EUROGOLD LIMITED

Annual Report 2007

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Directors

Peter Gunzburg	Chairman/Managing Director
Brett Montgomery	Non Executive Director
Neil MacLachlan	Non Executive Director

Company Secretary
Pauline Collinson

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Telephone: 08 9481 0572
Facsimile: 08 9481 3586
Website: www.eurogold.com.au

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Share Registry - Australia
Computershare Investor Services Pty Ltd
Level 2, Reserve Bank Building
45 St George's Terrace
Perth Western Australia 6000
Telephone: 08 9323 2000
Facsimile: 08 9323 2033

Share Registry – United Kingdom
Computershare Investor Services PLC
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United Kingdom
Telephone: +44 (0)870 703 6025
Facsimile: +44 (0)870 703 6115

Auditors - Australia
Ernst & Young
11 Mounts Bay Road
Perth Western Australia 6000

Solicitors
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Level 1, 28 Ord Street
West Perth Western Australia 6005

Williams & Hughes
Level 1, 25 Richardson Street
West Perth Western Australia 6005

Bankers - Australia
BankWest
853 Hay Street
West Perth Western Australia 6000

Bankers – London
Standard Bank London
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London EC4R 2SB

ASX Code
EUG - Fully Paid Ordinary Shares

AIM Code
EUG – Fully Paid Ordinary Shares

Nominated Advisor to AIM
RFC Corporate Finance Ltd
Level 8, 250 St Georges Tce
Perth, Western Australia 6000

Nominated Broker to AIM
Ambrian Partners
8 Angel Court
London EC2R 7HP

DIRECTORS' REPORT

Your directors submit their report for the year ended 30 June 2007.

DIRECTORS

The names and details of the directors of the company in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

Peter L Gunzburg

Executive Chairman - Appointed 24 September 2001
Mr Gunzburg has over 20 years experience as a stockbroker. He has a Commerce Degree from the University of Western Australia and has previously been a director of Resolute Limited, the Australian Stock Exchange Limited, Eyres Reed Limited and CIBC World Markets Australia Limited.

Mr Gunzburg was appointed Chairman of Fleetwood Corporation Limited on 20 February 2002, Chairman of PieNetworks Limited on 29 April 2002, Non-Executive Director of Matra Petroleum PLC on 11 July 2006 and Non-Executive Director of Strike Oil Limited in October 2006. All these directorships are current.

Brett Montgomery

Non-Executive Director - Appointed 15 August 1989
Mr Montgomery has over 20 years experience in the gold mining industry and management of public companies. Mr Montgomery is not a director of any other public company and has not held any directorships with ASX listed companies in the last three years.

Neil MacLachlan

Non-Executive Director - Appointed 13 July 2004
Mr MacLachlan has over 28 years investment banking experience in Europe, South East Asia and Australia and is a former director of Wardley Holdings and James Capel & Co Limited, investment banking subsidiaries of The Hongkong and Shanghai Banking Corporation. From 1993 to 1997 he was employed by Barrick Gold Corporation as Executive Vice President, Asia. He was a director of Golden Prospect Plc (now Ambrian Capital Plc) from 1997 to September 2004, Titan Resources Ltd from 1988 to June 2005, Kestrel Energy Inc from 1999 to June 2006 and Geoinformatics Exploration Inc from 14 June 2005 to June 2006.

Mr MacLachlan currently holds directorships with Ambrian Partners, a London based investment bank focussed on natural resources (appointed 01/10/2004); Samson Oil & Gas Limited (appointed 1998), Extract Resources Ltd and Cambridge Mineral Resources Ltd (appointed 1 December 2006)

Dennis W Franks

Non-Executive Director - Appointed 24 September 2001
(Resigned 22 December 2006)
Mr Franks has in excess of 30 years experience in the finance-investment banking and mining and exploration industries. He has an Accounting Degree and has considerable experience in the management of listed companies both within Australia and overseas. Mr Franks is not a director of any other public company and has not held any directorships with ASX listed companies in the last three years.

Christopher J Barker

Executive Director 13 July 2004 to 31 December 2005
Non-Executive Director 01 January 2006 to 28 July 2006
(Resigned 28 July 2006)
Mr Barker is an experienced management consultant and mining engineer and is the principal of a management consulting group specialising in the mining industry. In the last ten years he has been both Chairman and a director of a number of mining companies including LionOre Nickel (1999 – 2003); Great Southern Mines Ltd (2001); and Yilgarn Gold Ltd (2001). Mr Barker resigned from the board of Eurogold on 28 July 2006.

Pauline Collinson

Company Secretary – Appointed 7 November 2001
Mrs Collinson has been employed by the Company for 14 years, has held an executive position for 5 years and has 25 years experience in the mining industry. Mrs Collinson is also the Company Secretary of Dragon Mining Limited an ASX listed company.

Interests in the shares and options of the company and related bodies corporate
As at the date of this report, the interests of the directors in the shares and options of Eurogold Limited were:

	Ordinary Shares	Ordinary Shares Held Indirectly	Options over Ordinary shares	Unlisted Director Options Held Indirectly
Peter Gunzburg *	29,547,971	Yes	Nil	2,000,000
Brett Montgomery	2,200,000	N/A	Nil	N/A
Neil MacLachlan *	2,550,000	Yes	Nil	2,000,000

** Unlisted Director Options issued to P Gunzburg and N MacLachlan subsequent to year end. The Options were issue in lieu of remuneration and are exercisable at $0.03 on or before 10 August 2010.*

LOSS PER SHARE

	Cents
Basic Loss Per Share	3.5
Diluted Loss Per Share	3.5

Operating results for the year were:

	2007 $	2006 $
Total revenue from continuing activities	25,451	49,370
Loss attributed to members of the parent	(11,086,137)	(10,216,274)

Included in the operating loss after taxation for the year ended 30 June 2007 are the following items:

- Impairment of non-current assets	**(9,629,535)**
- Recovery of assets previously written off	**2,231,945**

CORPORATE INFORMATION

Corporate structure

Eurogold Limited is a company limited by shares that is incorporated and domiciled in Australia. Eurogold Limited is the ultimate parent entity and has prepared a consolidated financial report incorporating the entities that it controlled during the financial year (refer note 24 in the financial report).

Nature of operations and principal activities

During the year, the principal activities of Eurogold Limited and its controlled entities were the exploration and assessment of mineral tenements held, and the provision of exploration services in the Ukraine.

