

GLAMIS GOLD LTD
Form 6-K
March 17, 2006

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Form 6-K

Report of Foreign Private Issuer

**Pursuant to Rule 13a-16 or 15d-16
of the Securities Exchange Act of 1934**

Current Report for March 2006

Glamis Gold Ltd.

(Translation of registrant's name into English)

5190 Neil Rd., Suite 310, Reno, Nevada 89502

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F ☐

Form 40-F ☒

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes ☐

No ☒

If ☒ Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-

Edgar Filing: GLAMIS GOLD LTD - Form 6-K

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GLAMIS GOLD LTD.
(Registrant)

Date: March 17, 2006

By: /s/ Cheryl S. Maher

Cheryl S. Maher
Chief Financial Officer

**GLAMIS GOLD LTD
RESPONSIBLE
GROWTH
2005 ANNUAL REPORT**

PROFILE

Glamis Gold is a premier intermediate gold producer with low-cost production and a strong, consistent growth profile. In 2006, Glamis expects to produce 670,000 ounces of gold and over three million ounces of silver. The feasibility stage, successfully developed and operated mines in the Americas, with commitment to safety, environmental stewardship and social responsibility all integral elements to Glamis activities. In the span of just over twelve months in 2004 and 2005, the Company brought into commercial production two new mines, El Sauzal in Mexico and Marlin in Guatemala. Glamis is well positioned to continue its exceptional growth profile. The Company maintains a strong balance sheet. It also completed the most recent expansion will be strong cash flow generators. Glamis' near-term strategic goal is to produce 700,000 ounces of gold annually at a total cash cost in the lowest industry quartile. Glamis controls The indicated gold resource at its Cerro Blanco project in Guatemala is 1.27 million ounces, with an additional inferred resource of 0.67 million ounces. Glamis' project pipeline is very promising, to shareholders while protecting against downside risk with low operating costs. Glamis' gold production remains totally unhedged, providing 100 percent of the gold price upside. Glamis' project pipeline is very promising, to shareholders while protecting against downside risk with low operating costs.

TABLE OF CONTENTS FINANCIAL HIGHLIGHTS 01 ENHANCING THE ENVIRONMENT 16
 CONSOLIDATED STATEMENT OF OPERATIONS TO OUR SHAREHOLDERS 02
 OPPORTUNITIES FOR LOYAL EMPLOYEES 18 CONSOLIDATED STATEMENT OF DEFICIT
 RESPONSIBLE GROWTH 04 RESERVES RESOURCES & 20 CONSOLIDATED STATEMENT OF CASH FLOWS
 GROWING THE COMPANY 06 MANAGEMENT'S DISCUSSION & ANALYSIS 21
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS 36 EXPLORING FOR FUTURE GROWTH
 MANAGEMENT'S RESPONSIBILITY 31 CORPORATE INFORMATION INSIDE
 BACK COVER GROWING SHAREHOLDER VALUE 12 AUDITORS' REPORT TO SHAREHOLDERS
 32 WORKING WITH COMMUNITIES 14 CONSOLIDATED BALANCE SHEETS 33

COVER PHOTO 1: Brian Brodsky - Country Manager, Exploration, at Cero Blanco. COVER PHOTO 2: El Sauzal Mine, Chihuahua State, Mexico. COVER PHOTO 3: Elma Sacarias, Truck Driver, Marlin Mine, Guatemala. M
 GLAMIS GOLD LTD. 2005 ANNUAL REPORT DESIGN: CREATIVE SPIRIT COMMUNICATIONS INC., VANCOUVER

MARIGOLDMINE,NEVADA ELSAUZALMINE,MEXICO
 MARLINMINE,GUATEMALA SANMARTINMINE,HONDURAS
 CERROBLANCOPROJECT,GUATEMALA

FINANCIAL HIGHLIGHTS

2005 2004 2003

Goldouncesproduced 434,010 **234,433** **230,294** **Averagerevenueperounce** \$ 454 \$ **416** \$ **368**

Averagemarketpriceperounce \$ 444 \$ **409** \$ **363** **Totalcashcostperounce** \$ 195 \$ **192** \$ **184**

Totalproductioncostperounce \$ 301 \$ **276** \$ **261** **Goldproduction(ounces)** **ElSauzalMine** 191,586

25,053 - SanMartinMine 81,450 **102,152** **101,835** **MarigoldMine(66.7%)** 137,116 **94,209** **94,796**

MarlinMine 23,858 - -

Total 434,010 **234,433** **230,294** **Totalcashcostperounceofproduction** **ElSauzalMine** \$ 137 \$ **151** \$ -

SanMartinMine \$ 294 \$ **191** \$ **175** **MarigoldMine** \$ 216 \$ **195** \$ **172** **MarlinMine** \$ 196 \$- \$ -

Companyaverage \$ 195 \$ **192** \$ **184** **Totalcostperounceofproduction** **ElSauzalMine** \$ 249 \$ **260** \$ -

SanMartinMine \$ 399 \$ **282** \$ **269** **MarigoldMine** \$ 308 \$ **272** \$ **243** **MarlinMine** \$ 348 \$- \$ -

Companyaverage \$ 301 \$ **276** \$ **261** **Workingcapital(millions)** \$ 36.7 \$ **27.4** \$ **145.4**

Cashprovidedfromoperations(milions) \$ 89.0 \$ **37.4** \$ **33.9** **Cashprovidedfromoperations(pershare)**

