

EUROGOLD LIMITED

ABN 58 009 070 384

FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2015

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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 2015.

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
Brett Montgomery
Pauline Collinson

Company Secretary

Pauline Collinson

Review and Results of Operations

The loss per share of the Group for the half-year ended 31 December 2015 was 0.25 cents per share based on a net loss totalling \$(429,668) (31 December 2014: loss per share of 3.04 cents per share based on a net loss totalling \$2,769,429).

Ongoing Strategy

As announced to ASX on 1 December 2015 the Company has entered into binding share sale and purchase agreements under which it has agreed, subject to shareholder approval and the satisfaction of certain other conditions, to acquire all the issued shares in the capital BARD1AG, a Swiss public company limited by shares. BARD1AG has pioneered, through the development of certain proprietary intellectual property, a simple blood test for screening and diagnosing lung cancer at early stages of disease progression. In addition the Company proposes to undertake a capital raising under a prospectus to raise up to approximately \$3,000,000.

Significant Events After Balance Date

There have been no matters or circumstances that have arisen since 31 December 2015 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 29 January 2016 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 2015 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) 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.



P Gunzburg
Executive Chairman

Signed in Perth 29 January 2016

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE
HALF YEAR ENDED 31 DECEMBER 2015**

| | Note | Consolidated | |
|---|------|---|---|
| | | For the half year ended 31 December 2015 \$ | For the half year ended 31 December 2014 \$ |
| Revenue | 2 | 33,498 | 29,864 |
| Loss on sale of investment in associate | | - | (3,851,706) |
| Share of profit of associate | | - | 1,641,399 |
| Employee benefits expense | | (87,951) | (104,940) |
| Depreciation expense | | - | (798) |
| Consultants fees | | (19,735) | (47,833) |
| Movement in the fair value of investments classified as held for trading | | 1,470 | 1,520 |
| Interest expense | | - | (129,268) |
| Foreign exchange (loss)/gain | | 56 | (87,320) |
| Impairment on available-for-sale financial assets | | - | (56,459) |
| Costs associated with potential acquisition | | (190,507) | - |
| Other expenses | | (166,499) | (163,888) |
| Net loss for the period | | (429,668) | (2,769,429) |
| Income tax benefit | | - | - |
| Net loss for the period after income tax expense | | (429,668) | (2,769,429) |
| Other comprehensive income | | | |
| Items that may be subsequently reclassified to operating result | | | |
| Share of other comprehensive income of associate | | - | (144,520) |
| Reversal of share of associates reserves on disposal | | - | 2,499,515 |
| Other comprehensive loss for the period, net of tax | | - | 2,354,995 |
| Total comprehensive profit/ (loss) for the period attributable to the members of Eurogold Limited | | (429,668) | 414,434 |
| Basic and diluted loss per share (cents per share), for the half-year attributable to members of Eurogold Limited | | (0.25) | (3.04) |

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 2015

| Consolidated | | | |
|--|-------------|-----------------------------|-------------------------|
| | Note | 31 December 2015 | 30 June 2015 |
| | | \$ | \$ |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 5 | 1,236,629 | 1,729,126 |
| Trade and other receivables | | 39,252 | 2,447 |
| Investments classified as held for trading | 6 | 5,090 | 3,620 |
| Prepayments | | 21,304 | - |
| TOTAL CURRENT ASSETS | | 1,302,275 | 1,735,193 |
| NON-CURRENT ASSETS | | | |
| Available for sale investments | 7 | 112,920 | 112,920 |
| Plant and equipment | | - | - |
| Intangible Assets | | 31,373 | - |
| TOTAL NON-CURRENT ASSETS | | 144,293 | 112,920 |
| TOTAL ASSETS | | 1,446,568 | 1,848,113 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 106,494 | 66,370 |
| Provisions | | 12,044 | 24,045 |
| TOTAL CURRENT LIABILITIES | | 118,538 | 90,415 |
| TOTAL LIABILITIES | | 118,538 | 90,415 |
| NET ASSETS | | 1,328,030 | 1,757,698 |
| EQUITY | | | |
| Contributed equity | 9 | 61,538,458 | 61,538,458 |
| Reserves | | 45,680 | 45,680 |
| Accumulated losses | | (60,256,108) | (59,826,440) |
| EQUITY | | 1,328,030 | 1,757,698 |

