

APOLLO GOLD CORP
Form DEF 14A
April 27, 2006

SCHEDULE 14A INFORMATION

**PROXY STATEMENT PURSUANT TO SECTION 14(A) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Filed by the Registrant
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
 Confidential, For Use of the Commission Only (As Permitted by Rule 14a-6(e)(2))
 Definitive Proxy Statement
 Definitive Additional Materials
 Soliciting Material Pursuant to 240.14a-11(c) or 240.14a-12

APOLLO GOLD CORPORATION

(Name of Registrant as Specified in Its Charter)

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- No fee required.
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- (2) Aggregate number of securities to which transaction applies: **N/A**
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): **N/A**

(4) Proposed maximum aggregate value of transaction: **N/A**

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(1) Amount Previously Paid: **N/A**

(2) Form, Schedule or Registration Statement No.: **N/A**

(3) Filing Party: **N/A**

(4) Date Filed: **N/A**

**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS OF
APOLLO GOLD CORPORATION
AND MANAGEMENT INFORMATION AND PROXY CIRCULAR**

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INVITATION TO SHAREHOLDERS

It is my great pleasure to invite you to join our board of directors and the senior management of Apollo Gold Corporation at our next annual and special meeting, which convenes at 10 a.m. (Colorado time) on Wednesday, May 24, 2006, at the Embassy Suites Denver Tech Center, 10250 East Costilla Avenue, Centennial, Colorado, USA.

I urge you to attend if you can. This occasion is your opportunity to receive a first-hand account of how Apollo Gold Corporation performed for the year ended December 31, 2005, as well as to hear our plans for the future.

Should you have any questions for senior management, the annual meeting is an excellent place to raise them.

If you cannot attend in person, I encourage you to exercise the power of your proxy, by signing, dating and returning the enclosed proxy promptly in the accompanying reply envelope. If you decide to attend the annual and special meeting and wish to change your proxy vote, you may change your proxy by voting in person at the annual and special meeting. For further information regarding the power of your proxy please read the accompanying Management Information and Proxy Circular.

I appreciate your participation, and I look forward to seeing you this May in Centennial, Colorado.

Sincerely,

(Signed)

R. David Russell
President and
Chief Executive Officer

April 24, 2006

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT an annual and special meeting (the Meeting) of the shareholders of Apollo Gold Corporation (the Corporation) will be held at the Embassy Suites Denver Tech Center, 10250 East Costilla Avenue, Centennial, Colorado, USA on Wednesday, May 24, 2006, at 10:00 a.m. (Colorado time) for the following purposes:

(1)

to receive the consolidated financial statements of the Corporation for the fiscal year ended December 31, 2005, together with the report of the auditors thereon;

(2)

to elect directors of the Corporation;

(3)

to appoint the Corporation's independent auditors and to authorize the directors to fix their remuneration;

(4)

to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution authorizing certain amendments to the stock option incentive plan of the Corporation, as more particularly described in the Circular; and

(5)

to transact such other business as may properly come before the Meeting or any adjournment thereof.

The accompanying Management Information and Proxy Circular provides additional information relating to the matters to be dealt with at the Meeting and is deemed to form part of this Notice of Meeting.

SHAREHOLDERS WHO ARE UNABLE TO ATTEND THE MEETING IN PERSON ARE REQUESTED TO COMPLETE, DATE AND SIGN THE ENCLOSED PROXY, AND TO RETURN IT IN THE ENVELOPE PROVIDED FOR THAT PURPOSE.

If you are a REGISTERED SHAREHOLDER of the Corporation and are unable to attend the Meeting in person, please date and execute the accompanying form of proxy. Proxies to be used at the Meeting must be deposited with CIBC Mellon Trust Company, Proxy Department, 200 Queen's Quay East, Unit #6, Toronto, Ontario, M5A 4K9 Canada, before 5:00 p.m. (Toronto time) on May 22, 2006.

If you are a NON-REGISTERED SHAREHOLDER of the Corporation and receive these materials through your broker or another intermediary, please complete and return the materials in accordance with the instructions provided to you by your broker or such other intermediary. In addition, please read the section entitled Q&A on Proxy Voting. If my shares are not registered in my name but are held in the name of a nominee (a bank, trust company, securities broker, trustee or other), how do I vote my shares?

By Order of the Board

(Signed)

R. David Russell
President and
Chief Executive Officer

Greenwood Village, Colorado
April 24, 2006

APOLLO GOLD CORPORATION

MANAGEMENT INFORMATION AND PROXY CIRCULAR

GENERAL PROXY INFORMATION

Solicitation of Proxies

This Management Information and Proxy Circular (the Circular) is furnished in connection with the solicitation of proxies by or on behalf of the management of Apollo Gold Corporation (the Corporation or Apollo) for use at the annual and special meeting (the Meeting) of shareholders of the Corporation (the shareholders) to be held on Wednesday, May 24, 2006, at 10 a.m. (Colorado time), or any adjournment thereof, at the Embassy Suites Denver Tech Center, 10250 East Costilla Avenue, Centennial, Colorado, USA for the purposes set out in the accompanying notice of meeting (the Notice of Meeting).

