fair value was estimated at the date of the grant at \$68,800.

d) Warrants, stock options and conversion rights (continued)

The Company recorded the fair value of the warrants issued or conversion rights granted as of the date of issuance using the Black-Scholes pricing model with various assumptions regarding risk free interest rate, expected dividend yield of nil, expected volatility and expected life as follows:

	Private	Exchangeable Capital	Short-term
--	---------	-------------------------	------------

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	placements	Units	loan
	-----	-----	-----
Fair value of warrants or conversion rights	\$ 0.36	(1)	\$ 0.34cent (s)
Fair value	\$1,996,000	\$ 460,000	\$ 68,800
Number of warrants, options or rights	5,511,500	7,834,074	200,000

Assumptions:

Risk free interest rate	4.06%	3.2%	3.2%
Expected return on share	nil	nil	nil
Expected volatility	80%	64.69%	79%
Expected duration	3 years	2 years	3 years

- (1) The fair value of the conversion rights was established based on management's appreciation of the probability of the repayment of the debt for its entire amount by the Company or its conversion into common shares by the holder.

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13. CAPITAL STOCK (CONTINUED)

2003

In 2003, an amount of \$1,081,000 related to expired warrants was applied against the contributed surplus. These warrants were issued as part of a private placement in 2002 and expired on May 15, 2003. Also, 86,000 common shares were issued following the exercise of 86,000 options to purchase common shares at \$0.52 per share.

Since 2001, Investissement Quebec has had a five-year option entitling it to subscribe for a maximum of 25,000 shares of the Company's subsidiary, CCR, at \$100 per share. This option was granted following the financing obtained for the Copper Rand property development. Upon issuance of these shares by CCR, the shares will be automatically exchanged for common shares of the Company using a \$1.025 per share ratio. No value had been assigned to this option at the time.

14. INTEREST EXPENSE ON LONG-TERM DEBT

	2005	2004	2003
	-----	-----	-----
	\$	\$	\$
Exchangeable Capital Units facility	713	146	--
Credit facility	--	39	330
Guaranteed Subordinated Debentures	1,958	1,855	2,097
Convertible Debentures	55	219	439

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Other	2	1	--
	-----	-----	-----
	2,728	2,260	2,866
Interest revenue on restricted deposits (Note 7)	(1,958)	(1,855)	(2,097)
	-----	-----	-----
	770	405	769
	=====	=====	=====

15. GAIN ON SALE OF SUBSIDIARIES

In 2003, the Company recorded a \$2,296,000 gain from the proceeds received on the sale to Queenstake Resources Inc. ("Queenstake") of its subsidiary, Oro De Sotula S.A. de C.V. ("Oro"), completed on January 31, 2002. At that time, the Company made a provision for the entire amount receivable, given the level of uncertainty related to the conditions specified in the sale agreement, and therefore no gain had been recognized. In 2003, with conditions having been met with respect to the remaining notes receivable totalling US\$1,850,000, the Company, in the interest of reaching a quick settlement, negotiated a final amount of US\$1,650,000 (CAN\$2,296,000), of which CAN\$1,492,000 was paid in cash and the balance by the issuance of common shares of Queenstake.

The Company retained an interest providing for a net smelter return royalty of 1% to be paid on all production by Queenstake from the mining concessions and exploration properties which were owned by Oro at the time of closing.

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16. INCOME AND MINING TAXES

a) Effective tax rate

The income tax recovery varies from the amounts that would be computed by applying the combined Canadian federal and provincial statutory tax rates to earnings before taxes as follows:

	2005	2004	2003
	-----	-----	-----
	\$	\$	\$
Expected income tax recovery using statutory income tax rates	(7,552)	(2,682)	(1,318)
Resource allowance	220	208	153
Valuation allowance	7,414	2,019	1,246
	-----	-----	-----
Income and mining tax expense (recovery)	82	(455)	81
	=====	=====	=====

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The 2004 income tax recovery of \$455,000 is attributable mainly to the reversal of the future income tax liability of \$550,000 recorded as part of the flow-through shares issuance as required by EIC 146.

b) Future income taxes

At December 31, future income taxes are as follows:

