

EUROGOLD LIMITED

ABN 58 009 070 384

FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2013

CONTENTS

	<u>Page No</u>
Directors' Report	2
Directors' Declaration	4
Consolidated Statement of Comprehensive Income	5
Consolidated Statement of Financial Position	6
Consolidated Statement of Cash Flow	7
Consolidated Statement of Changes in Equity	8
Notes to the Financial Statements	9
Independent Auditor's Review Report	15

DIRECTORS' REPORT

Your Directors submit the report of Eurogold Limited and its controlled entities ("Eurogold Limited" or "the Group") for the half year ended 31 December 2013.

Directors

The names of the Company's Directors in office during the period and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

Peter Lynton Gunzburg
Arthur Dew
Carlisle (Lyle) Procter
Mark Wong

Company Secretary

Pauline Collinson

Review and Results of Operations

The earnings per share of the Group for the half-year ended 31 December 2013 was \$0.0016 based on a net profit totalling \$135,623 (31 December 2012: loss per share of \$0.0106 and net loss of \$919,412).

Ongoing Strategy

During the half-year the Group continued to examine various investment opportunities in resource projects with a particular focus on the gold mining sector.

For various reasons the acquisition of projects reviewed to date have not proceeded. It is difficult for the Group to provide precise timeframes on potential acquisitions other than to say the Group is actively seeking and reviewing resource projects for possible investment by the Group.

It is not the long term intention of the Board that the primary business of Eurogold will be that of a passive portfolio investor in other companies that own resource projects.

Investment in Dragon Mining Limited (ASX: DRA)

Eurogold owns 24.34% of the issued capital of Dragon Mining Limited ("Dragon").

The current market value of Eurogold's investment held in Dragon at the date of this report is \$4.1 million (based on the current Dragon share price of \$0.19).

In December 2013 Eurogold provided notice under section 249D of the *Corporations Act (Cth)* requesting that the directors of Dragon call a general meeting of shareholders to consider resolutions for the removal of four of Dragon's directors.

Eurogold believes that the DRA board had not taken adequate and timely steps to develop and implement a clear strategy to reduce DRA's costs and restructure its operations in the light of the major decline in the gold price in early 2013.

Eurogold also proposed resolutions for the appointment of Messrs Arthur Dew and Brett Smith to the board of Dragon.

The Takeovers Panel declined to conduct proceedings on an application from Dragon in relation to the notice served by Eurogold.

A general meeting of Dragon's shareholders was held on 7 February 2014 whereby all resolutions were passed and Messrs Dew and Smith were appointed to the Dragon board.

On 28 February 2014 Dragon announced its audited financial results for the full year ending 31 December 2013 which include a reported net loss after tax of \$15.8 million compared to \$4.3 million in the 2012 financial year.

It was further reported that the 2013 result was dominated by the effects of lower gold prices, which were partially offset by significantly higher production, movements in exchange rates and higher

operating depreciation and costs resulting from the predominately underground mining during the year at both the Svartliden Production Centre and the Vammala Production Centre.

Further information about Dragon's activities and results can be found at www.asx.com.au or at Dragon's website www.dragon-mining.com.au

Significant Events After Balance Date

On 13 March 2014 the Group entered into a Third Variation of Loan Agreement with the Allied Group of Hong Kong, the Group's largest shareholder.

The term of the loan facility which is fully drawn to for HK\$11,800,000 (\$A1.7 million) has been extended to 31 December 2015.

On 13 March 2014 the Group also entered into a new Loan Agreement with the Allied Group with a total amount available for draw down of HK\$3,920,000 (\$A0.6 million). The term of the loan is to 15 December 2015 with interest at 12% per annum.