Details in relation to the Company's operations are set out in the Review and Results of Operations.

REVIEW AND RESULTS OF OPERATIONS

CORPORATE

Share issues

In July 2006 the Company completed a placement raising A$2,000,000 (net of costs) by issuing 40,000,000 fully paid ordinary shares each at A$0.05, each with one free attaching option exercisable on or before 20 June 2009 at A$0.10 for each share subscribed. The options have not as yet been issued and will be put to Shareholders for reconfirmation .

Resignation of Directors

Mr Christopher Barker resigned as a Director on 28 July 2006.

Mr Dennis Franks resigned as a Director of the Company on 22 December 2006.

Oxus Transaction

On 3 July 2006 Eurogold announced that Oxus had terminated the Asset Sale Agreement one day prior to settlement. By its notice of termination Oxus claimed that there had been a material adverse change in their understanding of the financial position and assets of the Eurogold Group since 30 April 2006.

On 14 July 2006 Eurogold announced that it had accepted Oxus Gold Plc's (Oxus) repudiation of the Asset Sale Agreement and had commenced legal proceedings against Oxus and its subsidiary Oxus Holdings (Malta) Limited (OHML) seeking (1) damages against Oxus and OHML for breach of the agreement, (2) damages arising from a contravention of the Trade Practices Act and (3) a declaration that Eurogold Holdings (Bermuda) Limited(EHBL) is entitled to set off the amount owing under a loan agreement between OHML and EHBL of US$416,000 against damages owed by Oxus and OHML to Eurogold. Eurogold and EHBL contend that the loan is not presently repayable.

On 18 August 2006 Eurogold was granted leave to serve Australian Federal Court proceedings against Oxus and OHML.

On 22 December 2006 Eurogold entered into an agreement with IMF (Australia) Limited ("IMF") under which IMF will fund the ongoing Australian Federal Court Proceedings that Eurogold Limited and Eurogold Holdings (Bermuda) Limited have commenced against Oxus and OHML.

On 25 May 2007 the Federal Court of Australia dismissed a motion brought by Oxus Gold Plc to revoke leave granted to Eurogold to serve its Court proceedings, instituted before the Federal Court, on Oxus Gold Plc in England and on Oxus (Malta) Limited in Malta. The motion was brought on a number of grounds which included a challenge to the Federal Court's jurisdiction over the dispute and a claim that the Federal Court was a clearly inappropriate Court to hear the dispute. The Court rejected Oxus Gold's arguments.

Dragon Mining Limited Transaction

On 21 December 2006 Eurogold entered into an agreement, subject to due diligence, for the sale of its Saulyak Gold Project to Dragon Mining Limited (Dragon). The value of the all scrip transaction, based on a Dragon share price of A$0.16 per share, was approximately A$13 million.

Following due diligence Dragon subsequently advised that it would not be proceeding with the purchase of the Saulyak Gold Project.

Dragon provided a working capital loan to Eurogold of $989,066 which was repaid to Dragon on 28 March 2007.

Resource Invest LLC Transaction

On 22 May 2007 Eurogold announced that it had entered into an Asset Sale Agreement with Resource Invest LLC (RIL) for the sale of its Saulyak Gold Project. Shareholder approval authorising the sale was given at the Company's General Meeting on 10 July 2007.

Subsequent to year end, the Company received an initial payment of US$2,000,000 from RIL and is entitled to receive a further US$3,000,000 no later than 30 days upon RIL meeting a key regulatory milestone relating to the advancement of the Saulyak Gold Project.

OPERATING ACTIVITIES

Saulyak Gold Project - Ukraine

The drilling programme at Saulyak was the Company's main focus of activities during the first quarter of the year. A revised work programme was also being undertaken in support of an application for the early conversion of the Saulyak "sub-soil" licence into a "mining licence".

Transgold SA and Explorer SA - Romania

As announced on 21 December 2006 the liquidator for Transgold and Explorer accepted an offer of US$7.3 million for the 2 companies.

As a result the Company received a total of US$1,845,567 (A$2,231,945) in repayment of loans previously made to fund the operations of Transgold and Explorer. It is not expected that any further funds will be received.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 22 May 2007 Eurogold Limited and Eurogold (Bermuda) Limited entered into an Asset Sale Agreement with Resource Invest LLC ("RIL") pursuant to which RIL acquired Eurogold's interest in its Ukrainian assets for an initial payment of US$2,000,000 and a further payment of US$3,000,000 contingent upon RIL meeting a key regulatory milestone.

FINANCIAL POSITION

The net assets of the consolidated entity at 30 June 2007 totalled $2,043,922 (2006: $11,042,933).

Total assets at 30 June 2007 totalled $2,784,894 (2006: $12,597,006), the decrease being mainly due to the Company writing down the value of assets subject to the Asset Sale Agreement to USD$2,000,000. The contingent asset of USD$3,000,000 to be received if RIL meet key regulatory milestones have not been booked as an asset by the Company. The consolidated entity had cash reserves of $512,312 at 30 June 2007.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 10 July 2007 at a General Meeting of the Company Shareholder approval was received to dispose of the only remaining asset of the Company, being the Saulyak Gold Project Ukraine for the following consideration:

(i) US$2,000,000 upon completion of the Asset Sale Agreement; and
(ii) US$3,000,000 no later than 30 days after meeting a key regulatory milestone relating to the advancement of the Saulyak Gold Project.

The payment of US$2,000,000 was received by the Company in July 2007. The Company cannot determine whether or when it will receive the second tranche of US$3,000,000.

Shareholders also approved the issue of up to 2,000,000 Director Options to each of the Directors in lieu of, (or partly in lieu of in the case of the Executive Chairman), monetary compensation for acting as directors of Eurogold.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Strategy Going Forward

Eurogold is now an investing company for the purposes of the AIM Rules and as such will have to make an acquisition, or acquisitions, which constitute a reverse takeover under AIM Rule 14 by 10 July 2008.

As an investing company Eurogold will actively seek investment opportunities through the contacts, experience and knowledge of the Directors. Investment opportunities identified by the Company will be assessed on the following criteria:

(a) natural resources sector (both minerals and energy) with the investment being potentially made in any part of the world;
(b) an attractive entry price;
(c) a favourable risk/reward equation with substantial potential upside; and
(d) Likely capital market support for the project.

It is expected the Company will seek to acquire one significant project rather than make a spread of smaller investments.