	2005	2004
	-----	-----
	\$	\$
Current future income tax assets:		
Inventories of ore and supplies	149	151
Other	13	18
	-----	-----
	162	169
	-----	-----
Long-term future income tax assets:		
Property, plant and equipment	40,018	29,457
Operating loss carry forwards	6,303	5,540
Capital loss carry forwards	10,514	10,182
Deferred royalty	--	8,616
Other	5,044	4,415
	-----	-----
	61,879	58,210
	-----	-----
	62,041	58,379
	-----	-----
Valuation allowance	(60,717)	(56,478)
	-----	-----
Future income tax assets	1,324	1,901
	-----	-----
Long-term future income tax liabilities:		
Mining taxes	3,432	2,166
Other	1,324	1,901
	-----	-----
Future income tax liabilities	4,756	4,067
	-----	-----
Net future income tax liabilities	3,432	2,166
	=====	=====

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16. INCOME AND MINING TAXES (CONTINUED)

c) Loss carry forwards

At December 31, 2005, the Company and its subsidiaries had operating losses for income tax purposes in Canada approximating \$19,700,000, which are available to reduce taxable income in future years and which expire over the period to the year 2015. In addition, the Company and its subsidiaries had capital losses for income tax purposes in Canada of approximately \$66,000,000, which can be applied against future taxable capital gains.

17. CHANGES IN NON-CASH WORKING CAPITAL AND SUPPLEMENTARY INFORMATION

a) Changes in non-cash working capital

	2005	2004	2003
	-----	-----	-----
	\$	\$	\$
Receivables and settlements receivable	(2,923)	(1,697)	(632)
Inventories of ore and supplies and prepaids	479	542	215
Accounts payable and accrued liabilities	4,980	6,388	(1,480)
	-----	-----	-----
	2,536	5,233	(1,897)
	=====	=====	=====

b) Supplementary information

Income taxes paid	98	24	77
Interest paid	2,013	2,027	2,387
Shares issued for business acquisitions			
and credit facility reimbursement (Note 4)	--	3,219	13,158
Conversion of debentures into common shares	--	3,349	2,885
Warrants issued for the short-term loan and			
capitalized as deferred charges	--	68	--
Deferred charges reclassified to property, plant			
and equipment	--	45	--
Other liabilities applied against property, plant			
and equipment	--	14	--
Other liabilities applied against accounts payable	--	300	--
Shares issued for debt settlement (Note 13) *	314	--	732
Proceeds on sale of subsidiaries received in shares	--	--	804
Interest capitalized to property	759	468	99
Redemption of royalty	5,900	--	--
Mining rights receivable	1,214	--	--

* In 2003, contributions to the pension plans were made through the issuance of common shares of the Company.

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18. COMMITMENTS AND CONTINGENCIES

- a) The Company is committed to pay royalties calculated on the net smelter return at various rates or based on the tonnage of ore processed at the mills. These agreements are also subject to repurchase rights at various prices.
- b) Under the financing arrangement ("Arrangement") referred to in Note 12 a), mineral development expenditures which were renounced in favor of the investors as part of the Arrangement were based, in part, on independent valuations of certain related mineral properties. The Canada Revenue Agency ("CRA") has challenged certain of those valuations, and disallowed certain of the renounced flow-through deductions for certain of the investors. The Company may be contingently liable for certain losses or damages to investors, if any, that may result if CRA is ultimately successful in its challenges. No provision for losses that could result from the above mentioned challenges had been recorded at year end.
- c) The Oujibougoumou Cree initiated legal proceedings against the Company, claiming that the poor condition of lakes in the region of Chibougamau, Quebec was due to mining activities in the area. The Public Health Department, the Quebec Environment Ministry and the Quebec Fish and Wildlife Association began to study the issue. As a temporary measure, the Company and the plaintiffs jointly agreed to request that proceedings be suspended for one year. It is not possible to determine either the outcome of the proceedings or the financial consequences for the Company.

19. PENSION PLANS

The Company and its subsidiaries maintain two primarily defined benefit pension plans for most of their employees. The pension benefit for the first plan is based on a fixed amount per year of service. The pension benefit for the second plan is based on years of service and a percentage of the final average salary. The Company measures its accrued benefit obligation and the fair value of plan assets for accounting purposes as at December 31 of each year. The most recent actuarial valuation of the pension plans for funding purposes was as of December 31, 2002, and the next required valuation will be as of December 31, 2005.