The solicitations will be made primarily by mail, but proxies may also be solicited personally or by telephone by directors, officers and regular employees of the Corporation at nominal cost. Banks, brokers, custodians, nominees and fiduciaries will be requested to forward the proxy soliciting materials to beneficial owners, and the Corporation will reimburse such persons for reasonable out-of-pocket expenses incurred by them in this connection. The expenses of soliciting proxies, including the cost of preparing, assembling and mailing this proxy material to shareholders, will be borne by the Corporation.

This Circular, the Notice of Meeting and accompanying Proxy are being mailed on or about April 28, 2006.

Quorum

A quorum is required in order for the Meeting to be properly constituted. The holders of at least one-third of the shares entitled to vote at a meeting of shareholders, personally present or represented by proxy, shall constitute a quorum.

Voting Shares and Principal Holders Thereof

The authorized capital of the Corporation consists of an unlimited number of common shares (Common Shares). As of the close of business on April 24, 2006, the record date for the Meeting, 121,396,859 Common Shares were outstanding and entitled to vote. Each Common Share is entitled to one (1) vote. The outstanding Common Shares are listed on the Toronto Stock Exchange (the TSX) under the symbol APG, and on the American Stock Exchange (AMEX) under the symbol AGT.

Beneficial Ownership Table

The following table sets forth certain information known to us with respect to the beneficial ownership of our Common Shares as of April 15, 2006 by (i) all persons who are known to us to be beneficial owners of five percent (5%) or more of the Common Shares, (ii) each of the proposed directors, (iii) the chief executive officer, the chief financial officer and the next five most highly compensated executive officers of the Corporation (collectively, the Named Executive Officers) and (iv) all proposed directors and current executive officers as a group.

Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission (the SEC) and includes voting or investment power with respect to the securities. Common Shares subject to options or warrants that are currently exercisable or exercisable within 60 days of April 15, 2006 are deemed to be outstanding and to be beneficially owned by the person or group holding such options or warrants for the purpose of computing the percentage ownership of such person or group but are not treated as outstanding for the purpose of computing the

percentage ownership of any other person or group. Unless otherwise indicated, the address for each of the individuals listed in the table is care of Apollo Gold Corporation, 5655 South Yosemite Street, Suite 200, Greenwood Village, Colorado, 80111-3220. Unless otherwise indicated by footnote, the persons named in the table have sole voting and sole investment power with respect to all Common Shares shown as beneficially owned by them, subject to applicable community property laws. Percentage of beneficial ownership is based on 121,396,859 of our Common Shares outstanding as of April 15, 2006.

Name and Address of Beneficial Owner	Shares Beneficially Owned(1)	Percent of Class
Jipangu Inc. ⁽²⁾	23,650,000 ⁽²⁾	19.5 %
RAB Special Situations (Master) Fund Limited ⁽³⁾	16,766,056 ⁽³⁾	9.99 %
R. David Russell	3,016,503 ⁽⁴⁾⁽⁵⁾⁽⁶⁾	2.48 %
W.S. (Steve) Vaughan	105,000 ⁽⁴⁾	*
G. Michael Hobart	106,000 ⁽⁴⁾	*
Charles E. Stott	197,072 ⁽⁴⁾	*
Richard P. Graff	50,000 ⁽⁴⁾	*
Robert W. Babensee	Nil	*
Melvyn Williams	695,666 ⁽⁴⁾⁽⁵⁾	*
Richard F. Nanna	1,797,991 ⁽⁴⁾	1.48 %
Donald W. Vagstad ⁽⁷⁾	654,810 ⁽⁴⁾	*
Donald O. Miller ⁽⁷⁾	584,750 ⁽⁴⁾	*
Marvin K. Kaiser	Nil	*
David W. Peat	Nil	*
All executive officers and directors as a group (8 persons)	5,968,232 ⁽⁸⁾	4.92 %

*

Represents less than 1% of our outstanding Common Shares.

(1)

Unless otherwise noted, all shares are Common Shares.

(2)

Based on information reported by Jipangu Inc. in its Schedule 13D/A filed with the SEC on February 1, 2006. The address for Jipangu Inc. is 3-6-9 Kita-Shinagawa, Shinagawa-Ku, Tokyo, 140-0001 Japan. Includes 21,650,000 Common Shares and 2,000,000 warrants. Each warrant is exercisable until January 26, 2008, at Cdn\$0.39 for one Common Share.