Other than set out above there have been no other matters or circumstances that have arisen since 31 December 2013 that has significantly affected or may significantly affect:

- a) the Consolidated Entity's operations in future years; or
- b) the results of those operations in future years; or
- c) the Consolidated Entity's state of affairs in future years

Auditor's Independence Declaration

An independence declaration from our auditors, Ernst & Young, is attached to the Auditor's Independent Review Statement to the members and forms part of this Directors' Report.

Signed in Perth 14 March 2014 in accordance with a resolution of the Directors.



P Gunzburg
Executive Chairman

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Eurogold Limited, I state that:

In the opinion of the Directors:

- (a) The financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of financial position of the consolidated entity as at 31 December 2013 and the performance for the half year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- (b) Subject to the matter set out in Note 1(b) 'Going Concern', there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to be 'P. Gunzburg', with a horizontal line underneath it.

P Gunzburg
Executive Chairman

Signed in Perth 14 March 2014

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE
HALF YEAR ENDED 31 DECEMBER 2013**

		Consolidated	
	Note	For the half year ended 31 December 2013 \$	For the half year ended 31 December 2012 \$
Revenue	2	143	6,273
Loss on sale of investments		-	(4,030)
Share of profit/(loss) of associate		(1,955,271)	1,305,573
Employee benefits expense		(96,672)	(129,483)
Depreciation expense		(866)	(882)
Consultants fees		(50,732)	(75,538)
Movement in the fair value of investments classified as held for trading		3,850	(4,422)
Interest expense		(83,671)	(70,000)
Reversal of impairment/(Impairment of investment in associate)		2,811,077	(1,876,501)
Foreign exchange loss		(45,106)	(14,162)
Gain on sale of held for sale asset		-	64,423
Impairment on available-for-sale financial assets		(275,652)	-
Other expenses		(171,477)	(120,663)
Net profit/(loss) for the period		135,623	(919,412)
Income tax (expense)/benefit		-	-
Net profit/(loss) for the period after income tax expense		135,623	(919,412)
Other comprehensive income			
<i>Items that may be subsequently reclassified to operating result</i>			
Fair value loss on available-for-sale financial assets		(225,832)	(28,228)
Impairment loss reclassified to profit and loss		275,652	-
Share of other comprehensive income of associate		(1,504,455)	(294,514)
Other comprehensive loss for the period, net of tax		(1,454,635)	(322,742)
Total comprehensive loss for the period attributable to the members of Eurogold Limited		(1,319,012)	(1,242,154)
Basic and diluted loss per share (cents per share), for the half-year attributable to members of Eurogold Limited		0.15	(1.06)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

		Consolidated	
	Note	31 December 2013 \$	30 June 2013 \$
CURRENT ASSETS			
Cash and cash equivalents	5	54,775	74,721
Trade and other receivables		11,250	22,353
Investments classified as held for trading	6	10,503	6,653
Prepayments		28,066	26,663
Other		125,000	125,000
		229,594	255,390
NON-CURRENT ASSETS			
Available for sale investments	7	282,298	508,136
Plant and equipment		2,021	2,887
Investment in associate	8	2,811,077	3,459,726
TOTAL NON-CURRENT ASSETS		3,095,396	3,970,749
TOTAL ASSETS		3,324,990	4,226,139
CURRENT LIABILITIES			
Trade and other payables		192,016	135,010
Interest bearing liabilities		1,505,815	1,155,800
Provisions		30,064	18,277
TOTAL CURRENT LIABILITIES		1,727,895	1,309,087
TOTAL LIABILITIES		1,727,895	1,309,087
NET ASSETS		1,597,095	2,917,052
EQUITY			
Contributed equity	9	60,039,582	60,039,582
Reserves		(2,494,900)	(1,039,320)
Accumulated losses		(55,947,587)	(56,083,210)
EQUITY		1,597,095	2,917,052