Total cash payments

Total cash payments for employee future benefits for 2005, consisting of cash contributed by the Company to its funded pension plans were \$332,000 (\$1,041,000 in 2004). In 2003, the Company contributed an additional \$742,000 by the issuance of 693,380 common shares.

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CAMPBELL RESOURCES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2005, 2004 AND 2003

(TABULAR AMOUNTS ARE EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT SHARE DATA)

17. PENSION PLANS (CONTINUED)

	2005	2004
	-----	-----
	\$	\$
Accrued benefit obligation		
Balance, beginning of year	13,672	13,587
Current service cost	138	114
Benefits paid	(1,144)	(1,160)
Interest cost	790	817
Actuarial loss	1,921	314
	-----	-----
Balance, end of year	15,377	13,672
	=====	=====
Plan assets fair value		
Balance, beginning of year	11,455	11,047
Employer contribution	1,004	1,041
Employees' contributions	7	12
Benefits paid	(1,144)	(1,160)
Actual return on plan assets	881	515
	-----	-----
Balance, end of year	12,203	11,455
	=====	=====

Plan assets consist of the following asset category:

	Percentage of plan assets	
	-----	-----
	2005	2004
	-----	-----
	%	%
Employer contribution receivable	6	--
Canadian equity securities	31	29
American equity securities	12	10
International equity securities	10	10
Bonds	33	37
Campbell common shares	1	3
Other (including cash and cash equivalents)	7	11
	---	---
	100	100
	===	===

Reconciliation of the funded status of the defined benefit pension plans to the amounts recorded in the consolidated financial statements:

	2005	2004
	-----	-----
	\$	\$
Fair value of plan assets	12,203	11,455
Accrued benefit obligation	(15,377)	(13,672)
Funded status of pension plans - (deficit)	(3,174)	(2,217)

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Unamortized net actuarial loss	7,071	5,432
	-----	-----
Accrued benefit asset	3,897	3,215
	=====	=====

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CAMPBELL RESOURCES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2005, 2004 AND 2003

(TABULAR AMOUNTS ARE EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT SHARE DATA)

19. PENSION PLANS (CONTINUED)

Pension plans with accrued benefit obligations in excess of plan assets included in the above accrued benefit obligation and fair value of plan assets in respect of plans that are not fully funded:

	2005	2004
	-----	-----
	\$	\$
Accrued benefit obligation	15,377	10,494
Fair value of plan assets	12,203	8,194
	-----	-----
Funding deficit	(3,174)	(2,300)
	=====	=====

Elements of defined benefit pension plans costs recognized in the year

	2005	2004
	-----	-----
	\$	\$
Current service cost, net of employee contributions	131	102
Interest cost	790	817
Actual return on plan assets	(881)	(515)
Actuarial losses	1,921	314
	-----	-----
Elements of employee pension plans costs before adjustments to recognize the long-term nature of employee pension plans costs	1,961	718
Adjustments to recognize the long-term nature of employee pension plans costs		
difference between expected return and actual return on plans assets for the year	69	(309)
difference between actuarial loss recognized for the year and actual actuarial loss on accrued benefit obligation for the year	(1,708)	(123)
	-----	-----
Defined benefit pension costs	322	286

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Tranche capitalized to property, plant and equipment	(344)	(292)
	-----	-----
Net Pension credit	(22)	(6)
	=====	=====

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CAMPBELL RESOURCES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2005, 2004 AND 2003

(TABULAR AMOUNTS ARE EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT SHARE DATA)

19. PENSION PLANS (CONTINUED)

The significant assumptions used are as follows:

	2005	2004
	-----	-----
	%	%
Accrued benefit obligation as of December 31:		
Discount rate	5.25	6.00
Rate of compensation increase	2.50	2.50
Benefit costs for years ended December 31:		
Discount rate	6.00	6.25
Expected long-term rate of return on plans assets	7.00	7.00
Rate of compensation increase	2.50	4.00
Average remaining service period of active employees	19 years	19 years

20. FINANCIAL INSTRUMENTS

Fair value

The carrying amount of cash, restricted cash, short term loan, short-term investments, receivables, settlement receivables, accounts payable, accrued liabilities and other liabilities in the consolidated balance sheets approximates fair value based on their short-term maturities and/or quotes received. Also, the fair value of long-term debts is approximately equal to its carrying value due to interest rates which are based on current market rate to the exception of the convertible debentures. Given the terms of these convertible debentures, their fair value cannot practically be calculated. No prepayments have been made on the convertible debentures to date.