\$ 0.68 \$ **0.29** \$ **0.26** **Netearningsfortheperiod(millions)** \$ 27.1 \$ **20.9** \$ **18.0** **Earningspershare** \$ 0.21 \$

0.16 \$ **0.14** **Weightedaveragecommonsharesoutstanding** 131,296,622 **130,538,559** **128,118,980**

ANNUAL REPORT 2005 PAGE

This growth momentum caused revenues to more than double during 2005 and gold production to increase by 85 percent while largely holding the line on costs in an otherwise escalating cost environment.

to our SHAREHOLDERS

In 2005, your Company continued to execute on the initiatives necessary to pursue the best growth profile in the gold mining industry. We have accomplished each of the many milestones we laid out in our five year strategic plan, as we maintain our focus on responsible growth in the Americas. What do we mean by responsible growth? Our long-term culture has always been one of personal and corporate responsibility. Our new generation of cornerstone mines will provide the operating strength and financial resources to drive the next phase of our corporate development: one which we are only now defining with high quality exploration projects. Along with this growth comes a tremendous amount of responsibility: responsibility to our shareholders and to our employees for certain, but equally important are the long term relationships we are building in the communities in which we work. Our accomplishments in that arena are impressive. Responsible growth has secured Glamis' position as the leading intermediate gold producer.

GROWTH IN OPERATIONS

Within a twelve month period beginning at the end of 2004, we completed our Marigold expansion in Nevada, reached commercial production at El Sauzal Mine in Mexico, and then accomplished the same feat one year later at Marlin Mine in Guatemala. This growth momentum caused revenues to more than double during 2005 and gold production to increase by 85 percent while largely holding the line on costs in an otherwise escalating cost environment.

We are proud of our operating and financial results, but no achievement was more important in 2005 than what we accomplished at Marlin. Not only did our team surmount numerous challenges in building the first significant gold mine in Guatemala's history, but just as operations were commencing, flooding from Hurricane Stan strongly impacted the area around the mine. Our staff immediately set aside many start-up activities to devote themselves to the relief effort within the hardest-hit local communities and

PAGE 02 | GLAMISGOLDLTD

LETTER FROM THE PRESIDENT AND CEO

surrounding areas. The mine assets were unaffected, and within a couple of weeks production started on schedule. Given my many years and proud moments as an employee of this Company, this accomplishment stands out. This is the very embodiment of the Glamis culture and a tribute to the compassion and talent of our Guatemala team. In Chihuahua State, Mexico, the staff at El Sauzal Mine demonstrated a similar level of skill and commitment in completing the first full year of commercial production at this remarkable operation. For 2005, we budgeted El Sauzal production at 170,000 ounces of gold. Instead, our Mexico team produced nearly 192,000 ounces of gold for the year. In subsequent years beginning with 2006, we expect annual production at El Sauzal to exceed 200,000 ounces of gold. New opportunities to further enhance this asset have been encouraging, including development of the Trini zone and the positive feasibility of heap leaching lower grade ore, which we expect to advance in 2006. In addition, we enjoy a large land position around El Sauzal, encompassing a number of promising regional targets developed by our exploration team over the past two years. El Sauzal is the start of what we see as a very bright future in Mexico. Since acquiring Marigold Mine in 1999, we have implemented many productivity improvements that have substantially increased reserves, gold production and financial contributions to the Company. We implemented the Millennium expansion in 2005, with pre-stripping of the Basalt and Antler pits at the far south end of the property, and commenced gold production from those areas in the fourth quarter. Gold production exceeded our 2005 target, amounting to 137,000 ounces, representing Glamis' two-thirds stake in Marigold. With rising fuel and commodity prices and longer hauls to the leach pads, cost containment has become our next challenge. We see a long future at Marigold: the operations team is very engaged, and exploration potential on the northern half of the property is just now being tested.

At the 100-percent-owned San Martin Mine in Honduras, production amounted to 81,000 ounces of gold. Barring additional discoveries, annual gold production here will continue to decline while total cash costs will rise over time, as we have now shifted operations to the lower grade Palo Alto pit. However, remaining capital spending at San Martin, in its seventh year of production, is anticipated to be minimal, and the mine will continue to be an excellent cash flow generator.

The Glamis mine portfolio illustrates our commitment to responsible growth. In an environment that continued to see gold and silver prices near 25-year highs as of this writing, we are especially proud of our record of building showplace mines on large, prospective properties acquired at the bottom end of the gold price cycle. Our operations have been responsibly engineered and permitted, and professionally constructed. These are bigger, better, lower cost gold mines — the foundation for your Company's future.

ANNUALREPORT2005 | PAGE 03

We call it responsible growth. It is what makes us what we are today, and it is what will continue to serve your Company best in the future.

WESTERN SILVER CORP. TRANSACTION

In February 2006 Glamis announced an agreement to acquire Western Silver Corp. via a plan of arrangement. Glamis' rationale in pursuing the transaction was to participate in one of the largest undeveloped precious metals deposits in the Americas.

Called the Peñasquito project, the addition of this very large orebody in Zacatecas, Mexico would significantly enhance gold leverage for Glamis shareholders while being immediately accretive on a net asset value basis.

At print time, the transaction to acquire Western Silver Corp. had not been completed.

For more information, readers are urged to visit www.glamis.com or consult the Company's latest filings.