(3)

Based on information reported by RAB Special Situations (Master) Fund Limited in its Schedule 13G/A filed with the SEC on March 16, 2006. The address for RAB Special Situations (Master) Fund Limited is P.O. Box 908 GT, Walker House Mary Street, George Town, Cayman Islands. Includes (i) 9,316,056 Common Shares; (ii) share purchase warrants exercisable to acquire an additional 3,100,000 Common Shares; and (iii) 12% series 2004-B secured convertible debentures (the Series B Debentures) of the Corporation in the principal amount of \$3,000,000 convertible into 4,000,000 Common Shares. Philip Richards, a director of RAB Special Situations (Master) Fund Limited owns 350,000 Common Shares. Under the terms of the share purchase warrants and the Series B Debentures, in no event shall such securities be converted into Common Shares, if after giving effect to such conversion, the holder would, in aggregate, beneficially own Common Shares in excess of 20% of the issued and outstanding Common Shares, within

the meaning of Rule 13d-1 of the Securities Exchange Act of 1934, as amended.

(4)

Amounts shown include Common Shares subject to options exercisable within 60 days as follows: 105,000 Common Shares for Mr. Vaughan; 800,403 Common Shares for Mr. Russell; 105,000 Common Shares for Mr. Hobart; 195,072 Common Shares for Mr. Stott; 50,000 Common Shares for Mr. Graff; 262,500 Common Shares for Mr. Williams; 769,866 Common Shares for Mr. Nanna; 367,010 Common Shares for Mr. Vagstad; and 225,000 Common Shares for Mr. Miller.

(5)

Amounts shown include Common Shares subject to Series B Debentures convertible within 60 days as follows: 133,333 Common Shares for Mr. Williams; and 400,000 Common Shares for Mr. Russell (such debenture being owned by a member of Mr. Russell's immediate family). Amounts shown include Common Shares subject to warrants exercisable within 60 days: 60,000 Common Shares for Mr. Williams; and 180,000 Common Shares for Mr. Russell (such warrants being owned by a member of Mr. Russell's immediate family).

(6)

Shares beneficially owned by Mr. Russell also include 100 Common Shares owned by a member of Mr. Russell's immediate family.

(7)

Employment with the Corporation was terminated as of February 18, 2006.

(8)

Shares beneficially owned by all officers and directors as a group include options, warrants and/or Series B Debentures to purchase up to 3,715,684 of our Common Shares which may be exercised or converted in whole or in part within 60 days. Includes all executive officers and directors as of April 15, 2006.

Q & A on Proxy Voting

Q:

What am I voting on?

A:

Shareholders are voting on the election of directors to the board of directors of the Corporation (the Board) for 2006 and the appointment of auditors for the Corporation for 2006.

Q:

Who is entitled to vote?

A:

Shareholders as of the close of business on April 24, 2006 (the Record Date), are entitled to vote. Each Common Share is entitled to one vote on those items of business identified in the Notice of Meeting.

If you acquired your shares after the Record Date, please refer to the answer to the question What if ownership of shares has been transferred after April 24, 2006? to determine how you may vote such shares.

Q:

How do I vote?

A:

There are two ways you can vote your shares if you are a registered shareholder. You may vote in person at the Meeting or you may sign the enclosed form of proxy appointing the named persons or some other person you choose, who need not be a shareholder, to represent you as proxyholder and vote your shares at the Meeting. If your shares are held in the name of a nominee, please refer to the answer to the question If my shares are not registered in my name but are held in the name of a nominee (a bank, trust company, securities broker, trustee or other), how do I vote my shares? to determine how you may vote your shares.

Q:

What if I plan to attend the Meeting and vote in person?

A:

If you are a registered shareholder and plan to attend the Meeting on May 24, 2006 and wish to vote your shares in person at the Meeting, do not complete or return the form of proxy. Your vote will be taken and counted at the Meeting. Please register with the transfer agent, CIBC Mellon Trust Company, upon arrival at the Meeting. If your shares are held in the name of a nominee, refer to the answer to the question If my shares are not registered in my name but are held in the name of a nominee (a bank, trust company, securities broker, trustee or other), how do I vote my shares? for voting instructions.

Q:

Who is soliciting my proxy?

A:

The enclosed form of proxy is being solicited by management of Apollo Gold Corporation. The solicitation will be made primarily by mail but may also be made by telephone, in writing or in person by the employees of the Corporation. Banks, brokers, custodians, nominees and fiduciaries will be requested to forward the proxy soliciting materials to beneficial owners, and the Corporation will reimburse such persons for reasonable out-of-pocket expenses incurred by them in this connection. The expenses of soliciting proxies, including the cost of preparing, assembling and mailing this proxy material to shareholders, will be borne by the Corporation.

Q:

What if I sign the form of proxy enclosed with this Circular?

A:

Signing the enclosed form of proxy gives authority to each of R. David Russell, the President and Chief Executive Officer of the Corporation, and Melvyn Williams, the Senior Vice President Finance and Corporate Development and Chief Financial Officer of the Corporation, or to another person you have appointed, to vote your shares at the Meeting.

Q:

Can I appoint someone other than these representatives to vote my shares?