The Directors are experienced in evaluating investment opportunities in the natural resources sector and are able to call on independent expertise in the sector. The Company currently has a Board of Directors who between them have considerable investment and commercial expertise.

ENVIRONMENTAL REGULATION AND PERFORMANCE

Eurogold has obligations under documentation entered into between, amongst others, it and the lending banks to an associated entity with respect to compliance with environmental law. Eurogold is not in default in relation to any of those obligations. The consolidated entity is currently complying with relevant environmental regulations and has no outstanding environmental orders against it.

DIVIDENDS

No dividend has been declared or paid during the financial year.

SHARE OPTIONS

Unissued shares
As at the date of this report there were no unissued shares.

Shares issued as a result of the exercise of options
During the financial year, no options to acquire ordinary shares in Eurogold Limited were exercised. Since the end of the financial year no options have been exercised and no new shares have been issued.

Employee Option Plan
At the General Meeting held on 15 June 2004, shareholders approved the Employee Option Scheme. To date no Employee Options have been issued.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company does not currently have any insurance for the indemnification of directors and officers.

INTERESTS IN CONTRACTS OR PROPOSED CONTRACTS WITH THE COMPANY

During the financial year, no director has had any interest in a contract or proposed contract with the company being an interest the nature of which has been declared by the director in accordance with Section 300(11)(d) of the Corporations Act 2001.

DIRECTORS' MEETINGS

During the year 11 directors' meetings were held. The number of meetings in which directors were in attendance was as follows:

	Directors' Meetings	
	No. of meetings held while in office	Meetings attended
Peter L Gunzburg	11	11
Brett Montgomery	11	10
Dennis W Franks *(Resigned 22 December 2006)*	8	8
Neil MacLachlan	11	11
Christopher Barker *(Resigned 28 July 2006)*	3	3

REMUNERATION REPORT

Remuneration policy

The Board of Directors is responsible for determining and reviewing compensation arrangements for the directors and the executive team. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team. Such officers are given the opportunity to receive their base emolument in the form of salary and fringe benefits such as motor vehicle allowances.

There is no separation of remuneration between short term incentives and long term incentives nor any inter-relationships between remuneration and the group performance. The board believes that this remuneration policy is appropriate given the stage of development of the Company and the activities which it undertakes.

The remuneration and terms of employment for the directors are subject to annual review with no fixed notice or termination period with one third of the directors being subject to re-election at the Annual General Meeting of Shareholders. Details of the nature and amounts of each element of the emolument of each director of the Company and each of the two executive officers of the company and the consolidated entity are outlined in the following table.

There are no employment contracts in place between the Company and directors and executives.

Remuneration of directors and named executives

Table 1: Directors' remuneration for the year ended 30 June 2007

		Short-term				Post Employment		Long-Term	Share-based		
		Salary & Fees	Cash Bonus	Non Monetary Benefits	Other	Superannuation	Retirement Benefits	Incentive Plans	Payment Options	Total	% Performance Based
P Gunzburg *	2007	192,330	-	-	12,400	13,500				218,230	
Chairman	2006	190,712			11,600	13,500		-	-	215,812	-
B Montgomery	2007	27,500	-	-	-	-	-	-	-	27,500	
Non-executive	2006	27,500	-	-	-	-	-	-	-	27,500	-
D Franks [(2)]	2007	15,737	-	-	-	2,026	-	-	-	17,763	
Non-executive	2006	29,263	-	-	-	2,700	-	-	-	31,963	-
N MacLachlan	2007	46,852	-	-	-	-	-	-	-	46,852	
Non-executive	2006	36,538	-	-	-	-	-	-	-	36,538	-
C Barker *	2007	-	-	-	191,120					191,120	
Resigned 28/07/06 [(1)]	2006	423,209			119,080					542,289	

* *Other includes payments of $66,219 (2006: $119,080) made to Management Consultants Mining (an entity associated with Mr C Barker) for the provision of mining services of a mining professional and expenses incurred by MCM; a payment of $124,902 to Mr C Barker in final payment of a Deed of Settlement on his resignation; and a motor vehicle allowance of $12,400 (2006: $11,600) paid to P Gunzburg.*

(1) C Barker – Executive Director 13 July 2004 to 31 December 2005, Non-Executive Director 01 January 2006 to 28 July 2006 (Resigned 28 July 2006)

(2) D Franks resigned 22 December 2006

Table 2: Executives Remuneration for the year ended 30 June 2007

		Short-term				Post Employment		Long-Term	Share-based		
		Salary & Fees	Cash Bonus	Non Monetary Benefits	Other	Superannuation	Retirement Benefits	Incentive Plans	Payment Options	Total	% Performance Based
P Collinson	2007	68,737	15,000	-	-	6,516				90,254	-
Company Secretary	2006	53,195	15,000	-	-	6,137	-	-	-	74,332	-

** Paid on 3 August 2007. The cash bonus was paid at the discretion of the Board of Directors and was not linked to any specific performance indicators.*

No options have been granted to any specified directors or specified executives for services provided.

The terms ‘director’ and ‘officer’ have been treated as mutually exclusive for the purposes of this disclosure.

Executives are those directly accountable and responsible for the operational management and strategic direction of the Company and the consolidated entity.

Options granted to directors and executive officers

The Company currently has an Options Scheme in place however during the year no options were granted to either specified directors or specified executive officers of the Company under the scheme.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Eurogold Limited support and have adhered to the principles of corporate governance. The Company’s corporate governance statement is contained in the following section of this annual report.

NON-AUDIT SERVICES

During the year ended 30 June 2007 no fees were paid to external auditors Ernst & Young for non audit services.

AUDITORS INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2007 has been received and can be found on page 10.

Signed in accordance with a resolution of the directors

Brett Montgomery
Director

Date: 27 September 2007

ERNST & YOUNG

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Auditor's Independence Declaration to the Directors of Eurogold Limited

In relation to our audit of the financial report of Eurogold Limited for the financial year ended 30 June 2007, 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

Ernst & Young

V. Tidy

V W Tidy
Partner
Perth
27 September 2007

VT;HG;EUROGOLD;032

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Eurogold Limited is responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business and affairs of Eurogold Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

To ensure the Board is well equipped to discharge its responsibilities it has established guidelines for the nomination and selection of Directors and for the operation of the Board.