President's Letter (Continued)

ORGANIC GROWTH

A strong and sustained emphasis on exploration is central to Glamis' strategy for continued growth. Over the past three years, carefully planned exploration programs on and around our existing mines and projects have led to numerous discoveries that have enabled Glamis to steadily grow our gold and silver resources. The success of these efforts led Glamis to significantly expand exploration spending to \$15 million in 2005, with nearly \$25 million planned for 2006. The bulk of this amount will be spent in Guatemala, Mexico and Nevada, and nearly half is earmarked for further feasibility study and permitting of what we believe will be your Company's next mine: Cerro Blanco in Guatemala. Intensive drilling during 2005 led us to more than double the resource at Cerro Blanco to nearly two million mineable ounces of gold. The deposit remains open-ended, and drilling is expected to further grow the resource as feasibility and permitting programs continue. We are working closely with the Guatemalan government, local communities and all concerned parties to ensure that Cerro Blanco moves forward properly and responsibly.

Also in Guatemala, exploration in the Marlin district continues to reap benefits. A portion of the La Hamaca deposit has been moved into proven and probable reserves, and we discovered two new veins during 2005. The first of these two, the Rosa vein, was intersected in planned underground workings.

Subsequent drilling has developed the beginnings of a new resource. Drilling at West Vero has delineated an additional major new vein system to the south of Marlin. West Vero is open-ended to the west, and drilling continues to prove up significant underground resources. Meanwhile, underground development of the primary Marlin vein has been our priority as we move the underground mine towards production by mid-year 2006.

We have promising prospects in Mexico and Guatemala. Marigold Mine in Nevada, covering 29 square miles, continues to offer a number of intriguing exploration targets. In 2005, deeper exploration drilling to the north of our existing pit operations has demonstrated the potential for high grade conduits.

Also in Nevada, our 40 percent stake in the Dee Property joint venture with Barrick progressed during the year. Barrick, the 60 percent owner and operator at Dee, continued its drilling program in the South Arturo Zone, with encouraging results. Indeed, adding value through headframe exploration programs leads to longer mine lives and expansion of our existing asset base. This strategy will continue to play an important role in the development of the Company going forward. We are committed to evaluating acquisition targets on an ongoing basis, but we are equally committed to pursuing only those assets with realistic valuations that make sense for our shareholders.

Whether by discovery or acquisition, our overarching goal in the year ahead will remain on growing reserves.

Consistent with our track

RESPONSIBLE...

Glamis recognizes that continued success depends on practicing its philosophy of mining responsibly in ways that benefit all stakeholders. This responsibility extends to:

§ Shareholders, with a continuing obligation to long-term value creation.

§ Employees, through sustained dedication to ensuring health and safety and providing opportunities for advancement.

§

The environment, by practicing sound stewardship, protection and reclamation of properties to the highest standards.

§ Communities, by meeting Glamis' commitment to their economic and social sustainability through a transparent and consultative process.

PAGE 04 | GLAMISGOLDLTD

record, we will then apply our experience and technical expertise as best-in-class mine builders and operators to unlock the full potential of the assets under our supervision. We will continue to leverage our declining cost profile by utilizing free cash flows to fuel future growth.

GROWTH IN SHAREHOLDER VALUE

We have always taken a long-term view, which has lead to long-term outperformance. Glamis' share price has increased over 1,500 percent over the five-year period from 2001 through 2005. In 2005 alone, Glamis was the top performing stock among precious metals mining companies listed on the New York Stock Exchange, rising over 60 percent during the year.

LOOKING AHEAD

As a Glamis shareholder, you can look forward to a year characterized by rising production and declining costs. There are very few in the industry that can make that claim. There are even fewer that can do so with the level of community involvement, environmental awareness and dedication to strong corporate governance that embodies the Glamis culture. In an accelerating market for precious metals, straightforward concepts like stewardship, discovery, discipline, feasibility, citizenship, permitting and construction may seem old-fashioned. We call it responsible growth. It is what makes us what we are today, and it is what will continue to serve your Company best in the future.

To Glamis employees, shareholders, partners and friends, we offer thanks for your tireless contributions and continued loyalty. We look forward to sharing our future successes with all of you.

KEVIN McARTHUR

President, Chief Executive Officer & Director

GROWTH.

The ongoing execution of Glamis' strategic plan in 2005:

§ **Achieved record gold production of 434,010 ounces.**

§ **Doubled revenue.**

§ **Increased cash flow from operations by 138 percent.**

§ **Top performing stock among precious metals mining companies listed on the New York Stock Exchange, with a 60 percent increase in share price.**

§ **Outperformed gold and major indices for the sixth year in a row.**

§ **Brought two new mines, El Sauzal and Marlin, into production, and completed the expansion of Marigold, in a 12- month period.**

§ **Made record investment of \$15 million in exploration to support continued organic growth.**

§ **Enhanced mining efficiency, environmental protection and health and safety programs.**

§ **Expanded the breadth and depth of ongoing community partnerships.**

ANNUALREPORT2005 | PAGE 05

Eduardo Villacorra had more than a decade of experience in corporate law in Honduras when he started working with Glamis as a legal consultant. That was when the Company first began commitment to listening closely to local needs and the transparency it brought to the development process impressed Eduardo with Glamis, he says. This Company is very willing to learn and truly thinks for the long-term. Eduardo is now Executive director, Central America.