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	Consolidated	
	For the half year ended 31 December 2013 \$	For the half year ended 31 December 2012 \$
Cash flows from operating activities		
Payments to suppliers and employees	(264,149)	(378,304)
Interest received	143	6,273
Net cash used in operating activities	(264,006)	(372,031)
Cash flows from investing activities		
Payment for shares in associate	-	(515)
Proceeds on sale of investments	-	470
Proceeds on sale of held for sale asset	-	278,962
Net cash from investing activities	-	278,917
Cash flows from financing activities		
Borrowing Fees	(60,000)	-
Borrowings	304,060	-
Net cash from financing activities	244,060	
Net increase/(decrease) in cash and cash equivalents	(19,946)	(93,114)
Cash and cash equivalents at the beginning of the period	74,721	564,573
Cash and cash equivalents at the end of the period	54,775	471,459

The above Consolidated Statement of Cash Flow should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 31 December 2013

	Issued Capital \$	Accumulated Losses \$	Employee Benefit Reserve \$	Net Unrealised Gain Reserve \$	Foreign Currency Translation Reserve \$	Total Equity \$
Balance at beginning of period	60,039,582	(56,083,210)	45,680	15,411	(1,100,411)	2,917,052
Profit for Period	-	135,623	-	-	-	(135,623)
Other comprehensive income	-	-	-	(225,832)	(1,505,400)	(1,731,232)
Impairment loss reclassified to Loss for Period	-	-	-	275,652	-	275,652
Total comprehensive income/(loss) for the period	-	-	-	49,820	(1,505,400)	(1,455,580)
Balance at End of Period	60,039,582	(55,947,587)	45,680	65,231	(2,605,811)	1,597,095

For the half year ended 31 December 2012

	Issued Capital \$	Accumulated Losses \$	Employee Benefit Reserve \$	Net Unrealised Gain Reserve \$	Foreign Currency Translation Reserve \$	Total Equity \$
Balance at beginning of period	60,039,582	(45,567,991)	45,680	34,869	553,492	15,105,632
Loss for Period	-	(919,412)	-	-	-	(919,412)
Other comprehensive income	-	-	-	37,003	(359,745)	(322,742)
Total comprehensive income/(loss) for the period	-	(919,412)	-	37,003	(359,745)	(1,242,154)
Issue of Shares	-	-	-	-	-	-
Balance at End of Period	60,039,582	(46,487,403)	45,680	71,872	193,747	13,863,478

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes

NOTES TO THE FINANCIAL STATEMENTS

CORPORATE INFORMATION

The financial report of Eurogold Limited for the half year ended 31 December 2013 was authorised for issue in accordance with a resolution of the Directors on 14 March 2014.

Eurogold Limited is a company limited by shares that is incorporated and domiciled in Australia and whose shares are publicly listed on Australian Stock Exchange. The registered address is Unit B1, Tempo Building, 431 Roberts Road, Subiaco WA 6008.

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) Basis of Preparation

This general purpose condensed financial report for the half year ended 31 December 2013 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001* and other mandatory professional reporting requirements.

The half year report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half year financial report be read in conjunction with the annual report for the year ended 30 June 2013 and considered together with any public announcements made by Eurogold Limited during the half year ended 31 December 2013 in accordance with the continuous disclosure obligations of the ASX listing rules.

The half year report financial report has been prepared on a historical cost basis, except for held for trading and available for sale investments which are measured at fair value.

For the purpose of preparing the half year financial report, the half year has been treated as a discrete reporting period.

(b) Going Concern

This report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The Group had a net profit for the half-year ended 31 December 2013 of \$135,623 (2012: net loss of \$919,412), however experienced net cash outflows from operating activities of \$324,006 (2012: \$372,031). As of 31 December 2013 the Group had current assets of \$229,594 (30 June 2013: \$255,390) and current liabilities of \$1,727,895 (30 June 2013: \$1,309,087).