Unless disclosed below, the best practice recommendations of both the ASX Corporate Governance Council and the AIM Listing Rules (The Alternative Investment Market of the London Stock Exchange), including the Combined Code On Corporate Governance have been applied for the entire financial year ended 30 June 2007. Where there has been any variation from the recommendations it is because the Board believes that the company is not as yet of a size, nor are its financial affairs of such complexity to justify some of those recommendations and as such those practices continue to be the subject of the scrutiny of the full Board.

Board Composition:

The Board is comprised of three Directors, of which the Chairman and Managing Director is the only Executive Director. Both the ASX and AIM rules favour that the Chairman be an Independent Director, however as Mr Peter Gunzburg has been primarily concentrating on the Company's development over the past six years, has extensive knowledge of both the Australian and London stock markets and understands the culture and governmental procedures of both Romania and the Ukraine, the Board believes that his role and status as an Executive and as Chairman is appropriate.

The skills, experience and expertise relevant to the position of each Director who is in office at the date of the annual report, their attendances at meetings and their term of office are detailed in the Directors' Report. The majority of the Board are Independent Directors. The names of the Directors of the Company in office at the date of this statement are:

Name	***Position***
Peter Lynton Gunzburg	Chairman – Executive Director
Brett Montgomery	Independent Director
Neil Thacker MacLachlan	Independent Director

When determining whether a Director is independent, the Board has determined that the Director must not be an executive and:

- is not a substantial shareholder of the company or an officer of, or otherwise associated directly with, a substantial shareholder of the company;
- within the last three last years has not been employed in an executive capacity by the company or another group member, or been a Director after ceasing to hold any such employment;
- within the last three years has not been a principal or employee of a material professional adviser or a material consultant to the company or another group member, or an employee materially associated with the service provided;
- is not a material supplier or customer of the company or other group member, or an officer of or otherwise associated directly or indirectly with a significant supplier or customer;
- has no material contractual relationship with the company or another group member other than as a Director of the company;
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the company.

Independent Directors' have the right to seek independent professional advice in the furtherance of their duties as Directors, at the company's expense. Written approval must be obtained from the Chairman prior to incurring expense on behalf of the company.

The Board and Board Nominations:

The Company does not presently operate a Nomination Committee. The full Board (subject to members voting rights in general meeting) is responsible for selection of new members and has regard to a candidates experience and competence in areas such as mining, exploration, geology, finance and administration that can assist the Company in meeting its corporate objectives and plans.

Under the Company's Constitution:

- the maximum number of Directors on the Board is ten;
- a Director (other than the Managing Director) may not retain office for more than three years without submitting for re-election; and
- at the Annual General Meeting each year effectively one third of the Directors in office (other than the Managing Director) retire by rotation and must seek re-election by shareholders.

Securities Trading Policy:

The Company has not as yet adopted a formal securities trading policy however the Directors and employees are restricted from acting on material information until it has been released to the market in accordance with the ASX requirements of continuous disclosure. Furthermore the ability of Directors and certain employees of AIM listed companies to deal in the Company's securities is restricted in a number of ways, by statute, common law and by Rule 21 of the AIM Rules. This rule imposes restrictions beyond those imposed by law in that the Directors and certain employees and persons connected with them do not abuse and do not place themselves under suspicion of abusing, price-sensitive information that they have or are thought to have, especially in periods leading up to announcement of results (closed periods).

Remuneration Committee and Policies:

The Company has not as yet appointed a Remuneration Committee. All matters which might be dealt with by such a committee are subject to full scrutiny of Board meetings. This decision will be reviewed on a regular basis as the Company develops.

All compensation arrangements for Directors and Executives are determined and approved by the Board, after taking into account the current competitive rates prevailing in the market.

The amount of remuneration for all Directors including the full remuneration packages, comprising all monetary and non-monetary components of the Executive Directors and executives, are detailed in the Director's Report.

There are no schemes for retirement benefits other than statutory superannuation for Directors.

External Auditors:

The auditors of the Company, Ernst & Young, have open access to the Board of Directors at all times.

Audit Committee:

The Company presently does not have an Audit Committee as the directors believe that the Company is not of a size, nor are its financial affairs of such complexity to justify a separate Audit Committee. All matters which might be dealt with by such a committee are subject to full scrutiny of Board Meetings. This decision will be reviewed as the Company develops. Notwithstanding this it is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information as well as non-financial considerations.

Managing Risks:

The Board meets regularly to evaluate, control, review and implement the Company's operations and objectives.

Regular controls established by the Board include:

- detailed monthly financial reporting;
- delegation of authority to the Managing Director to ensure approval of expenditure obligations;
- implementation of operating plans, cash flows and budgets by management and Board monitoring of progress against projections; and
- procedures to allow Directors, and management in the furtherance of their duties, to seek independent professional advice via the utilisation of various external technical consultants.

The Board recognises the need to identify areas of significant business risk and to develop and implement strategies to mitigate these risks.

Commitment to Shareholders & Ethical Standards:

The Board supports the highest standards of corporate governance and requires its members and the management and staff of the Company to act with integrity and objectivity in relation to:

- Compliance with laws and regulations affecting the company's operations;
- The ASX's Corporate Governance Council's principles and recommendations and the AIM Listing Rules, including the Combined Code On Corporate Governance;
- Employment practices;
- Responsibilities to the community;
- Responsibilities to the individual;
- The environment;
- Conflict of interests;
- Confidentiality;
- Ensure that shareholders and the financial community are at all times fully informed in accordance with the spirit and letter of the ASX's continuous disclosure requirements and the AIM Rules;
- Corporate opportunities or opportunities arising from these for personal gain or to compete with the company;
- Protection of and proper use of the company's assets; and
- Active promotion of ethical behaviour.

Monitoring of the Board's Performance and Communication to Shareholders:

In order to ensure that the Board continues to discharge its responsibilities in an appropriate manner, the performance of all Directors is constantly reviewed by the Chairman. The Company does not presently have an evaluation of the Board and all the Board members performed by an independent consultant however may do so once the company develops.

The Board of Directors aims to ensure that the shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the Directors. Information is communicated to the shareholders through:

- the Annual Report which is distributed to all shareholders;
- the availability of the Company's Quarterly Report to shareholders so requesting;
- the Half-Yearly Report distributed to shareholders so requesting;
- adherence to continuous disclosure requirements;
- the Annual General Meeting and other meetings so called to obtain shareholder approval for Board action as appropriate; and
- the provision of the Company's website containing all of the above mentioned reports, corporate governance practices and policies and its constant update and maintenance.