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 2015

| | Consolidated | |
|---|--|--|
| | For the half year ended 31 December 2015 \$ | For the half year ended 31 December 2014 \$ |
| Cash flows from operating activities | | |
| Payments to suppliers and employees | (494,622) | (327,000) |
| Interest received | 4,989 | 1,822 |
| Other revenue | 28,509 | 28,042 |
| Net cash used in operating activities | (461,124) | (297,136) |
| Cash flows from investing activities | | |
| Proceeds on sale of investment in associate | - | 2,811,077 |
| Purchase of patents | (31,373) | - |
| Net cash (used in)/from investing activities | (31,373) | 2,811,077 |
| Cash flows from financing activities | | |
| Issue of shares | - | 371,263 |
| Underwriting fee | - | (71,552) |
| Borrowings | - | 191,382 |
| Repayment of borrowings | - | (2,245,920) |
| Net cash used in financing activities | - | (1,754,827) |
| Net (decrease)/increase in cash and cash equivalents | (492,497) | 759,114 |
| Cash and cash equivalents at the beginning of the period | 1,729,126 | 29,906 |
| Cash and cash equivalents at the end of the period | 1,236,629 | 789,020 |

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 2015

| | Issued Capital \$ | Accumulated Losses \$ | Employee Benefit Reserve \$ | Total Equity \$ |
|---------------------------------|-------------------------|-----------------------------|--------------------------------------|-----------------------|
| Balance at beginning of period | 61,538,458 | (59,826,440) | 45,680 | 1,757,698 |
| Loss for the period | - | (429,668) | - | (429,668) |
| Other comprehensive income | - | - | - | - |
| Issue of shares | - | - | - | - |
| Balance at End of Period | 61,538,458 | (60,256,108) | 45,680 | 1,328,030 |

For the half year ended 31 December 2014

| | 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 | (56,842,139) | 45,680 | 65,227 | (2,420,222) | 888,128 |
| Loss for the period | - | (2,769,429) | - | - | - | (2,769,429) |
| Other comprehensive income | - | - | - | (65,227) | 2,420,222 | 2,354,995 |
| Issue of shares | 371,263 | - | - | - | - | 371,263 |
| Balance at End of Period | 60,410,845 | (59,611,568) | 45,680 | - | - | 844,957 |

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 2015 was authorised for issue in accordance with a resolution of the Directors on 29 January 2016.

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 2015 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

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 2015 and considered together with any public announcements made by Eurogold Limited during the half year ended 31 December 2015 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) 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 2015. The Consolidated Entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective 1 July 2015. The adoption of these new and revised Standards and Interpretations did not have any effect on the financial position of performance of the Consolidated Entity.

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

(c) 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 | 31 December |
| | 2015 | 2014 |
| | \$ | \$ |
| Revenue | | |
| Interest revenue | 4,989 | 1,822 |
| Other income | 28,509 | 28,042 |
| | 33,498 | 29,864 |

EUROGOLD LIMITED

For the Half Year ended 31 December 2015

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 comprise the following:

| | 31 December 2015 | 30 June 2015 |
|--------------------------|-----------------------------|-------------------------|
| | \$ | \$ |
| Cash at bank and on hand | 1,236,629 | 1,729,126 |

6 INVESTMENTS HELD FOR TRADING

| | 31 December 2015 | 30 June 2015 |
|---|-----------------------------|-------------------------|
| | \$ | \$ |
| Shares in listed companies classified as held for trading (at fair value) | 5,090 | 3,620 |