Interest rate risk

The Company is subject to interest rate risk due to changes to the prime rate since the majority of its borrowings bear variable interest rates. Otherwise, the Company manages the interest risk through an Exchange Agreement (Notes 7 and 12).

Credit risk

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The Company is exposed to credit-related losses in the event of non-performance by counterparties to financial instruments, but does not expect any counterparties to fail to meet their obligations. The Company deals with only highly-rated counterparties, normally major financial institutions and specialized private investors. The credit risk represents the maximum amount that would be at risk if the counterparties failed completely to perform under the contracts.

The copper concentrate is sold exclusively to Noranda Inc. including the Copper Rand mine pre-production revenue, under a purchase copper concentrate agreement. The net metal sales to Noranda Inc. represent approximately \$21,854,000 for the year ended December 31, 2005 (\$10,911,000 in 2004 and \$9,659,000 in 2003) and an amount of \$8,365,000 is receivable at year end (\$3,096,000 in 2004). Furthermore, the short-term loan bearing interest at the LIBOR rate plus 4.0% is guaranteed by the settlements receivable.

Foreign exchange rate and metal price risks

The Company is exposed to risks from changes in foreign currency rates and metal prices. The Company does not use derivative instruments to manage those risks.

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CAMPBELL RESOURCES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2005, 2004 AND 2003

(TABULAR AMOUNTS ARE EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT SHARE DATA)

21. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES ("GAAP")

The material differences between Canadian GAAP and United States GAAP affecting the Company's consolidated financial statements are detailed as follows:

	2005	2004	2003
	-----	-----	-----
	\$	\$	\$
Reconciliation of net loss			
Net loss - Canadian GAAP	24,430	8,192	3,940
Adjustments:			
Property, plant and equipment (a)	(421)	(667)	(492)
Exploration expenses (b)	825	525	138
Derivative instruments (c)	32	--	40
Asset retirement obligations (d)	--	--	(1,924)
Flow through shares - Income tax expense (e)	--	(40)	(78)
	-----	-----	-----
Net loss - United States GAAP	24,866	8,010	1,624
Minimum liability of defined benefit plans (f)	1,360	479	820
	-----	-----	-----
Comprehensive loss - United States GAAP	26,226	8,489	2,444
	=====	=====	=====
Basic and fully diluted loss - United States GAAP	0.23	0.08	0.04
	=====	=====	=====

	2005	2004	2003
	-----	-----	-----
	\$	\$	\$
Reconciliation of shareholders' equity			
Shareholders' equity - Canadian GAAP	30,503	54,585	45,803
Adjustments:			
Property, plant and equipment (a)	--	(421)	(1,088)
Exploration expenses (b)	(4,445)	(3,620)	(3,095)
Derivative instruments (c)	(32)	--	--
Minimum liability of defined benefit plans (f)	(6,221)	(4,861)	(4,382)
Capital stock (h)	(1,481)	(1,481)	(1,481)
Warrants of the entity subject to significant influence (i)	485	485	485
	-----	-----	-----
Shareholders' equity - United States GAAP	18,809	44,687	36,242
	=====	=====	=====

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CAMPBELL RESOURCES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2005, 2004 AND 2003

(TABULAR AMOUNTS ARE EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS,
EXCEPT SHARE DATA)21. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GENERALLY ACCEPTED
ACCOUNTING PRINCIPLES ("GAAP") (CONTINUED)

a) Property, plant and equipment

Under Canadian GAAP and prior to the adoption of the CICA Handbook Section 3063 Impairment of long-lived assets, the property, plant and equipment had to be written down to the net recoverable amount if this was less than the carrying amount, whereas under United States GAAP, if the future undiscounted net cash flows are less than the carrying amount, the property, plant and equipment should be written down to its fair value.