A:

Yes. **Write the name of this person, who need not be a shareholder, in the blank space provided in the form of proxy.** It is important to ensure that any other person you appoint is attending the Meeting and is aware that he or she has been appointed to vote your shares. Proxyholders should, upon arrival at the Meeting, present themselves to a representative of CIBC Mellon Trust Company.

Q:

What do I do with my completed proxy?

A:

Return it to the Corporation's transfer agent, CIBC Mellon Trust Company, in the envelope provided, at CIBC Mellon Trust Company, Proxy Department, 200 Queen's Quay East, Unit #6, Toronto, Ontario M5A 4K9 Canada, or by fax to (416) 368-2502 so that it arrives no later than 5:00 p.m. (Toronto time) on May 22, 2006. This will ensure that your vote is recorded.

Q:

If I change my mind, can I take back my proxy once I have given it?

A:

Yes. If you change your mind and wish to revoke your proxy, prepare a written statement to this effect or, if you are a registered shareholder, you may attend the annual meeting and vote and this will automatically revoke your proxy. If you prepare the written statement, the statement must be signed by you or your attorney as authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney of the corporation duly authorized. This statement must be delivered either to the executive office of the Corporation at 5655 South Yosemite Street, Suite 200, Greenwood Village, Colorado 80111-3220 no later than 5:00 p.m. (Toronto time) on May 22, 2006 or to the Chairman of the Meeting on the day of the Meeting, May 24, 2006, or any adjournment of the Meeting, prior to the time of voting.

Q:

How will my shares be voted if I give my proxy?

A:

The persons named on the form of proxy must vote for or against or withhold from voting your shares in accordance with your directions. In the absence of such directions, however, your shares will be voted in favour of the election of directors to the Board, the appointment of auditors and approving a resolution adopting amendments to the Corporation's incentive stock option plan.

Q:

What if amendments are made to these matters or if other matters are brought before the Meeting?

A:

The persons named in the form of proxy will have discretionary authority with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting.

As of the date of this Circular, management of the Corporation knows of no such amendment, variation or other matter expected to come before the Meeting. If any other matters properly come before the Meeting, the persons named in the form of proxy will vote on them in accordance with their best judgment.

Q:

How many shares are entitled to vote?

A:

As of April 24, 2006, there were 121,396,859 Common Shares outstanding. Each registered shareholder has one vote for each Common Share held at the close of business on April 24, 2006.

Q:

What if ownership of shares has been transferred after April 24, 2006?

A:

The person who acquired such shares after April 24, 2006, must produce properly endorsed share certificates or otherwise establish that he or she owns the shares and must ask the Corporation no later than 5:00 p.m. (Toronto time) on May 12, 2006, that his or her name be included in the list of shareholders before the Meeting in order to be entitled to vote these shares at the Meeting.

Q:

Who counts the votes?

A:

The Corporation's transfer agent, CIBC Mellon Trust Company, counts and tabulates the proxies. This is done independently of the Corporation to preserve the confidentiality of individual shareholder votes. Proxies are referred to the Corporation only in cases where a shareholder clearly intends to communicate with management or when it is necessary to do so to meet the requirements of applicable law.

Q:

If I need to contact the transfer agent, how do I reach them?

A:

You can contact the transfer agent as follows:

By mail:

or by telephone:

CIBC Mellon Trust Company

Within Canada and the United States at

1-416-643-5500 or 1-800-387-0825

P.O. Box 7010 Adelaide Postal Station

Toronto, Ontario M5E 2W9

E-mail: inquiries@cibcmellon.com

www.cibcmellon.com

Q:

If my shares are not registered in my name but are held in the name of a nominee (a bank, trust company, securities broker, trustee or other), how do I vote my shares?

A:

There are two ways you can vote your shares held by your nominee. Unless you have previously informed your nominee that you do not wish to receive material relating to the Meeting, you will have received this Circular from your nominee, together with a request for voting instructions for the number of shares you hold.

For your shares to be voted for you, please follow the voting instructions provided by your nominee. If you are a non-registered shareholder who has voted and want to change your mind and vote in person, contact your nominee to discuss whether this is possible and what procedure to follow.

Since the Corporation does not have access to the names of its non-registered shareholders, if you attend the Meeting, the Corporation will have no record of your shareholdings or of your entitlement to vote unless your nominee has appointed you as proxyholder. Therefore, if you are a non-registered shareholder and wish to vote in person at the Meeting, insert your own name in the space provided on the voting instruction form sent to you by your nominee. By doing so, you are instructing your nominee to appoint yourself as proxyholder. Then sign and return the voting instruction form by following the signing and returning instructions provided by your nominee. Do not otherwise complete the voting instruction form as your vote will be taken at the Meeting. Please register with the transfer agent, CIBC Mellon Trust Company, upon arrival at the Meeting.

Q:

What rights of appraisal or similar rights of dissent do I have with respect to any matter to be acted upon at the Meeting?