In 2005, El Sauzal became Glamis' largest and lowest-cost source of gold production. This established Glamis as a premier mine builder in Mexico and positions the Company well for future operations in this country.

GROWING *the* COMPANY

PRODUCTION FROM ITS TWO NEWEST MINES LEADS TO RECORD OUTPUT

2005 was a milestone year for the growth of Glamis' operations with a number of significant achievements:

- § The Marlin Mine in Guatemala completed construction, commissioning and commercial production in December 2005, three months ahead of the original feasibility schedule. Marlin will add a projected 250,000 ounces of gold and nearly four million ounces of silver per year to Glamis' production.**
- § In its first full year of operation, the El Sauzal Mine in Mexico produced nearly 192,000 ounces of gold, and is projected to add over 200,000 ounces of gold per year to Glamis' production.**
- § The Marigold Mine achieved record production of 137,116 ounces of gold, Glamis' two-thirds share, following the completion of its Millennium expansion program.**
- § Overall, Glamis' gold output grew to a new record of 434,010 ounces. Despite an escalating cost environment, total cash costs for the Company remained comparable to the prior year at \$195 per ounce of gold produced.**

MARLIN MINE

Glamis acquired the 100,000 square kilometer, highly prospective Marlin property through a merger with Francisco Gold in 2002. The acquisition was a key one in the strategy of discovering and/or acquiring high-grade, low-cost gold properties in the Americas with the potential to become mining districts.

PAGE 06 | GLAMISGOLDLTD

Following the Board's approval of an updated Marlin feasibility study, extensive consultation with local communities and the issuance of a mining license, the Company moved swiftly to develop the property. Construction started in May 2004, with commercial production beginning in December 2005. Marlin is the first significant gold mine in Guatemala.

Construction advanced ahead of schedule and commissioning occurred in time for Marlin to make its first gold pour in November. This was accomplished with a newly trained labor force of 650 employees possessing very little prior mining industry experience. Marlin Mine produced nearly 24,000 ounces of gold in 2005.

The Company achieved this early and successful start despite an interruption from torrential rains and flooding caused by Hurricane Stan, which hit the area in early October. Glamis personnel and equipment were among the first to help evacuate people from low-lying areas and provided much needed medical assistance, water, food and basic supplies to the storm-ravaged region.

Average annual production is projected at 250,000 ounces of gold and nearly four million ounces of silver over a 10-year mine life.

Initial mill feed will come from the open pit, and underground operations will be phased in by the latter half of 2006.

EL SAUZAL MINE

In 2005, El Sauzal became Glamis' largest and lowest-cost source of gold production. This established Glamis as a premier mine builder in Mexico and positions the Company well for future operations in this country.

ANNUALREPORT2005 | PAGE 07

Glamis transformed Marigold from a modest, conventional milling operation into a large and extremely efficient heap leach mine,

Growing the Company (Continued)

The property also acquired through the merger with Francisco Gold in 2002 poured its first ounce of gold on November 30, 2004 and began commercial production in early December of that year.

El Sauzal 2005 production was projected at 170,000 ounces of gold, but the mine exceeded expectations and produced nearly 192,000 ounces of gold 13 percent more than planned. The total cash cost was \$137 per ounce of gold. El Sauzal's internal rate of return continues to exceed benchmarks.

The current mine plan calls for processing 5,500 tonnes of ore per day at an average grade of 3.4 grams of gold per tonne in a conventional oxide mill. Glamis is proceeding with heap leaching for low grade ore at El Sauzal.

Glamis projects that annual production at El Sauzal will rise to more than 200,000 ounces of gold for the years 2006 and beyond.

MARIGOLD MINE

Marigold Mine is a conventional, run-of-mine heap leach operation that has produced nearly 1.5 million ounces of gold since it commenced production in 1988. Glamis acquired its 66.7-percent operating interest in the 29-square-mile property in 1999 through the acquisition of Rayrock Resources. Barrick owns the remaining 33.3 percent.

Following the acquisition, Glamis transformed Marigold from a modest, conventional milling operation into a large and extremely efficient heap leach mine. This transition substantially enhanced the economic returns from the property. The total reengineering of Marigold led to a reduction in unit costs, which in turn allowed Glamis to significantly increase reserves and grow production. The mine's sustained production over the past five years has played a key role in enabling the Company to execute its strategic growth plan.

Record 2005 gold production at Marigold was due to the completion of the Millennium expansion program and achievement of full production from the Millennium area. During 2005, Marigold also completed the construction of a new heap leach processing facility, reflecting the increased throughput of the Millennium expansion.

SAN MARTIN MINE

Following the initial gold pour in December 2000, San Martin Mine became Glamis' largest and most profitable gold operation until the Marigold Mine surpassed it in 2004. San Martin continues to generate strong free cash flows for reinvestment into Glamis' growth programs. In 2005, mining moved from the Rosa pit to the Palo Alto pit, where ore grades and recoveries are lower.

Total cash costs have risen with the transition, as have operating costs due to increases in the price of fuel for equipment and power generation at the mine site. To control cost increases, in 2005 the mine transitioned from placing agglomerated crushed ore on the heap leach pad to placing run-of-mine material only. This streamlining saves operating costs by eliminating crushing, reducing diesel power generation and simplifying material handling.