Accordingly, the difference between the carrying amount of property, plant and equipment in Canadian GAAP and United States GAAP results in additional amortization in accordance with Canadian GAAP.

b) Exploration expenses

Under Canadian GAAP, exploration expenses may be deferred until such time as the exploration and development work is either effectively abandoned and related costs are written off or an operating mine is established following which accumulated costs are amortized to earnings. Under United States GAAP and under Securities and Exchange Commission guidelines, all exploration expenses incurred prior to the determination of the existence of a commercially minable deposit and the completion of a feasibility study should be recorded as expenses as they are incurred. During 2005, \$1,155,000 (\$1,145,000 in 2004 and

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\$698,000 in 2003) of exploration expenses was capitalized.

The adjustment of \$825,000 (\$525,000 in 2004 and \$138,000 in 2003) comprises the difference described in the previous paragraph less the amortization charge of \$330,000 (\$620,000 in 2004 and \$560,000 in 2003) which results from the previous years' exploration expenses, which were capitalized in accordance with Canadian GAAP.

c) Derivative instruments

In 2004, the Company renewed one of its collective agreement under which the employees are entitled to receive a bonus based on the increase in the price of gold during the term of the agreement. An adjustment of \$32,000 was included in the current earnings for the year ended December 31, 2005.

Furthermore, the debentures detailed in Note 12 included embedded derivatives such as additional interest charges calculated on the net smelter return and the tonnage of ore produced by the Copper Rand Mine and a conversion option into common shares at variable prices based on an increase in the gold price above US\$350 per ounce. Under Canadian GAAP, no value was assigned to these embedded derivatives. Under United States GAAP (SFAS 133), the related derivatives are evaluated at their fair value as at each balance sheet date and the resulting difference between the fair value as at December 31, 2005, 2004 and 2003 is recorded in current earnings.

In 2001, the Company signed an amendment to the existing collective agreement under which the employee agreed to salary reductions or increases based on the price of gold during the term of the agreement which ended at the beginning of 2005.

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CAMPBELL RESOURCES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2005, 2004 AND 2003

(TABULAR AMOUNTS ARE EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS,
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21. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES ("GAAP") (CONTINUED)

d) Asset retirement obligations

As of January 1, 2003, the Company adopted FAS No. 143 Accounting for Asset Retirement Obligations, which established standards for accounting for a legal obligation associated with the retirement of long-lived assets. Under United States GAAP, the Company charges income for the cumulative effect of the change in standard, as of January 1, 2003, of adopting this standard. The standard under Canadian GAAP is similar to the standard under United States GAAP. However, under Canadian GAAP, the change in standard is applied retroactively and previous year consolidated financial statements are restated to give effect to the adoption of the new standard.

e) Flow through shares - Income tax expense

Prior to March 2004, under Canadian GAAP, flow-through share proceeds

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were recorded to capital stock at time of issuance of the shares and a future income tax liability was recorded upon renouncement by the Company of the tax benefits in favor of the investors.

Since March 2004, the Company adopted EIC 146, Flow through shares. Under this standard, the foregone tax benefits of \$550,000, at the date the Company renounces them, are applied in reduction of capital stock and an equivalent income tax liability is recorded. Subsequently, the income tax liability is reversed against income tax expense if the Company has unrecorded future tax assets.

Under United States GAAP, flow-through shares are recorded at their fair value at time of issuance and the difference of none in 2005 (\$590,000 in 2004 and \$78,000 in 2003) between the proceeds received and the fair value of the shares issued is recorded as a liability. Upon renouncement by the Company of the tax benefits, in favor of the investors, the liability is applied in reduction of the income tax expense. The difference of \$40,000 represents the difference between the amount recorded under Canadian and United States GAAP.

f) Minimum liability of defined benefit plans

The provisions of Statement of Financial Accounting Standards No. 87, Employers Accounting for Pensions, requires companies with any plans that have an unfunded accumulated benefit obligation to recognize an additional minimum pension liability, and in certain circumstances, a reduction of accumulated comprehensive income. Therefore, in accordance with United States GAAP, the consolidated balance sheets at December 31, 2005, 2004 and 2003 would include an additional minimum pension liability of \$6,221,000, \$4,861,000 and \$4,382,000, respectively, and an equivalent reduction of accumulated other comprehensive income.