A:

No action is proposed herein for which the laws of the Yukon Territory or By-laws of the Corporation provide a right of a shareholder to dissent and obtain appraisal of or payment for such shareholder's Common Shares.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Canadian securities regulatory authorities have adopted National Instrument 58-101 Disclosure of Corporate Governance Practices (NI 58-101), which requires disclosure of the approach of the Corporation to corporate governance, and National Policy 58-201 Corporate Governance Guidelines (NP 58-201), which provides guidance on corporate governance practices, and in the U.S., the United States *Sarbanes-Oxley Act of 2002* (SOX) as well as the AMEX listing standards and corporate governance requirements (the AMEX Standards) require similar disclosure.

A detailed description of the Corporation's governance practices is provided in Schedule A to this Circular. The following are reports of Board committees which summarize the mandates and activities of each committee.

BOARD COMMITTEES

During 2005, the Board had an Audit and Finance Committee, Compensation Committee, Technical Committee, and Nominating Committee.

Audit and Finance Committee

The Audit and Finance Committee held six meetings during the year ended December 31, 2005. From January 1, 2005 through May 19, 2005, the Audit and Finance Committee was composed of the following three independent non-employee directors: Messrs. Stott, Thompson, and Watts. Messrs. Thompson and Watts did not stand for re-election as members of the Board, and the Board replaced them with Messrs. Babensee and Graff effective May 19, 2006. Also on May 19, 2006, Mr. Graff was appointed as Chairperson of the Audit and Finance Committee. The Board has determined that each of Messrs. Stott, Babensee, and Graff meet the independence and the financial literacy requirements of the TSX and AMEX. The Board has determined that Mr. Graff is the Audit and Finance Committee's financial expert as defined in the AMEX Standards.

The Board has adopted a Charter of the Audit and Finance Committee, which, among other responsibilities, requires the Audit and Finance Committee review the Corporation's financial reporting process and the quality of its financial reporting. In discharging its responsibilities, the Audit and Finance Committee meets regularly with the Corporation's auditors and Chief Financial Officer. The amended and restated charter is posted on the Corporation's website at www.apollogold.com.

Report of the Audit and Finance Committee

In the performance of its oversight function, the Audit and Finance Committee reviewed and discussed the Corporation's audited consolidated financial statements as of and for the year ended December 31, 2005, with management and Deloitte & Touche LLP. Management and Deloitte & Touche LLP represented to the Audit Committee that the Corporation's audited consolidated financial statements as of and for the year ended December 31, 2005, were prepared in accordance with accounting principles generally accepted in Canada (except for Note 20, Differences Between Canadian and U.S. GAAP). The Audit and Finance Committee also discussed with Deloitte & Touche LLP the matters required to be discussed by Statement on Auditing Standards (SAS) Nos. 61, 89 and 90 issued by the Auditing Standards Board of the American Institute of Certified Public Accountants. SAS Nos. 61, 89 and 90 set forth requirements pertaining to the independent auditor's communications with the Audit and Finance Committee regarding the conduct of the audit.

The Audit and Finance Committee received the written disclosures and the letter from Deloitte & Touche LLP required by Independence Standards Board (ISB) Standard No. 1, *Independence Discussions with Audit Committees*, as amended. ISB Standard No. 1 requires the independent auditor to disclose in writing to the Audit and Finance Committee all relationships between the auditor and the Corporation that, in the auditor's judgment, reasonably may be thought to bear on independence and to discuss the auditor's independence with the Audit Committee. The Audit and Finance Committee discussed with Deloitte & Touche LLP its independence and considered in advance whether the provision of any non-audit services by Deloitte & Touche LLP is compatible with maintaining its independence.

Based on the reviews and discussions of the Audit and Finance Committee described above, in reliance on the unqualified opinion of Deloitte & Touche LLP dated March 30, 2006 regarding the Corporation's audited consolidated financial statements as of and for the year ended December 31, 2005, the Audit and Finance Committee recommended to the Board of Directors, and the Board of Directors approved, that such financial statements be included in the Corporation's annual report on Form 10-K for the year ended December 31, 2005, to be filed with the Securities and Exchange Commission.

The Audit and Finance Committee met 6 times in 2005 and is satisfied that it appropriately fulfilled its mandate to the best of its ability during the year ended December 31, 2005.

Submitted by:

Audit and Finance Committee
Richard P. Graff, Chairperson
Robert W. Babensee
Charles E. Stott

Compensation Committee

The Compensation Committee held 2 meetings during the year ended December 31, 2005 and is satisfied that it appropriately fulfilled its mandate to the best of its ability during the year. From January 1, 2005 through December 31, 2005, the Compensation Committee was comprised of the following three non-employee directors: Messrs. Hobart, Stott, and Vaughan. Mr. Hobart served as Chairperson during 2005. In March 2006, Mr. Hobart resigned from the Compensation Committee.