Subsequent to balance date, the term of the Group's current interest bearing liabilities of HK\$10.36 million (A\$1.5 million) at 31 December 2013, drawn to \$HK11.8 million (A\$1.7 million) at the date of this report, was extended for a further twelve months to 31 December 2015 and a further loan facility of HK\$3.92 million (A\$0.6 million) repayable at 31 December 2015 was made available to the Group to draw down on. The directors recognise that the ability of the Group to continue as a going concern is reliant on the ability to draw down on this loan facility and/or the raising of funds through a debt or equity issue or realisation of the Group's listed investments.

In consideration of the above matters, the directors have determined that it is reasonably foreseeable that the Group will continue as going concern and that it is appropriate that the going concern method of accounting be adopted in the preparation of the financial statements.

Should the Group not achieve the matters set out above, there is uncertainty whether the Group would continue as a going concern and therefore whether it would realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial statements do not include adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

(c) New and amending Accounting Standards and Interpretations

The accounting policies adopted in the preparation of the half-year consolidated financial report are consistent with those adopted and disclosed in the Company's annual financial report for the year ended 30 June 2013, except for the adoption of new standards and interpretations as of 1 July 2013, noted below:

- **AASB 10 Consolidated Financial Statements**

AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 Consolidated and Separate Financial Statements dealing with the accounting for consolidated financial statements and UIG-112 Consolidation - Special Purpose Entities.

The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control.

Consequential amendments were also made to this and other standards via AASB 2011-7 and AASB 2012-10. The application of AASB 10 had no impact on the financial position and performance of the Group.

- **AASB 12 Disclosure of Interest in Other Entities**

AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates, structured entities and subsidiaries with non-controlling interests. These additional disclosures are not relevant for the half year.

- **AASB 13 Fair Value Measurement**

AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets.

AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.

The adoption of AASB 13 has no effect on the financial position or performance of the Company. The carrying amount of financial assets and liabilities are a reasonable approximation of fair value. Consequential amendments were also made to other standards via AASB 2011-8. Additional disclosures are set out in note 12.

- **AASB 119 Employee Benefits (Revised 2011)**

The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date.

The adoption of AASB 119 has no effect on the financial position or performance of the Company.

Consequential amendments were also made to other standards via AASB 2011-10.

- **AASB2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities**

AASB 2012-2 principally amends AASB 7 Financial Instruments: Disclosures to require disclosure of the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position, when all the offsetting criteria of AASB 132 are not met.

The adoption of AASB 2012-2 has no effect on the financial position or performance of the Company.

- **AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle**

AASB 2012-5 makes amendments resulting from the 2009-2011 Annual Improvements Cycle. The standard addresses a range of improvements, including the following:

- Repeat application of AASB 1 is permitted (AASB 1)
- Clarification of the comparative information requirements when an entity provides a third balance sheet (AASB 101 Presentation of Financial Statements).

The adoption of AASB 2012-5 has no effect on the financial position or performance of the Company.

- **AASB CF 2013-1 Amendments to the Australian Conceptual Framework**

AASB CF 2013-1 replaces the guidance in the Framework on the objective of general purpose financial reporting and the qualitative characteristics of useful financial information, as an integral part of the Framework and it also withdraws Statement of Accounting Concepts SAC 2 Objective of General Purpose Financial Reporting.

The adoption of AASB CF 2013-1 has no effect on the financial position or performance of the Company.

The Group has not elected to early adopt any new standards or amendments that are issued but not yet effective.

(d) Basis of Consolidation

The consolidated financial statements included the financial statements of the parent entity Eurogold Limited, and its controlled entities, referred to collectively throughout these financial statements as the "consolidated entity" or "the Group".

2 REVENUE

	Consolidated	
	31 December 2013	31 December 2012
	\$	\$
Revenue		
Interest revenue	143	6,273
	143	6,273

3 CONTINGENT ASSETS AND LIABILITIES

- (a) On 10 July 2007 the Group disposed of its Ukrainian gold mining assets for US\$5,000,000. US\$3,000,000 (equivalent to A\$2,951,884) of this amount remains outstanding and will only be received upon the purchaser meeting a regulatory milestone relating to the advancement of the Saulyak Gold Project.