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CAMPBELL RESOURCES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2005, 2004 AND 2003

(TABULAR AMOUNTS ARE EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS,
EXCEPT SHARE DATA)

21. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GENERALLY ACCEPTED
ACCOUNTING PRINCIPLES ("GAAP") (CONTINUED)

g) Comprehensive income

United States accounting standards for reporting comprehensive income are set forth in SFAS No. 130 Comprehensive income represents the change in equity during a reporting period from transactions and other events and circumstances from non-owner sources. Components of comprehensive income include items such as unrealized loss, minimum pension liability adjustments and certain foreign currency translation gains and losses. Under Canadian GAAP, the concept of comprehensive income is not applicable until January 1, 2007.

h) Capital stock

Before July 1, 2001, under Canadian GAAP, the value assigned to the common shares issued in consideration for a business acquisition, such

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as the MSV acquisition dated June 30, 2001, was based upon the average trading price of the shares over a reasonable period before and after the closing date of the acquisition of June 30, 2001. Under United States GAAP, the value assigned to the common shares is based upon the average trading price of the shares over a reasonable period before and after April 25, 2001, which is the date the terms of the business combinations were agreed to and announced. The adjustment of \$1,481,000 represented the difference in the value of the common shares issued under United States GAAP.

i) Warrants of the entity subject to significant influence

Under Canadian GAAP, no value would be recognized for the warrants issued by CCR, the entity which was subject to significant influence in 2001 and which became a subsidiary in 2003, for which the Company has granted, in 2001, an automatic conversion feature into common shares of the Company. Under United States GAAP, the fair value of the conversion feature is recognized in shareholders' equity and recorded as an additional cost to the investment in CCR. The adjustment of \$485,000 represented the fair value of the conversion feature.

In 2003, since the Company acquired an additional interest of 50% in CCR which became a subsidiary, the additional cost of the investment in CCR (as mentioned in the preceding paragraph) was reclassified to property, plant and equipment.

j) Elimination of deficit

Canadian GAAP permits the reduction of the stated capital of outstanding common shares with a corresponding offset to deficit. This reclassification occurred in 2001 and is not permitted under United States GAAP and would result in an increase in both capital stock and deficit of \$113,645,000.

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CAMPBELL RESOURCES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2005, 2004 AND 2003

(TABULAR AMOUNTS ARE EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS,
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21. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GENERALLY ACCEPTED
ACCOUNTING PRINCIPLES ("GAAP") (CONTINUED)

k) Income taxes

Under United States GAAP, future income taxes are measured using enacted tax rates. Under Canadian GAAP, enacted or substantively enacted tax rates are used.

l) Shareholders' equity

Under Canadian GAAP, the ECU, described in Note 12b) were accounted for in accordance with their substance and, as such, were presented in the financial statements in their liability and equity component parts. Under United States GAAP, the entire principal amount of the ECU, is treated as debt bearing interest at average LIBOR plus 3.5%.

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m) Recent and future accounting changes

In January 2003, the Financial Accounting Standards Board (FASB) issued Interpretation No. 46, Consolidation of Variable Interest Entities, and an Interpretation of Accounting Research Bulletin No. 51 (FIN 46). FIN 46 establishes accounting guidance for consolidation of variable interest entities by the primary beneficiary. FIN 46 applies to any business enterprise, public or private, that has a controlling interest, contractual relationship or other business relationship with a Variable Interest Entity. In December 2003, the FASB issued interpretation No. 46R (FIN 46R) which supersedes FIN 46. FIN 46R is effective for all Variable Interest Entities (VIEs) created after February 1, 2003 at the end of the first interim or annual reporting period ending after December 15, 2003. FIN 46R is applicable to all VIEs created prior to February 1, 2003 by public entities at the end of the first interim or annual reporting period ending March 15, 2004. The Company has determined that it has no VIEs.