The Board has adopted a Compensation Committee Charter, which, among other responsibilities, requires the Compensation Committee to establish, administer, and evaluate the compensation philosophy, policies and plans for non-employee directors and executive officers; make recommendations to the board regarding director and executive compensation; and review the performance and determine the compensation of the President and Chief Executive Officer, based on criteria including the Corporation's performance and accomplishment of long-term strategic objectives. The charter is posted on the Corporation's website at www.apollogold.com.

Report of the Compensation Committee on Executive Compensation

Compensation Philosophy

The Corporation's executive officer compensation policies are intended to provide an appropriate overall compensation package that will permit the Corporation to attract and retain highly qualified and experienced senior executive officers and to encourage superior performance by such senior executive officers. The Corporation's compensation policies are intended to motivate individuals to achieve results at the specific subsidiary at which they are employed as well as overall corporate results. In addition, the Corporation believes that directors, officers and employees should have their benefits aligned with both the short and long term interests of the shareholders.

The compensation of the Corporation's executive officers is comprised of three components: base salary, annual cash bonus, and long-term incentives in the form of stock options. It is structured to be competitive with a select group of comparative producing gold mining companies. The annual cash bonus is discretionary based on factors including attaining or exceeding certain budgeted goals for metal production and the related cash operating costs of such production at the Montana Tunnels mine and set targets on development of the Black Fox project, including increases in the proven and probable gold reserves and measured advancement at the Huizopa exploration project.

Cash bonuses and stock options are directly related to company performance and the individual's contribution thereto.

Base Salary

The base salary for each Named Executive Officer (as defined below in this Circular) is reviewed annually by the Compensation Committee within the context of individual and corporate performance and market competitiveness. The market assessment is based primarily on the compensation practices of producing gold mining companies for comparable positions.

Stock Options

The Corporation has two stock option plans: an employee stock option incentive plan, as amended (the "Stock Option Incentive Plan") and a stock option plan authorized by the shareholders pursuant to the terms of the Plan of Arrangement (the "Plan of Arrangement Stock Option Plan"). The purpose of these stock option plans is to develop the interest and incentive of eligible employees, officers and directors in the Corporation's growth and development by giving an opportunity to purchase Common Shares on a favourable basis, thereby advancing the interests of the Corporation, enhancing the value of the Common Shares for the benefit of all shareholders and increasing the ability of the Corporation to attract and retain skilled and motivated individuals.

Stock options granted pursuant to the Plan of Arrangement Stock Option Plan have an exercise price of US\$0.80 per share, as approved by a special resolution of shareholders pursuant to the terms and conditions of the Plan of Arrangement effective June 25, 2002, whereby International Pursuit Corporation and Nevoro Gold Corporation amalgamated to form the Corporation.

Compensation of the President and Chief Executive Officer

The Compensation Committee approved Mr. Russell's total compensation based on the following factors, which are listed in the order of importance to the Compensation Committee: (1) the desire to attract and retain the best available executive talent and to encourage the highest level of executive performance to continue to serve the best interests of the Corporation and its shareholders; (2) the levels of compensation paid to executive officers by other companies in the gold mining industry as determined from published compensation surveys; and (3) the achievement of goals and objectives established for Mr. Russell.

The Compensation Committee and the Board continue to be of the view that Mr. Russell provides the leadership that permitted the Corporation to grow in 2005. In making their compensation decision they considered this as well as other factors, including his contribution to the business performance and anticipated future performance of the Corporation.

The President and Chief Executive Officer's compensation consists of a base salary, an annual cash bonus and various perquisites. In 2005, the base salary accounted for approximately 95% of all cash compensation paid to the President and Chief Executive Officer. Pursuant to the Corporation's bonus policies, bonus awards may be made to the President and Chief Executive Officer and other senior executives based upon several factors, including the Corporation's return on equity, the performance of the subsidiary with respect to which such senior executive has responsibility and the achievement of stipulated individual goals of such senior executive.

Going forward, the Compensation Committee and, as appropriate, the Board, will address other issues relating to executive compensation, including the relative emphasis on the components of executive compensation, including compensation for the Corporation's President and Chief Executive Officer.

Submitted by:

Compensation Committee

G. Michael Hobart, Chairperson

Charles E. Stott

Robert W. Babensee

Technical Committee

The Technical Committee held four meetings during the year ended December 31, 2005, and is satisfied that it appropriately fulfilled its mandate to the best of its ability during 2005. From January 1, 2005 through December 31, 2005, the Technical Committee was comprised of Messrs. Russell, Stott, and Graff. Mr. Stott served as Chairperson during 2005.

The Board has adopted a Charter of the Technical Committee, which, among other responsibilities, requires the Technical Committee to review and to approve the methodology and procedure for calculating the resource and ore reserve estimates of the Corporation and its subsidiaries; to review and to report on the Corporation's environmental compliance program and its effectiveness; and to review and to report on the Corporation's safety program and its effectiveness. The charter is posted on the Corporation's website at www.apollogold.com.