With the sale of its Ukrainian gold mining assets the Group is no longer exposed to operating in the Ukraine other than in relation to the contingent consideration of US\$3,000,000.

- (b) The Group has guaranteed the payment of a royalty by Saulyak Limited Liability Company based on gold output from the Saulyak Gold Project which was disposed of by the Group on 10 July 2007. The royalty is up to 2% net smelter royalty per ounce of gold produced from the Saulyak Gold project payable only in respect of ounces of gold produced over 750,000 ounces in total. Gold production from the Saulyak Gold Project has not commenced with the current owners of the project yet to secure a mining licence. At the time of the sale of the project by the Group total reserves identified at the project were not in excess of 750,000 ounces.

4 SEGMENT INFORMATION

For management purposes, the Group is organised into one main operating segment, which involves investing activities. All of the Group's activities are interrelated, and discrete financial information is reported to the Board (Chief Operating Decision Makers) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

5 CASH AND CASH EQUIVALENTS

For the purpose of the half year cash flow statement, cash and cash equivalents are comprised of the following:

	31 December 2013 \$	30 June 2013 \$
Cash at bank and on hand	54,775	74,721
	<u>54,775</u>	<u>74,721</u>

6 INVESTMENTS HELD FOR TRADING

	31 December 2013 \$	30 June 2013 \$
Shares in listed companies classified as held for trading (at fair value)	10,503	6,653
	<u>10,503</u>	<u>6,653</u>

7 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	31 December 2013 \$	30 June 2013 \$
Shares in listed companies classified as available-for-sale (at fair value)	282,298	508,136
	<u>282,298</u>	<u>508,136</u>

8 INVESTMENT IN ASSOCIATE

	31 December 2013 \$	30 June 2013 \$
a) Investment details		
<i>Listed</i>		
Dragon Mining Limited	2,811,077	3,459,726
	<u>2,811,077</u>	<u>3,459,726</u>

As at 31 December 2013, the Group holds a 24.34% (30 June 2013: 24.34%) interest in Dragon Mining Limited ("Dragon"). The market value of the shares held in Dragon as at 31 December 2013 was \$2,811,077.

b) Movements in the carrying amount of the Group's investment in associate

Cost of investment:

Carrying value at 30 June 2013	3,459,726	14,703,822
Cost of shares purchased during the year	-	513
Share of associates gain/(loss) after income tax	(1,955,271)	618,095
Share of associates other comprehensive income	(1,504,455)	(1,588,672)
Reversal of impairment/(impairment in value)	2,811,077	(10,274,032)
Carrying value at 31 December 2013	2,811,077	13,838,894
Fair value of investment	2,811,077	13,838,894

8 INVESTMENT IN ASSOCIATE (continued)

c) Contingent liabilities in associate Dragon Mining Limited ("Dragon"):

Dragon have reported in their 31 December 2013 financial report the following:

Svartliden Gold Mine

During 2009 the Company's subsidiary which operates the Svartliden Gold Mine was reported by the inspecting authority for a breach of discharging water to a nearby stream which is prohibited under the operating license. The allegation is based on Dragon's report of elevated levels of dissolved metals in the water collected and tested from the nearby stream. An internal review has confirmed that no discharged occurred.

The legal process concerning alleged breaches of the existing permit conditions has continued. The subsidiary was acquitted on all charges in June 2013, however the State Prosecutor has appealed the acquittal of one of the breaches. A date for hearing of the appeal has not been finalised.

Though the Directors are unable to predict the likely outcome of these alleged breaches, the Company could be subject to a liability or increase in the costs of doing business or conducting its operations.