Statement by the Managing Director and Company Secretary

The Managing Director and Company Secretary confirm to the board that the group's financial report presents a true and fair view in all material respects, of the financial condition and operational results of the Company and group. The financial report is founded on a sound system of risk management, internal compliance and control. Further, it is confirmed that the group's risk management and internal compliance is operating efficiently and effectively.

	Notes	Consolidated 2007 $	Consolidated 2006 $	Parent 2007 $	Parent 2006 $
Continuing Operations					
Revenue	3	25,451	49,370	25,451	49,370
Other Income	3	-	6,115	-	6,115
Depreciation expense	3	(3,802)	(3,386)	(3,802)	(3,386)
Administration expenses		(1,020,619)	(1,203,190)	(1,020,619)	(1,185,589)
Salaries and employee benefits		(260,194)	(448,356)	(260,194)	(448,356)
Consultants fees		(268,388)	(793,705)	(268,388)	(793,705)
Loss on sale of controlled entity			(891,150)		(602,705)
Recovery of loans to associated entities previously written off		2,159,077	-	2,159,077	-
Recovery of loans to previously controlled entities previously written off		72,868		72,868	-
Foreign exchange (loss)/gain		(1,073,957)		(1,073,957)	217,886
Finance expenses	3	(85,719)	-	(85,719)	-
Impairment of investment in controlled entities		-	-	(5,638,922)	(91,004)
Impairment of loan from associated entity		-	(3,821,669)	-	(3,821,669)
Impairment of loan to controlled entities		-	-	(4,883,555)	(2,912,921)
Loss from continuing operations before income tax		**(455,284)**	**(7,105,971)**	**(10,977,761)**	**(9,568,364)**
Income tax (expense)/benefit	4	-	-	-	-
Net loss for the period from continuing operations after income tax expense		**(455,284)**	**(7,105,971)**	**(10,977,761)**	**(9,568,364)**
Discontinued Operations					
Loss from discontinued operations after income tax	26	(10,630,854)	(3,121,161)	-	-
Loss for the period		**(11,086,137)**	**(10,227,102)**	**(10,977,761)**	**(9,568,364)**
Loss attributable to minority interest	15	-	10,828	-	-
Loss attributable to members of Eurogold Limited		**(11,086,137)**	**(10,216,274)**	**(10,977,761)**	**(9,568,364)**
- basic and diluted loss per share (cents per share) for the year attributable to members of Eurogold Limited	20	(3.5)	(3.9)		
- basic and diluted loss per share (cents per share) from continuing operations for the year attributable to members of Eurogold Limited	20	(0.5)	(0.9)		

The Income Statement should be read in conjunction with the accompanying notes.

		Consolidated		Parent	
	Notes	2007 $	2006 $	2007 $	2006 $
Current Assets					
Cash and cash equivalents	17	512,312	128,394	512,312	27,595
Trade and other receivables	5	9,481	64,352	2,264,249	31,866
Assets held for resale	26	2,254,768	-	-	
Other	7	-	172,928	-	-
Total Current Assets		**2,776,561**	**365,674**	**2,776,561**	**59,461**
Non-Current Assets					
Trade and other receivables	5	-	-	-	6,701,723
Other assets	6	-	-	-	5,656,168
Plant and equipment	8	8,333	320,649	8,333	7,085
Deferred exploration and evaluation	9	-	11,910,683	-	-
Total Non-Current Assets		**8,333**	**12,231,332**	**8,333**	**12,364,976**
TOTAL ASSETS		**2,784,894**	**12,597,006**	**2,784,894**	**12,424,437**
Current Liabilities					
Trade and other payables	10	116,865	797,491	116,865	624,922
Interest bearing loans & borrowings	11	490,104	706,442	490,104	706,442
Provisions	12	134,003	50,140	134,003	50,140
Total Current Liabilities		**740,972**	**1,554,073**	**740,972**	**1,381,504**
TOTAL LIABILITIES		**740,972**	**1,554,073**	**740,972**	**1,381,504**
NET ASSETS		**2,043,922**	**11,042,933**	**2,043,922**	**11,042,933**
EQUITY					
Equity attributable to equity holders of the parent					
Contributed equity	13	41,345,565	39,366,815	41,345,565	39,366,815
Reserves	16	2,011,136	2,011,136	-	-
Amounts recognised directly in equity relating to non – current assets held for sale	16	(421,212)	(529,588)	-	-
Accumulated losses	14	(40,891,567)	(29,805,430)	(39,301,643)	(28,323,882)
Total parent entity interest in equity		**2,043,922**	**11,042,933**	**2,043,922**	**11,042,933**
Minority interest	15	-	-	-	-
TOTAL EQUITY		**2,043,922**	**11,042,933**	**2,043,922**	**11,042,933**

The Balance Sheet should be read in conjunction with the accompanying notes.

For the year ended 30 June 2007 – Consolidated

	Attributable to Equity Holders of the Parent						
	Issued Capital	Foreign Currency Translation Reserve / Held for sale	Accumulated Losses	Discount on Minority Interest Reserve	Total	Minority Interest	Total Equity
Balance at beginning of year	39,366,815	(529,588)	(29,805,430)	2,011,136	11,042,933	-	11,042,933
Currency Translation Difference	-	108,376	-	-	108,376	-	108,376
Total income/expense recognised directly in equity	-	108,376	-	-	108,376	-	108,376
Loss for Period	-	-	(11,086,137)	-	(11,086,137)	-	(11,086,137)
Total income/expense for the year	-	108,376	(11,806,137)	-	(10,977,761)	-	(10,977,761)
Issues of Share Capital	1,978,750	-	-	-	1,978,750	-	1,978,750
Balance at End of Year	**41,345,565**	**(421,212)**	**(40,891,567)**	**2,011,136**	**2,043,922**	**-**	**2,043,922**