CERRO BLANCO PROJECT

At the Cerro Blanco project in southeastern Guatemala, Glamis was able to substantially

MARIGOLD MINE

GLAMIS-OWNED:	66.7 PERCENT
LOCATION:	NEVADA
OPERATION:	OPEN PIT, RUN OF MINE HEAP LEACHING
WORKFORCE:	170
2005 PRODUCTION:	137,116 GOLD OUNCES*
TOTAL CASH COST:	\$216 PER OUNCE

PROJECTED 2006 PRODUCTION:	118,000 OUNCES OF GOLD
PROVEN & PROBABLE RESERVES	1.4 MILLION OUNCES OF GOLD*

* Glamis 66.7 percent share

EL SAUZAL MINE

GLAMIS-OWNED:	100 PERCENT
---------------	-------------

LOCATION:	CHIHUAHUA STATE, MEXICO
-----------	-------------------------

OPERATION:	OPEN PIT, OXIDE-MILLING
------------	-------------------------

WORKFORCE:	250
------------	-----

2005 PRODUCTION:	191,586 OUNCES
------------------	----------------

TOTAL CASH COST:	\$137 PER OUNCE
------------------	-----------------

PROJECTED 2006 PRODUCTION:.	217,000 OUNCES OF GOLD
-----------------------------	------------------------

PROVEN & PROBABLE RESERVES:	1.7 MILLION OUNCES OF GOLD
-----------------------------	----------------------------

PAGE 08 | GLAMISGOLDLTD

Cerro Blanco Project (continued)

increase the indicated resource to 1.27 million gold ounces at an average grade of 15.7 grams per tonne, and recorded an inferred resource of 0.67 million ounces of gold at an average grade of 15.3 grams per tonne. The deposit remains open along strike and at depth and exploration is continuing.

Glamis commenced a feasibility study on the Cerro Blanco project during 2005. Ongoing test work indicates over 90 percent gold recovery with conventional milling.

The Company spent more than \$5.4 million on the project in 2005, which included feasibility costs and additional drilling to better assess the extent and orientation of the veins. Baseline environmental studies and permitting activities continued throughout the year. The objective is to develop Cerro Blanco into an underground mine. Depending on the eventual size of the deposit, it will become a satellite operation to the Marlin Mine or possibly a stand-alone operation.

PRODUCTION GROWTH, DECREASING COSTS

Over his 23-year career in mining, Sergio Saenz has been involved in the construction and operation of five mines from the ground up. As Sergio came up through the ranks with Rayrock Resources, he worked on the Dee, Daisy and Marigold mines. After Glamis acquired Rayrock in 1999, Sergio transferred to Honduras to help build and operate the San Martin Mine. Then in 2003, he moved to Guatemala and worked on the construction of the Marlin Mine and became operations manager before being named general manager in January 2006. For some reason, they keep sending me to help start new mines and then operate them, he says with a smile. When I look back on Glamis in 1999 compared to today, I feel very good about being part of that success. Along the way, I've learned to measure success not only by production, but also by how well communities around the mine are doing. I love seeing what mining has done for rural communities.

MARLIN MINE

GLAMIS-OWNED: 100 PERCENT

LOCATION: GUATEMALA

OPERATION: OPEN PIT / UNDERGROUND; CONVENTIONAL MILLING

WORKFORCE: 650

2005 PRODUCTION: 23,858 OUNCES

TOTAL CASH COST: \$196 PER OUNCE

PROJECTED 2006 PRODUCTION: 254,000 OUNCES OF GOLD

PROVEN & PROBABLE RESERVES: 2.4 MILLION OUNCES OF GOLD

SAN MARTIN MINE

GLAMIS-OWNED: 100 PERCENT

LOCATION: HONDURAS

OPERATION:	OPEN PIT, RUN OF MINE HEAP LEACHING
WORKFORCE:	225
2005 PRODUCTION:	81,450 OUNCES
TOTAL CASH COST:	\$291 PER OUNCE
PROJECTED 2006 PRODUCTION:	81,000 OUNCES OF GOLD
PROVEN & PROBABLE RESERVES:	0.26 MILLION OUNCES OF GOLD

ANNUALREPORT2005 | PAGE 09

While exploration will remain a priority in 2006, Glamis will continue to seek out and evaluate acquisitions accretive to Glamis shareholders.

EXPLORING *for* FUTURE GROWTH

RECORD INVESTMENT IN EXPLORATION

Glamis' timely acquisitions of quality gold deposits surrounded by highly prospective land packages have provided opportunities for the Company to grow organically.

The lands surrounding the Company's new gold mines are prime targets for future discoveries. In 2005, Glamis made a record investment of \$15 million to evaluate and test newly discovered targets. In 2006, Glamis will make another record investment in exploration, increasing the budget for regional programs and local mine and project site exploration to \$25 million, including \$15 million related to Cerro Blanco.

While exploration will remain a priority in 2006, Glamis will continue to seek out and evaluate acquisitions accretive to Glamis shareholders. The focus remains on the Americas, with primary efforts in Nevada, Mexico and Central America.

CERRO BLANCO PROJECT

In 2005, exploration activity centered on Cerro Blanco. Glamis was able to substantially increase the indicated resource to 1.27 million gold ounces at an average grade of 15.7 grams per tonne, and recorded an inferred resource of 0.67 million ounces of gold at an average grade of 15.3 grams per tonne. Cerro Blanco is still open in both directions along at least two more kilometers of strike and at depth. Continued drilling and an underground decline is planned for 2006.