Vammala Production Centre, Finland

Finnish environmental authorities have requested that the company investigate nickel releases from the tailings dam area. Seepage water is surveyed and sampled for nickel. In the event that nickel releases are evident from the tailings dam area, the company will prepare a preventative action plan. The company would be responsible to carry out the plan after an approval by the authorities. However, according to investigations carried out by external specialists, nickel releases are not attributable to mining activities undertaken by Dragon.

9 CONTRIBUTED EQUITY

	31 December 2013 \$	30 June 2013 \$
Issued and paid up capital		
Ordinary fully paid shares	60,039,582	60,039,582
	Number of shares	Total \$
<i>Movements in fully paid ordinary shares on issue:</i>		
Balance at 31 December 2012	86,805,402	60,039,582
Balance at 1 July 2013	86,805,402	60,039,582
Issued during period	-	-
Balance at 31 December 2013	86,805,402	60,039,582

10 SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

On 13 March 2014 the Group entered into a Third Variation of Loan Agreement with the Allied Group of Hong Kong, the Group's largest shareholder.

The term of the loan facility which is fully drawn to for HK\$11,800,000 (\$A1.7 million) has been extended to 31 December 2015.

On 13 March 2014 the Group also entered into a new Loan Agreement with the Allied Group with a total amount available for draw down of HK\$3,920,000 (\$A0.6 million). The term of the loan is to 15 December 2015 with interest at 12% per annum.

Other than set out above there have been no other matters or circumstances that have arisen since 31 December 2013 that has significantly affected or may significantly affect:

- a) the Consolidated Entity's operations in future years; or
- b) the results of those operations in future years; or

c) the Consolidated Entity's state of affairs in future years

11 EXPENDITURE COMMITMENTS

There are no expenditure commitments not recorded in the financial statements or notes.

12 FINANCIAL INSTRUMENTS

Risk Management Activities

The risk management activities are consistent with those of the previous financial year unless otherwise stated.

Financial Instruments

Set out below is an overview of financial instruments held by the Group.

	As at 31 December 2013 Unaudited \$	30 June 2013 Audited
Financial assets:		
Cash and cash equivalents	54,775	74,721
Trade and other receivables - at amortised cost	11,250	22,353
Investments classified as held for trading	10,503	6,653
Other	125,000	125,000
Total current assets	201,528	228,727
Available for sale financial assets - at fair value	282,298	508,136
Total non-current	483,826	736,863
Financial liabilities:		
Trade and other payables - at amortised cost	192,016	135,010
Interest bearing loans and borrowings - at amortised cost	1,505,815	1,155,800
Total current liabilities	1,697,831	1,290,810
Total	1,697,831	1,290,810

The carrying value of the Group's financial instruments is considered to approximate fair value at 31 December 2013.

Fair value hierarchy:

The Group uses the following method in estimating the fair value of financial instruments:

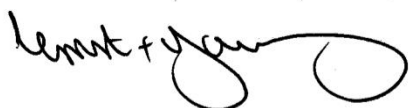
Level 1 - the fair value is calculated using quoted prices in active markets.

At the balance sheet date the following classes of financial instruments were measured at fair value (level 1).

Investments classified as held for trading	10,503
Available for sale financial assets	282,298
	292,801

Auditor's Independence Declaration to the Directors of Eurogold Limited.

In relation to our review of the financial report of Eurogold Limited for the half-year ended 31 December 2013, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.



Ernst & Young



G H Meyerowitz
Partner
14 March 2014

Independent review report to members of Eurogold Limited

Report on the Interim Financial Report

We have reviewed the accompanying half-year financial report of Eurogold Limited, which comprises the consolidated statement of financial position as at 31 December 2013, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Interim Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Eurogold Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Eurogold Limited is not in accordance with the *Corporations Act 2001*, including:

- i giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- ii complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter

Without qualifying our conclusion, we draw attention to Note 1(b) in the financial report which describes the principal conditions that raise doubt about the consolidated entity's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.



Ernst & Young



G H Meyerowitz
Partner
Perth
14 March 2014