For the year ended 30 June 2006 – Consolidated

	Attributable to Equity Holders of the Parent						
	Issued Capital	Foreign Currency Translation Reserve	Accumulated Losses	Discount on Minority Interest Reserve	Total	Minority Interest	Total Equity
Balance at beginning of year	36,214,112	(838,868)	(19,589,156)	2,011,136	**17,797,224**	10,828	**17,808,052**
Currency Translation Difference	-	309,280	-	-	**309,280**	-	**309,280**
Total income/expense recognised directly in equity	-	309,280	-	-	309,280	-	309,280
Loss for Period	-	-	(10,216,274)	-	**(10,216,274)**	(10,828)	**(10,227,102)**
Total income/expense for the year	-	309,280	(10,216,274)	-	**(9,906,994)**	(10,828)	**(9,906,994)**
Issues of Share Capital	3,152,703	-	-	-	**3,152,703**	-	**3,152,703**
Balance at End of Year	**39,366,815**	**(529,588)**	**(29,805,430)**	**2,011,136**	**11,042,933**	**-**	**11,042,933**

For the year ended 30 June 2007 - Parent

	Issued Capital	Accumulated Losses	Total Equity
Balance at beginning of period	**39,366,815**	**(28,323,882)**	**11,042,933**
Loss for Period	-	(10,977,761)	**(10,977,761)**
Total income/expense for the year	-	(10,977,761)	**(10,977,761)**
Issues of Share Capital	1,978,750	-	**1,978,750**
Balance at End of Period	**41,345,565**	**(39,301,643)**	**2,043,922**

For the year ended 30 June 2006 - Parent

	Issued Capital	Accumulated Losses	Total Equity
Balance at beginning of period	36,214,112	(18,755,518)	**17,458,594**
Loss for Period	-	(9,568,364)	**(9,568,364)**
Total income/expense for the year	-	(9,568,364)	**(9,568,364)**
Issues of Share Capital	3,152,703	-	**3,152,703**
Balance at End of Period	**39,366,815**	**(28,323,882)**	**11,042,933**

	Notes	Consolidated 2007 $	Consolidated 2006 $	Parent 2007 $	Parent 2006 $
Cash Flows from Operating Activities					
Receipts from customers		-	77,687	-	-
Payments to suppliers and employees		(2,815,371)	(2,941,415)	(1,994,078)	(2,109,560)
Interest Received		25,451	49,370	25,451	49,370
Interest Paid		(42,651)	-	(42,651)	-
Expenditure on mining interests		(798,865)	(2,562,763)	-	-
Net cash flows used in operating activities	17(b)	**(3,631,436)**	**(5,377,121)**	**(2,011,278)**	**(2,060,190)**
Cash Flows from Investing Activities					
Proceeds from sale of investments		-	8,750	-	8,750
Payments for property, plant and equipment		(33,904)	(92,896)	(5,050)	(5,210)
Repayment of loans		2,231,945	-	2,231,945	-
Loans to associated company		-	(217,371)	-	(197,833)
Loans to controlled entities		-	-	(1,559,650)	(4,159,568)
Advance to related parties		-	(908,112)	-	-
Net cash flows used in/from investing activities		**2,198,041**	**(1,209,629)**	**667,245**	**(4,353,861)**
Cash Flows from Financing Activities					
Proceeds from issue of shares		1,750,000	3,200,000	1,750,000	3,200,000
Transaction costs on issue of shares		(21,250)	(47,297)	(21,250)	(47,297)
Proceeds from borrowings		1,089,066	706,442	1,089,066	706,442
Repayment of borrowings		(1,089,066)	-	(1,089,066)	-
Net cash flows from financing activities		**1,828,750**	**3,859,145**	**1,828,750**	**3,859,145**
Net increase (decrease) in cash and cash equivalents		**395,355**	**(2,727,605)**	**484,717**	**(2,554,906)**
Cash and cash equivalents at the beginning of the financial year		128,394	2,853,463	27,595	2,582,501
Net foreign exchange differences		(11,437)	2,536	-	-
Cash equivalents at the end of the financial year	17(a)	**512,312**	**128,394**	**512,312**	**27,595**

The Cash Flow Statement should be read in conjunction with the accompanying notes.

1. CORPORATE INFORMATION

The financial report of Eurogold Limited (the Company) for the year ended 30 June 2007 was authorised for issue in accordance with a resolution of the directors on 25 September 2007.

Eurogold Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange and the Alternative Investment Market in the UK.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards.

The financial report has been prepared on a historical cost basis, except for derivative financial instruments and held-for-trading investments, which have been measured at fair value.

The consolidated accounts have been prepared on the going concern basis of accounting, which assumes that the consolidated entity will be able to meet its commitments, realise its assets and discharge its liabilities in the ordinary course of business.

(b) Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to the International Financial Reporting Standards (AIFRS). The financial report also complies with International Financial Reporting Standards (IFRS).

The following new accounting standards have recently been issued or amended. These standards have not been adopted for the reporting period ended 30 June 2007, and no change to the Group's accounting policy is required.

- AASB 2005-10 Amendments to Australian Accounting Standards
- AASB 2007-1 Amendments to Australian Accounting Standards arising from AASB Interpretation 11
- AASB 2007-2 Amendments to Australian Accounting Standards arising from AASB Interpretation 12
- AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8
- AASB 2007-4 Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments
- AASB 2007-5 Amendments to Australian Accounting Standard - Inventories Held for Distribution by Not-for-Profit Entities
- AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123
- AASB 2007-7 Amendments to Australian Accounting Standards
- AASB 7 Financial Instruments: Disclosures
- AASB 8 Operating Segments
- AASB 123 Borrowing Costs
- AASB Interpretation 10 Interim Financial Reporting and Impairment
- AASB Interpretation 11 AASB 2 - Group Treasury Share Transactions
- AASB Interpretation 12 .Service Concession Arrangements

The following amendments are not applicable to the consolidation entity and therefore have no impact:

- IFRIC Interpretation 13 Customer Loyalty Programmes
- IFRIC Interpretation 14 IAS 19 The Asset Ceiling: Availability of Economic Benefits and
- Minimum Funding Requirements

(c) Statement of Significant Accounting Policies

(i) Basis of Consolidation

The consolidated financial statements include 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".

The financial statements of controlled entities are prepared for the same reporting period as the parent entity, using consistent accounting policies.

Financial statements of foreign controlled entities presented in accordance with overseas accounting principles are, for consolidated purposes, adjusted where necessary to comply with group policy and AIFRS. Adjustments are also made to bring into line any dissimilar accounting policies that may exist.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Controlled entities are consolidated from the date on which control is transferred to the consolidated entity and cease to be consolidated from the date on which control is transferred out of the consolidated entity.

Minority interests represent interests in Saulyak Limited Liability Company ("SLLC") and SC Explorer S.A. not held by the Group.