MARLIN MINE

A very large land package surrounds the Marlin Mine in western Guatemala. The current exploration program will focus on bringing the West Vero and Rosa veins into a resource category and commencing an exploration drift north of the Marlin vein to intersect other vein targets. The goal is to extend previously delineated veins, to convert resources to proven and probable reserves, and to discover additional high-grade vein structures.

MARIGOLD MINE

The Company will continue the successful Marigold exploration program that has extended mineralization around current and former pit areas. Exploration over the past year has nearly replaced reserves mined and

THE EXPLORATION TEAM

Four of Glamis' senior geologists each have more than 25 years experience in gold exploration. They are responsible for the discovery of over eight million ounces of gold reserves. This experience is critical in guiding the multi-phase exploration process to ensure the most cost-efficient use of time and resources to identify economically viable deposits.

Glamis will make another record investment in exploration, increasing the budget for regional programs and local mine and project site exploration to \$25 million in 2006.

Glamis will carry on the program with the goal to convert resources to proven and probable gold reserves.

EL SAUZAL

Recent exploration at El Sauzal in Mexico has provided resource additions from the Trini target. Follow-up drilling will continue on this near-surface target to expand current resources. A regional program has identified several targets, including the Guayacan target, located four kilometers south of El Sauzal. A first phase of drilling will be completed in 2006 and other regional target evaluation will commence during the year.

EXPLORATION EXPENDITURES

ANNUALREPORT2005 | PAGE 11

Acquiring high grade properties at the bottom of the price cycle and bringing them into production efficiently has doubled Company production while leading to reduced costs,

GROWING *shareholder* VALUE

TOP PERFORMING STOCK IN 2005 AMONG PRECIOUS METALS MINING COMPANIES LISTED ON THE NEW YORK STOCK EXCHANGE

Glamis' share price increased over 60 percent in 2005. Glamis believes that maintaining focus and executing its growth strategy in a disciplined way over the past several years has contributed significantly to the share price performance, as well as the share performance over the past five years.

Over that five-year period, Glamis has outperformed the price of gold and the AMEX Gold Bugs index (HUI). The Company's reputation for reliability and skill in designing, building and operating mines has been a key factor in enabling it to consistently deliver productive and profitable performance.

Acquiring high grade properties at the bottom of the price cycle and bringing them into production efficiently has doubled Company production while leading to reduced costs. Because the Company remains totally unhedged, shareholders have benefited from 100 percent of the upside of rising gold prices.

Glamis projects production of 670,000 ounces of gold in 2006, more than 50 percent growth over 2005. Total cash costs are expected to decrease from \$195 per ounce of gold in 2005 to between \$160 to \$170 per ounce of gold in 2006.

PAGE 12 | GLAMISGOLDLTD

SHARE PRICE PERFORMANCE GRAPH VS. GOLD PRICE & HUI INDEX

ANNUALREPORT2005 | PAGE 13

Glamis believes that two of the surest measures of commitment to social responsibility are action and funding.
WORKING *with* COMMUNITIES

GLAMIS COMMITMENT TO SOCIAL RESPONSIBILITY

As a socially responsible Company, Glamis works with employees, their families, the local communities and host countries to improve the quality of life in ways that are good for business and for social and economic development. When the Company began developing the San Martin Mine, its first operation outside North America, it also began initiating policies and programs that contributed to improving the quality of life for employees and in local communities - based on priorities identified in ongoing consultation and dialogue. By listening carefully, Glamis can respond appropriately.

In addition to making direct Company contributions, Glamis has also helped to establish and fund two foundations, the San Martin Foundation in Honduras and the Sierra Madre Foundation in Guatemala. Their man-dates are to support sustainable community-based development and local capacity-building programs. The goal is for the foundations to become strong, sustainable institutions that will help improve lives even after the mines close and are reclaimed. For example, as part of the eventual Marlin closure, all lands, along with the administration, living facilities, cafeteria, workshops and electrical line will become property of the people of local communities through the local foundation.

COMMITMENT IN ACTION

Glamis believes that two of the surest measures of commitment to social responsibility are action and funding. In 2005, Glamis and the two foundations supported a wide variety of projects and services.

The San Martin Foundation, in operation since 2000, has helped to construct five community centers, expand or improve five schools and kindergartens, install water/sanitation systems in four communities

PAGE 14 | GLAMISGOLDLTD

and provide computer-training skills for more than 300 young people and adults. The Foundation also supports ongoing cattle and poultry production operations, as well as the production of cement blocks in a business run by entrepreneurs.

The Sierra Madre Foundation at Marlin has provided health services to more than 1,500 people, established 20 communal banks, trained more than 400 people in vocational skills such as carpentry, sewing, cooking and baking, supported the creation of local businesses, helped establish agro-forestry businesses including potato, peach and bean farming, and community-managed nurseries to supply the mine's reforestation needs. These efforts complement the Company's direct involvement in installing chlorinators in two municipal water systems, supporting the construction of a medical clinic, funding the hiring of 35 teachers, and building and improving roads and bridges.

SOCIAL RESPONSIBILITY IN GUATEMALA

It would be a challenge finding someone better qualified or more committed than Jim Schenck, Manager of Sustainable Development. Jim has lived and worked in Latin America for more than three decades, with most of his experience in sustainable development. For the Peace Corps, he served as a volunteer in Paraguay, a program and training officer in the Dominican Republic and a country director in Nicaragua. He has been a social promoter in Ecuador, an NGO manager in Costa Rica, a director of the Cooperative Housing Foundation, an implementer of a rural development program in Guatemala, and the Deputy Director of the Participative Alternative Development Project in Peru. Helping build better futures is his lifework. And he believes Glamis can make a positive difference.