During 2005, the Technical Committee reported to the Board on its findings and recommendations with respect to ore reserves, exploration initiatives, land acquisitions and environmental and safety affairs of the Corporation.

Nominating Committee

The Nominating Committee held three meeting during the year ended December 31, 2006. From January 1, 2005 through December 31, 2005, the Nominating Committee was composed of the following non-employee directors: Messrs. Vaughan, Graff, and Babensee. Mr.Babensee served as Chairperson during 2005.

The Board has adopted a Nominating Committee Charter, which, among other responsibilities, requires the Nominating Committee Charter to identify individuals qualified to become Board members and recommend to the Board proposed nominees for Board membership and recommend to the Board which directors should serve on each committee; and ensure that the Audit and Finance Committee, Compensation Committee, Technical Committee and

Nominating Committee of the Board have the benefit of qualified and experienced independent directors. The charter is posted on the Corporation's website at www.apollogold.com.

Director Nominations

The Board will consider all potential candidates for nomination by the Board for election as directors who are recommended by the Corporation's shareholders, directors, officers, and employees. The Committee has adopted written procedures to be followed by shareholders in submitting such recommendations. Candidates proposed by shareholders will be evaluated by the Nominating Committee in the same manner as candidates which are not proposed by shareholders. While shareholders may propose director nominees at any time, the Corporation must receive the required notice (described below) on or before the date set forth in the prior year's annual proxy statement under the heading "Shareholder Proposals" in order to be considered by the Nominating Committee in connection with the Corporation's next annual meeting of shareholders.

Shareholders wishing to recommend a director candidate to serve on the Board may do so by providing advance written notice to the Chairman of the Nominating Committee which identifies the candidate and includes the information described below. The notice should be sent to the following address by the dates set forth under "Shareholder Proposals": Apollo Gold Corporation, 5655 South Yosemite Street, Suite 200, Greenwood Village, Colorado, 80111-3220.

The notice shall contain the following information:

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The name of the nominating shareholders and the address, phone number and e-mail address at which the nominating shareholders can be contacted.

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Evidence of the number of the Corporation's Common Shares held by the nominating shareholders, a statement of how long the nominating shareholders have held those Shares, and a statement that the nominating shareholders will continue to hold those Shares at least through our next annual meeting of shareholders.

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The candidate's full name, together with the address, phone number and e-mail address at which the candidate can be contacted.

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A statement of the candidate's qualifications and experiences, and any other qualities that the nominating shareholders believe that the candidate would bring to the Board.

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A description of all arrangements or understandings, if any, between the shareholders and the candidate and any other person or persons with respect to the candidate's proposed service on the Board.

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The candidate's resume, which must include at a minimum a detailed description of the candidate's business, professional or other appropriate experience for at least the last ten (10) years, a list of other boards of directors of public companies on which the candidate currently serves or on which he or she served in the last ten (10) years, and undergraduate and post-graduate educational information.

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A written statement, signed by the candidate, agreeing that if he or she is selected by the Committee and the board, he or she will (i) be a nominee for election to the board, (ii) provide all information necessary for us to include in our proxy statement under applicable SEC or AMEX rules, and (iii) serve as a director if he or she is elected by shareholders.

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Any additional information that the nominating shareholders believe is relevant to the Committee's consideration of the candidate.

The Nominating Committee may employ any of the following procedures in identifying nominees to serve as directors of the Corporation: (a) evaluating persons suggested by shareholders or others, (b) conducting inquiries into background and qualifications; (c) retaining a search firm, (c) obtaining advice and assistance from internal or external legal, accounting, or other advisors, and (d) other procedures appropriate to the character of the expertise or other director characteristic needed on the Board in any specific situation.

The Board has adopted the following series of minimum qualifications and specific qualities and skills for the Corporation's directors, which will serve as the basis upon which potential director candidates are evaluated by the Nominating Committee:

- integrity;
- commitment to devoting necessary time and attention to his or her duties to the Corporation;
- independence;
- business experience;
- specialized skills or experience;
- diversity of background and experience (including race, ethnicity, international, gender and age);
- possible conflicts of interest; and
- other criteria appropriate to the character of the expertise or other director characteristic needed on the Board in any specific situation.

The Nominating Committee did not receive any recommendations from shareholders regarding candidates to serve on the Board of the Corporation for this Meeting.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION IN COMPENSATION OF DIRECTORS

There are no members of the Compensation Committee who were officers or employees of the Corporation or any of its subsidiaries during the fiscal year ended December 31, 2005, formerly officers of the Corporation, or had a disclosable relationship with the Corporation pursuant to Item 404 of the SEC's Regulation S-K.

EXECUTIVE AND DIRECTOR COMPENSATION

Compensation of Directors

How was the Board Compensated in 2005?