(ii) Investment in associates

The Group's investment in associates is accounted for under the equity method of accounting in the consolidated financial statements.

The financial statements of associates are used by the Group to apply the equity method of accounting.

Investments in associates are carried at cost plus post acquisition changes in the Group's share of net assets of associates, less any impairment of value (refer to Note 2(c) (vii)) for the accounting policy in relation to determining impairment.

(iii) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Rendering of Services
Revenue is recognised when the services have been rendered in accordance with the terms and conditions of the contract.

Interest
Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset) to the net carrying amount of the financial asset.

(iv) Income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of the assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary difference associated with investments in subsidiaries, deferred tax asset are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(v) *Goods and services tax*

Revenues, expenses and assets (other than receivables) are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(vi) *Plant and equipment*

Cost
Plant and equipment are stated at cost less any accumulated depreciation and any impairment losses.

The cost of an item of plant and equipment comprises:

- its purchase price, including import duties and non refundable purchase taxes, after deducting trade discounts and rebates;
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation
Depreciation is provided on a straight-line basis on all plant and equipment other than land. Major depreciation periods are:

	Life	Method
Mining plant & equipment	3 – 5 years	straight line
Other plant & equipment	3 – 5 years	straight line

Impairment
The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If any indication of impairment exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the asset.

Derecognition
An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is derecognised.

(vii) *Impairment of non-financial assets*

At each reporting date, the consolidated entity assesses whether there is any indication that an asset may be impaired. Where an indictor of impairment exists, the consolidated entity makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

As assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased.

(viii) *Trade and other receivables*

All trade and other receivables are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the receivable.

Receivables from related parties are recognised and carried at the nominal amount due. Interest is taken up as income on an accrual basis.

Allowance for doubtful debts are made based on an assessment made by directors on the recoverability of receivables.

(ix) *Investments*

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition, investments which are classified as held for trading are measured at fair value. Gains and losses on investments held for trading are recognised in the income statement.

For investments that are actively traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date.

The carrying values of financial assets are reviewed for impairment when facts or circumstances indicate the carrying value may not be recoverable.

(x) *Leased assets*

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the specific asset or assets and the arrangement conveys a right to use the asset.

Operating Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Payments made under operating leases are expensed in the income statement on a straight-line basis over the term of the lease.

(xi) *Exploration and evaluation*

Exploration and evaluation costs are only carried forward in respect of areas of interest for which the rights of tenure are current and where:

- such costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or

- activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to the area are continuing.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation that area of interest. Should the carrying value of expenditure not yet amortised exceed its estimated recoverable amount in any year, the excess is written off to the income statement.

AASB6 "Exploration and Evaluation of Mineral Resources", the Australian equivalent to IFRS 6, has been applied in preparing these financial statements.

Impairment
The carrying values of exploration and evaluation costs are reviewed for impairment when facts or circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of exploration and evaluation costs is the greater of fair value less costs to sell and value in use.

(xii) Provision for Restoration

The consolidated entity records the present value of the estimated cost of legal and constructive obligations to restore operating locations in the period in which the obligation is incurred. The nature of restoration activities includes dismantling and removing structures, rehabilitating mines, dismantling operating facilities, closure of plant and waste sites and restoration, reclamation and revegetation of affected areas.

Typically the obligation arises when the asset is installed at the production location. When the liability is initially recorded, the estimated cost is capitalised by increasing the carrying amount of the related mining assets. Over time, the liability is increased for the change in the present value based on the discount rates that reflect the current market assessments of the time value of money and the risks specific to the liability. Additional disturbances or changes in rehabilitation costs will be recognised as additions or changes to the corresponding asset and rehabilitation liability when incurred.

The unwinding of the effect of discounting on the provision is recorded as a finance cost in the income statement. The carrying amount capitalised is depreciated over the life of the related cost.

(xiii) Trade and other payables

Liabilities for trade creditors and other amounts are carried at amortised cost and represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year that are unpaid and arise when the consolidated entity becomes obliged to make future payments in respect of the purchase of these goods and services.

Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accruals basis.

(xiv) Foreign currency translation

Both the functional and presentation currency of Eurogold Limited is Australian dollars (A$).

The functional currency of all the overseas subsidiaries is United States dollars (US$). As at the reporting date the assets and liabilities of these overseas subsidiaries are translated into the presentation currency of Eurogold Limited at the rate of exchange ruling at the balance sheet date and the income statements are translated at the average exchange rate for the period. The exchange differences arising on the retranslation are taken directly to a separate component of equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All exchange differences in the consolidated financial report are taken to the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the original transaction.

Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(xv) Employee benefits

Liabilities arising in respect of wages and salaries, annual leave and any other employee entitlements expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates expected to be paid when the liability is settled. All other employee entitlement liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the interest rates attaching to national government bonds that have terms to maturity approximating the terms of the related liability are used.

(xvi) Provisions

A provision is recognised when a legal or constructive obligation exists as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the consolidated entity expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(xvii) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprises cash on hand and in banks and money market investments readily convertible to cash within 2 working days.

For the purposes of the Cash Flow Statement, cash includes cash on hand and in banks, and money market investments readily convertible to cash within 2 working days, net of outstanding bank overdrafts.

(xviii) Issued Capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity, net of tax, as a reduction of the proceeds received.

(xix) Earnings Per Share

Basic earnings per share (EPS) is calculated by dividing the net profit attributable to members of the Company for the reporting period, after excluding any costs of servicing equity (other than dividends on ordinary shares), by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue.

Diluted EPS is calculated by dividing the basic EPS earnings, adjusted by the after tax effect of financing costs associated with dilutive potential ordinary shares and other non-discretionay changes in revenues and expenses that would result from the dilution of potential ordinary shares, by the weighted average number of ordinary shares and dilutive potential ordinary shares of the Company adjusted for any bonus issue.

(xx) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised.

(xxi) Non-current assets and disposal groups held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale and measured at the lower of the carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction. They are not depreciated or amortised. For an asset or disposal group to be classified as held for sale, it must be available for immediate sale in its present condition and its sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the income statement.

(xxii) Judgments in applying accounting policies and key sources of estimation uncertainty

(i) Significant accounting judgments
In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

Determination of minerals resources and ore reserves
Eurogold Limited estimated its mineral resources in accordance with the independent experts report from RSG Global that was made at the time of the acquisition of the Saulyak project. The information of mineral resources and ore reserves were prepared by or under the supervision of Competent Persons as defined in the JORC Code. The amounts prepared are based on the mineral resources and ore reserves determined under the JORC Code.