I'm committed to the region and the people, Jim says. I believe that the private sector - and mining in particular - is essential to Guatemala's development process.

ANNUALREPORT2005 | PAGE 15

Concurrent reclamation programs are already underway at the Company's two newest operations, the Marlin Mine in Guatemala and the El Sauzal Mine in Mexico.

ENHANCING *the* ENVIRONMENT

Glamis Gold is committed to sound environmental stewardship that integrates proven methods for protecting, reclaiming and enhancing the environment at every stage of the mining process, from exploration to closure. At the same time, the Company also seeks to develop and apply innovative approaches to environmental management that promise to produce even more effective results.

The guiding principles of Glamis' policy, procedures and programs are to minimize environmental risk and to commence concurrent reclamation as early as possible to ensure a transition of the mine sites to their future intended use. Glamis has won numerous awards and wide recognition from government regulators for its dedication to environmental excellence.

PIONEERING ENVIRONMENTAL MONITORING PROGRAM AT THE MARLIN MINE

Glamis facilitated the creation of an independent, community-based committee to conduct environmental monitoring at the Marlin Mine in Guatemala. This is the first time that a civil society group will independently monitor the activities of a company in Guatemala. Launched with the guidance of Business for Social Responsibility, a non-governmental organization, the committee includes representatives from local communities, technical experts and church organizations.

PAGE 16 | GLAMISGOLDLTD

CONCURRENT AND FINAL RECLAMATION

Concurrent reclamation programs are already underway at the Company's two newest operations, the Marlin Mine in Guatemala and the El Sauzal Mine in Mexico, as well as at the San Martin Mine in Honduras and the Marigold Mine in Nevada. In 2005, Glamis was actively reclaiming disturbed areas and waste rock stockpiles at the Marigold Mine, and at the mined-out Rosa Pit at San Martin.

This past year also saw Glamis successfully conclude active reclamation at the Dee and Daisy mines in Nevada. They now enter the monitoring phase of closure. Active reclamation continues at the Rand Mine in California.

REFORESTATION IN CENTRAL AMERICA

At the San Martin Mine, an onsite plant nursery houses more than 18,000 tree and plant seedlings; in Honduras, Glamis routinely donates trees to local communities and to the government Forestry Development Corporation for revegetation projects throughout the area. Glamis reforested one area with fast growing tree species to be used as a fuel source by the local residents. At Marlin, the Company has donated more than 105,000 saplings for reforestation at the mine site and surrounding areas, including replanting anticipated in 2006, the Company will have reforested more than 250 hectares over a three-year period.

ENVIRONMENTAL HEALTH & SAFETY AT MARIGOLD

Nevada-born and raised John Barber has worn many different hats in his 20 years in mining. Like many others working at Glamis, John joined Glamis through the 1999 merger with Rayrock Resources Inc., where he had worked since 1987 in process operations, mill maintenance and safety. With continuing training and education, he became responsible for planning and implementing Marigold's environmental and health and safety programs. John is deeply committed to both. "I made it my goal to know the name of every person out there," he says. "I get a lot of satisfaction seeing employees go home safe at night and seeing the land returned to its natural state to the greatest extent possible."

ANNUALREPORT2005 | PAGE 17

RAND MINE WINS SENTINELS OF SAFETY AWARD 2005

The U.S. Mining Health and Safety Administration (MHSA) awarded Rand Mine, currently undergoing reclamation, the prestigious Sentinels of Safety Award in 2005 for its performance in the small metal / non-metal mill group.

OPPORTUNITIES *for* EMPLOYEES

Glamis programs for employee health and safety place an emphasis on establishing the safest possible working conditions in all its mine sites and development projects. Employees are empowered to take personal responsibility for work-place safety.

The health, safety and skill of employees is a major component of overall productivity, and a critical element in the Company's goals to continue to reduce unit costs and maximize operating efficiencies. For example, the ingenuity of the Marigold team played a key role in nearly doubling the mine's output and lowering costs over the past three years. Similarly, the outstanding effort of the employees at El Sauzal and Marlin enabled both mines to begin commercial production within a 12-month period between late 2004 and 2005.

EMPOWERING EMPLOYEE PARTICIPATION IN SAFETY

At the Marigold Mine in Nevada, mine management instituted two new, integrated safety programs in 2005. The Field Level Risk Assessment Program and the Employees Safety Teams work together to empower employees to engage in identifying ways to improve safety and to apply those practices in the work place.

NEW SKILLS FOR NEW FUTURES

Glamis has provided training opportunities for employees to acquire new job skills in construction, mining and computers at both the Marlin Mine in Guatemala and the San Martin Mine in Honduras. The Company

PAGE 18 | GLAMISGOLDLTD

and the two foundations it helps to fund in support of sustainable community development are also making significant contributions to skills training for employees families and the communities in which they live. Workshops and training programs have taught new skills in computers, healthcare, clothing design and manufacture, tree nursery management, carpentry and baking, as well as supporting the creation of local businesses that generate new jobs.

Workshops and training programs have taught new skills in computers, healthcare, clothing design and manufacture, tree nursery management, carpentry and baking.