Number of directors at April 15, 2006: 6 (5 non-employee, 1 employee)

Directors' compensation is paid only to non-employee directors.

Annual Retainer for Non-Employee Directors: US\$7,500

Additional Annual Retainer of Chairman of the Board: US\$5,000

Board meeting fee: US\$1,000 per meeting if attended in person or US\$500 if attended telephonically

Additional Annual Retainer for Audit and Finance Committee Chairperson: US\$3,000

Committee meeting fee: US\$750 per meeting if attended in person or US\$500 if attended telephonically

Travel fee: US\$250 per travel day, other than a day on which a meeting occurs

Reimbursements: related travel and out-of-pocket expenses

The compensation entitlements referred to above were adopted by the Board effective July 1, 2002. Directors of the Corporation are also eligible to receive options to acquire shares of the Corporation. The number of options is determined by the Board after reviewing the recommendations of the Compensation Committee.

*Summary of Board and Committee Meetings Held***For the 12-month period ended December 31, 2005**

Board	13
Audit and Finance Committee	6
Compensation Committee	2
Technical Committee	4
Nominating Committee	3
Total number of meetings held	28

*Summary of Attendance of Directors***For the 12-month period ended December 31, 2005**

Director	Board meetings attended	Committee meetings attended
G. Michael Hobart	13	5
R. David Russell	13	4
Charles Stott	13	16
W. S. (Steve) Vaughan	9	3
Robert W. Babensee	9	4
Richard P. Graff	11	6
G. W. (Bill) Thompson ⁽¹⁾	5	7
Robert A. Watts ⁽¹⁾	5	4

(1)

Messrs. Thompson and Watts did not stand for re-election at the shareholders meeting held on May 19, 2005, and, as such, were no longer members of the Board effective May 19, 2005.

Executive Officers and Executive Compensation*Executive Officers*

Set forth below is certain information concerning the executive officers of the Corporation.

Name	Age	Position
R. David Russell	49	President and Chief Executive Officer
Melvyn Williams	57	Senior Vice President Finance and Corporate Development and Chief Financial Officer
Richard F. Nanna	57	Senior Vice President Exploration

R. David Russell

Mr. Russell is a director of the Corporation and has served as the Corporation's President and Chief Executive Officer since June 2002. Mr. Russell was a founder of Nevoro Gold Corporation in January 2002, the predecessor of Apollo Gold Corporation, and served as its President from February 2002 through June 2002. Mr. Russell was an independent mining consultant from 1999 to 2002. Mr. Russell also serves as a director of Idaho General Mines Inc. and Calais

Resources. Mr. Russell received his mining engineering degree from Montana Tech.

Melvyn Williams

Mr. Williams has served as Chief Financial Officer since January 2005 and as the Senior Vice President Finance and Corporate Development since March 2004. From 2000 to November 2003, he served as Chief Financial Officer of TVX Gold Inc., a gold mining company with five operating mines and an advanced development project in Greece. From November 2003 through January 2004, Mr. Williams served as Chief Financial Officer of Atlantico Gold, a private Brazilian mining company which held the Amapari gold project, and was sold to Wheaton River Minerals Ltd. in January 2004. Mr. Williams is a Chartered Certified Accountant, and received an MBA from Cranfield in 1988.

Richard F. Nanna

Richard F. Nanna has been our Senior Vice President Exploration since June 2002. Mr. Nanna was a founder of Nevoro Gold Corporation in January 2002, the predecessor of Apollo Gold Corporation, and served as its Vice President Exploration from February 2002 through June 2002. From 1999 to 2002, Mr. Nanna worked as an independent consultant. Mr. Nanna serves as a director of Idaho General Mines Inc. Mr. Nanna received a MS in Geology from Akron University in Ohio.

Summary Compensation Table for Named Executive Officers

The following table, presented in accordance with the applicable securities laws, sets forth all compensation paid in respect of the individuals who were, at December 31, 2005, the Chief Executive Officer and the Named Executive Officers whose total compensation, comprised of salary and bonus, was in excess of \$100,000 for the year ended December 31, 2005.

Name and Principal Position	Year	Annual Compensation			Long-Term Compensation ⁽¹⁾	All Other Compensation ⁽⁵⁾
		Salary (\$)	Bonus ⁽²⁾ (\$)	Other Annual Compensation ⁽³⁾ (\$)	Securities Under Options Granted ⁽⁴⁾ (#)	
R. David Russell	2005	343,332	0	15,000	250,000	3,462
President and Chief Executive Officer	2004	344,615	100,000	15,000	Nil	14,134
	2003	285,385	100,000	15,000	250,000	207,080 ⁽⁶⁾
Melvyn Williams ⁽⁷⁾	2005	196,159	0	10,000	125,000	966
Chief Financial Officer and Senior Vice President Finance and Corporate Development	2004	180,769	0	10,000	200,000	0
Richard F. Nanna Senior Vice-President, Exploration	2005	186,465	0	15,000	250,000	