In April 2003, the FASB issued SFAS No. 149, entitled Amendment of Statement 133 on Derivative Instruments and Hedging Activities. SFAS 149 amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as "derivatives") and for hedging activities under FASB Statement No. 133, Accounting for Derivative Instruments and Hedging Activities. This statement is effective for contracts entered into or modified after June 30, 2003. Adoption of this statement had no effect on the Company's consolidated financial position or results of operations.

In May 2003, the FASB issued SFAS No. 150, entitled Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity. SFAS No. 150 establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. This statement is effective for financial instruments entered into or modified after May 31, 2003. Adoption of this statement had no effect on the Company's consolidated financial position or results of operations.

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CAMPBELL RESOURCES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2005, 2004 AND 2003

(TABULAR AMOUNTS ARE EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS,
EXCEPT SHARE DATA)

21. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES ("GAAP") (CONTINUED)

In March 2004, the Emerging Issues Task Force issued EITF 04-2, Whether Mineral Rights are Tangible or Intangible Assets (EITF 04-2). The Task Force reached a consensus that mineral rights are tangible assets. In April 2004, the FASB issued FASB Staff Positions (FSPs) FAS 141-1, Interaction of FASB Statements No. 141, the Business Combinations (SFAS 141), and No. 142, Goodwill and Other Intangible Assets (SFAS 142). The FSPs amend SFAS 141 to conform them to the Task Force consensus. The FSPs are effective for the first reporting period beginning after April 29, 2004 but earlier adoption is permitted. The adoption of this standard had no effect on the Company's consolidated

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financial position or results of operations.

In March 2004, the EITF issued EITF 04-3, Mining Assets Impairment and Business Combinations. EITF 04-3 requires mining companies to compare cash flows to the economic value of mining assets (including mineral properties and rights) beyond those assets' proven and probable reserves, as well as anticipated market price fluctuations, when assigning value in a business combination in accordance with SFAS 141 and when testing the mining assets for impairment in accordance with SFAS 144. The consensus is effective for reporting periods beginning after March 31, 2004 but earlier adoption is permitted. The adoption of this standard is reflected in Note 8 to the consolidated financial statements.

In May 2005, the FASB issued SFAS No. 154, entitled Accounting Changes and Error Corrections. SFAS No. 154 eliminates the requirement to include the cumulative effect of a change in accounting principle in the income statement in the period of change. The charges should be retrospectively applied as of the beginning of the first period presented as if that principle had always been used. This statement is effective for changes and corrections of errors made in fiscal year beginning after December 15, 2005. Adoption of this statement will have an impact when a change of accounting will happen in the future.

22. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current financial statement presentation.

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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 Form 20-F on its behalf.

CAMPBELL RESOURCES INC.

Dated: March 31, 2006

By: /s/ Andre Y. Fortier

Andre Y. Fortier
President and Chief Executive Officer

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EXHIBIT INDEX

EXHIBIT NUMBER -----	EXHIBIT DESCRIPTION -----
1.1	Restated Articles of Incorporation dated August 9, 1999 (E) (Exhibit 4(a)).