MARLIN CREATES JOBS THAT CHANGE LIVES

The construction of the Marlin Mine the first significant gold mine in Guatemala provided more than 2,300 construction jobs. Some 61 percent of employees came from local communities and more than 94 percent were Guatemalan. The mine operation has an ongoing total workforce of some 650, most of whom are local residents, who now enjoy some of the best salaries and benefits in Guatemala.

ANNUALREPORT2005 | PAGE 19

PROVEN & PROBABLE RESERVES

As of December 31, 2005¹	Tonnes	Gold Grade (gpt)	Gold Ounces	Silver Grade (gpt)	Silver Ounces
Marlin	16,436,000	4.59	2,426,000	76.02	40,169,000
El Sauzal	15,821,000	3.29	1,673,000	3.72	1,890,000
Marigold ²	59,396,000	0.72	1,384,000		
San Martin	10,775,000	0.76	264,000		
Total	102,428,000	1.75	5,747,000		42,059,000

(1) Proven and probable reserves have been calculated as of December 31, 2005 in accordance with definitions adopted by the Canadian Institute of Mining, Metallurgy and Petroleum on November 14, 2004. Employees of Glamis Gold Ltd., under the supervision of James S. Voorhees, Executive Vice President, Operations and Chief Operating Officer, have prepared these calculations. An independent audit of these reserves has been completed. Calculations

were based on
an assumed
long-term gold
price of \$400
per ounce and a
silver price of
\$7.00 per ounce
and incorporate
current or
expected
operating costs
at each mine.

- (2) These amounts
represent
Glamis Gold's
two-thirds
interest in
Marigold.

MEASURED, INDICATED & INFERRED RESOURCES

December 31, 2005

Measured & Indicated Resources¹

Measured	Tonnes	Gold Grade (gpt)	Gold Ounces Contained	Silver Grade (gpt)	Silver Ounces Contained
San Martin	7,475,000	0.79	190,000	0.0	
Marigold (66.7%)	53,591,000	0.70	1,210,000	0.0	
El Sauzal	19,563,000	2.75	1,732,000	3.8	2,371,000
Marlin	4,142,000	3.24	432,000	39.3	5,240,000
Imperial Project	67,877,000	0.59	1,287,000	0.0	
La Hamaca	0				
Cerro Blanco	0				
Total Measured Resources	152,648,000	0.99	4,851,000		7,611,000

Indicated	Tonnes	Gold Grade (gpt)	Gold Ounces Contained	Silver Grade (gpt)	Silver Ounces Contained
San Martin	7,413,000	0.79	189,000	0.0	
Marigold (66.7%)	41,650,000	0.71	947,000	0.0	
El Sauzal	966,000	2.25	70,000	3.8	117,000
Marlin	14,635,000	4.16	1,957,000	70.2	33,031,000
Imperial Project	14,882,000	0.51	246,000	0.0	
La Hamaca	926,000	5.74	171,000	146.1	4,350,000
Cerro Blanco	2,517,000	15.64	1,266,000	72.0	5,826,000
Total Indicated Resources	82,989,000	1.82	4,846,000		43,324,000

Measured plus Indicated	Tonnes	Gold Grade (gpt)	Gold Ounces Contained	Silver Grade (gpt)	Silver Ounces Contained
San Martin	14,888,000	0.79	379,000	0.0	
Marigold (66.7%)	95,242,000	0.70	2,157,000	0.0	
El Sauzal	20,529,000	2.73	1,802,000	3.8	2,488,000
Marlin	18,777,000	3.96	2,389,000	63.4	38,271,000
Imperial Project	82,759,000	0.58	1,533,000	0.0	
La Hamaca	926,000	5.74	171,000	146.1	4,350,000
Cerro Blanco	2,517,000	15.64	1,266,000	72.0	5,826,000
Total Measured & Indicated Resources ¹	235,638,000	1.28	9,697,000		50,935,000

Reserves (which use a \$400 gold price) are a subset of these Measured and Indicated Resources. That is reserves are included in these M&I Resource numbers.

Inferred Resources and Other Mineralization²

	Tonnes	Gold Grade (gpt)	Gold Ounces Contained	Silver Grade (gpt)	Silver Ounces Contained
San Martin	17,539,000	0.32	181,000	0.0	
Marigold (66.7%)	98,721,000	0.44	1,387,000	0.0	
El Sauzal	22,832,000	0.91	669,000	3.8	2,768,000
Marlin	73,518,000	0.74	1,746,000	16.1	38,111,000
Imperial Project	43,829,000	0.40	561,000	0.0	
La Hamaca	19,000	4.91	3,000	145.7	89,000
Cerro Blanco	1,351,000	15.31	665,000	59.6	2,589,000
Total Inferred Resources ²	257,809,000	0.63	5,212,000		43,557,000

Inferred Resources and Other Mineralization are in addition to Measured & Indicated Resources.

(1) Measured and Indicated Resources, for purposes of determining a reasonable expectation of eventual economic extraction, are estimated using a \$500 per ounce gold price. Thus Reserves are a subset of Resources but Resources do not necessarily demonstrate economic viability at current gold prices nor are they entirely included in the life-of-mine plan.

(2) Inferred Resources and Other Mineralization are not part of a mine plan or are not considered mineable at current technology or foreseeable gold price.

MANAGEMENT'S DISCUSSION & ANALYSIS

This management's discussion and analysis of the financial results of the Company's operations for the years 2003 through 2005 is dated March