7 AVAILABLE-FOR-SALE FINANCIAL ASSETS

| | 31 December 2015 | 30 June 2015 |
|---|-----------------------------|-------------------------|
| | \$ | \$ |
| Shares in listed companies classified as available-for-sale (at fair value) | 112,290 | 112,920 |

8 INVESTMENT IN DRAGON MINING LIMITED

a) Movements in the carrying amount of the Group's investment in Dragon Mining Limited

| | 31 December 2015 | 31 December 2014 |
|---|-----------------------------|-----------------------------|
| | \$ | \$ |
| Cost of investment: | | |
| Carrying value - opening | - | 2,594,845 |
| Share of associate's profit after income tax | - | 1,641,399 |
| Share of associate's other comprehensive income | - | (144,520) |
| Reversal of previous impairment | - | - |
| Disposal of interest in associate | - | (4,091,724) |
| Carrying value - end of the period | - | - |
| Fair value of investment | - | - |

9 CONTRIBUTED EQUITY

| Issued and paid up capital | 31 December 2015 | 30 June 2015 |
|--|-----------------------------|-------------------------|
| | \$ | \$ |
| Ordinary fully paid shares | 61,538,458 | 61,538,458 |
| <i>Movements in fully paid ordinary shares on issue:</i> | | |
| Balance at 1 July | 172,493,350 | 86,805,402 |
| Issued during period | - | 85,687,948 |
| Balance at 31 December | 172,493,350 | 172,493,350 |

10 SIGNIFICANT EVENTS AFTER BALANCE DATE

There have been no matters or circumstances that have arisen since 31 December 2015 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 2015 | 30 June 2015 |
|---|---------------------------------------|-------------------------|
| | \$ | \$ |
| Financial assets: | | |
| Cash and cash equivalents | 1,236,629 | 1,729,126 |
| Trade and other receivables - at amortised cost | 39,252 | 2,447 |
| Investments classified as held for trading | 5,090 | 3,620 |
| Total current assets | 1,280,971 | 1,735,193 |
| Available for sale financial assets - at fair value | 112,920 | 112,920 |
| Total non-current assets | 112,920 | 112,920 |
| Financial liabilities: | | |
| Trade and other payables - at amortised cost | 106,494 | 66,370 |
| Total current liabilities | 106,494 | 66,370 |
| Total | 1,287,397 | 1,781,743 |

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For the Half Year ended 31 December 2015

The carrying value of the Group's financial instruments is considered to approximate fair value at 31 December 2015.

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

| | 31 December 2015 | 30 June 2015 |
|--|-----------------------------|---------------------|
| | \$ | \$ |
| Investments classified as held for trading | 5,090 | 3,620 |
| Available for sale financial assets | 112,920 | 112,920 |
| | 118,010 | 116,540 |

13 ONGOING STRATEGY

As announced to ASX on 1 December 2015 the Company has entered into binding share sale and purchase agreements under which it has agreed, subject to shareholder approval and the satisfaction of certain other conditions, to acquire all the issued shares in the capital BARD1AG, a Swiss public company limited by shares. BARD1AG has pioneered, through the development of certain proprietary intellectual property, a simple blood test for screening and diagnosing lung cancer at early stages of disease progression. In addition the Company proposes to undertake a capital raising under a prospectus to raise up to approximately \$3,000,000.

Auditor's Independence Declaration to the Directors of Eurogold Limited

As lead auditor for the review of Eurogold Limited for the half-year ended 31 December 2015, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Eurogold Limited and the entities it controlled during the financial period.



Ernst & Young



V L Hoang
Partner
29 January 2016

Report on the half-year financial report to the members of Eurogold Limited

We have reviewed the accompanying half-year financial report of Eurogold Limited, which comprises the consolidated statement of financial position as at 31 December 2015, 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 half-year 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 2015 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:

- a. giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- b. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Ernst & Young



V L Hoang
Partner
Perth
29 January 2016