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- 1.2 Articles of Amendment dated May 19, 2000 consolidating the common shares on the basis of one post consolidation common share for every ten pre-consolidation common share. (F) (Exhibit 3.1)
- 1.3 Articles of Arrangement effective June 30, 2001 relating to the merger with GeoNova Explorations Inc. (I) (Exhibit 3.3)
- 1.4 By-Law No. 1 as amended and as in effect on the date hereof (A) (Exhibit 3.12)
- 1.5 Amendment of By-Law No. 1 (A) (Exhibit 3.11)
- 1.6 Restated Certificate of Incorporation dated January 7, 2005 (L) (Exhibit 1.6)
- 2.1 Trust Indenture made as of July 21, 1994 between the Company and Montreal Trust Company of Canada regarding the 7 1/2% Convertible Subordinated Debentures (B) (Exhibit 4.1)
- 4.1 The Company's Employee Incentive Plan as amended (E) (Exhibit 99)
- 4.2 Employment Agreement dated August 6, 2002 between the Company and Andre Y. Fortier (J) (Exhibit 10.2)
- 4.3 Employment Agreement dated August 6, 2002 between the Company and Claude Begin (J) (Exhibit 10.3)
- 4.4 Employment Agreement dated August 6, 2002 between the Company and Alain Blais (J) (Exhibit 10.4)
- 4.5 Employment Agreement dated August 6, 2002 between the Company and Lucie Brun (J) (Exhibit 10.5)
- 4.6 Directors' Stock Option Plan I (Exhibit 10.8)
- 4.7 Royalty Agreement with Repadre Capital Corporation made as of April 23, 1993. I (Exhibit 10.14) and amendment dated June 30, 2001 (I) (Exhibit 10.4)
- 4.8 Merger Agreement dated May 7, 2001 between the Company, MSV Resources Inc. and GeoNova Explorations Inc. pursuant to which MSV and GeoNova became wholly-owned subsidiaries of the Company with Plan of Arrangement under the Canada Business Corporations Act and Arrangement By-Law attached. (H) (Exhibit 2)
- 4.9 ECU Facility Agreement dated October 26, 2004 between MSV Resources Inc., Campbell Resources Inc., Meston Resources Inc., RMB International (Dublin) Limited and RMB Resources Limited (L) (Exhibit 4.9)
- 4.10 Sale and Purchase Agreement dated November 10, 2004 between GeoNova and Metanor (L) (Exhibit 4.10)
- 4.11 Copper, Silver and Gold Purchase Agreement dated as of October 8, 2004 between Campbell, Meston and Auramet Trading, LLC
- 6.1 Statement detailing computation of per share earnings

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EXHIBIT NUMBER -----	EXHIBIT DESCRIPTION -----
8.1	Significant subsidiaries
11.1	Standards of Ethical Conduct (K) (EXHIBIT 11.1)
12.1	Certification of Andre Y. Fortier pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
12.2	Certification of Lucie Brun pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
13.1	Certification of Andre Y. Fortier pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
13.2	Certification of Lucie Brun pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
15.1	Consent of Samson Belair / Deloitte & Touche s.e.n.c.r.l.
15.2	Consent of Systemes Geostat International Inc.
15.3	Audit Committee Charter (L) (Exhibit 15.4)
15.4	Governance Policy
(A)	refers to documents previously filed as an exhibit to Campbell's Annual Report on Form 10-K for the year ended December 31, 1987 and incorporated herein by reference.
(B)	refers to documents previously filed as an exhibit to Campbell's Annual Report on Form 10-K for the year ended December 31, 1994 and incorporated herein by reference.
(C)	refers to documents previously filed as an exhibit to Campbell's Annual Report on Form 10-K for the year ended December 31, 1993 and incorporated herein by reference.
(D)	refers to documents previously filed as an exhibit to Campbell's Annual Report on Form 10-K for the year ended December 31, 1999 dated March 27, 2000 and incorporated herein by reference.
(E)	refers to documents previously filed as an exhibit to Campbell's registration statement on Form S-8 (Registration No. 333-93063) and incorporated herein by reference.
(F)	refers to documents previously filed as an exhibit to Campbell's Current Report on Form 8-K dated May 19, 2000 and incorporated herein by reference.
(G)	refers to documents previously filed as an exhibit to Campbell's Annual Report on Form 10-K for the year ended December 31, 2000 dated April 12, 2001 and incorporated herein by reference.
(H)	refers to documents previously filed as an exhibit to Campbell's

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Current Report on Form 8-K dated July 13, 2001 and incorporated herein by reference.

- (I) refers to documents previously filed as an exhibit to Campbell's Annual Report on Form 20-F for the year ended December 31, 2001 dated May 14, 2002 and incorporated herein by reference.
- (J) refers to documents previously filed as an exhibit to Campbell's Annual Report on Form 20-F for the year ended December 31, 2002 dated May 15, 2003 and incorporated herein by reference.

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- (K) refers to documents previously filed as an exhibit to Campbell's Annual Report on Form 20-F for the year ended December 31, 2003 dated May 19, 2004 and incorporated herein by reference.
- (L) refers to documents previously filed as an exhibit to Campbell's Annual Report on Form 20-F for the year ended December 31, 2004 dated March 30, 2004 and incorporated herein by reference.

Exhibits in parentheses are references to the Exhibit No. of the filing indicated.

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