There are numerous uncertainties inherent in estimating mineral resources and ore reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available.

Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being restated. Such changes in reserves could impact on depreciation and amortisation rates, asset carrying values, and provisions for decommissioning and restoration.

(ii) Significant accounting estimates and assumptions
The carrying value of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

(iii) Impairment of capitalised exploration and evaluation expenditure
The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors which could impact the future recoverability include the level of proved, probable and inferred mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that it is determined in the future that this capitalised expenditure should be written off, this will reduce profits and net assets in the period in which this determination is made.

(iv) Impairment of Investments in Controlled Entities
Investments in controlled entities are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. Where a review of impairment is conducted the recoverable amount is assessed by reference to the net assets of controlled entities.

(v) Impairment of Loans to Controlled Entities
Loans to controlled entities are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. Where a review of impairment is conducted the recoverable amount is assessed by reference to the net assets of controlled entities.

(xxiii) *Impairment of property, plant and equipment*
Property, plant and equipment is reviewed for impairment if there is any indication that the carrying amount may not be recoverable. Where a review for impairment is conducted, the recoverable amount is assessed by reference to the higher of 'value in use' (being the net present value of expected cash flows of the relevant cash generating unit) and 'fair value less costs to sell'.

Variations to the expected cash flows, and the timing thereof, could result in significant changes to any impairment losses recognised, if any, which could in turn impact future financial results.

		Consolidated		Parent	
3. REVENUE AND EXPENSES FROM CONTINUING OPERATIONS	**Note**	**2007 $**	**2006 $**	**2007 $**	**2006 $**
(a) Revenue					
Interest received - other persons		25,451	49,370	25,451	49,370
		25,451	**49,370**	**25,451**	**49,370**
(b) Other income					
Net gain from disposal of listed investments		-	6,115	-	6,115
Total other revenue			**6,115**		**6,115**
(c) Expenses					
Depreciation of non current assets					
Plant and equipment		3,802	3,386	3,802	3,386
Operating lease rental					
Minimum lease payments		27,668	26,541	27,688	26,541
Impairment of intercompany receivable		-	-	-	-
Loss on sale of controlled entity					602,705
Recovery of loans to associated entities previously written off		-	-	(2,159,077)	-
Recovery of loans to controlled entities previously written off				(72,868)	-
Foreign exchange loss(gain)				1,073,957	(217,886)
Impairment of intercompany receivable		-	-	-	91,004
impairment of investment in controlled entities				5,638,922	-
Impairment of loan from associated entity		-	-	-	3,821,669
Impairment of loan to controlled entities		-	-	4,883,555	2,912,921
(d) (Losses)Gains					
(Loss)/Gain on disposal of plant & equipment		-	-	-	400
(e) Employee benefits expense					
Salaries and wages		227,638	330,356	227,638	330,356
Superannuation		28,347	77,670	28,347	77,670
Provision for employee entitlements		4,209	40,330	4,209	40,330
		260,194	**448,356**	**260,194**	**448,356**

4. INCOME TAX

(a) Major components of income tax expense for the years ended 30 June 2007 and 2006 are:

Income Statement				
Current income tax				
Current income tax charge	-	-	-	-
Deferred income tax				
Relating to origination and reversal of temporary differences	-	-	-	-
Income tax expense reported in income statement	-	-	-	-

		Consolidated		Consolidated	
		2007	2006	2007	2006
		$	$	$	$
(b)	A reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the Group's effective income tax rate for the years ended 30 June 2007 and 2006 is as follows:				
	Accounting loss before tax	11,086,137	10,227,102	10,977,761	9,568,364
	At statutory income tax rate of 30% (2006: 30%)	3,325,841	3,068,131	3,293,328	2,870,509
	Adjustment due to differential in overseas tax rates	(149,872)	(163,030)	-	-
	Non deductible items	(358,298)	(58,591)	(356,116)	(58,591)
	Non-assessable income	669,584	-	669,584	-
	Non-deductible impairment of loan to controlled entity	-	-	-	(774,992)
	Non-deductible writedown in deferred exploration and evaluation	-	(316,865)	-	-
	Non-deductible impairment of investment in controlled entity	-	-	(3,156,743)	(98,884)
	Loss on sale of controlled entity	-	(267,345)	-	(180,811)
	Impairment of loan from other entity	33,861	(272,434)	33,861	-
	Impairment of loan from associated entity	-	(1,146,500)	-	(1,146,500)
	Impairment of assets held for resale	(2,888,861)	-	-	-
	Unrecognised tax losses	(782,128)	(843,366)	(483,915)	(610,731)
	Income tax expense reported in income statement	-	-	-	-

		Balance Sheet		Income Statement	
		2007	2006	2007	2006
		$	$	$	$
(c)	**Deferred income tax** Deferred income tax at 30 June relates to the following:				
	CONSOLIDATED				
	Deferred tax assets				
	Provision for employee entitlements	40,201	40,517	316	(23,897)
	Carried forward losses	2,611,999	1,829,555	(782,444)	(819,469)
		2,652,200	1,870,072		
	Deferred tax assets not recognised because realisation is not probable	(2,652,200)	(1,870,072)		
	Unrecognised tax losses			782,128	843,366
	Deferred tax expense	-	-	-	-

There were no items of income tax changed or credited directly to equity.
The nominal tax rate in Romania and Ukraine is 25%.

	Balance Sheet 2007 $	Balance Sheet 2006 $	Income Statement 2007 $	Income Statement 2006 $
PARENT				
Deferred tax assets				
Provision for employee entitlements	40,201	40,517	316	(23,897)
Carried forward losses	2,081,151	1,596,920	(484,231)	(586,834)
	2,121,352	1,637,437		
Deferred tax assets not recognised because realisation is not probable	(2,121,352)	(1,637,437)		
Unrecognised tax expense			483,915	610,731
Deferred tax expense	-	-	-	-

Deferred tax assets attributable to tax losses carried forward have not been brought to account at 30 June 2007 (other than to offset deferred tax liabilities) because the directors do not believe it is appropriate to regard realisation of the future tax benefit as probable. These benefits will only be obtained if:

(i) the Consolidated Entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deduction for the loss to be realised;
(ii) the Consolidated Entity continues to comply with the conditions for the deductibility imposed by law; and
(iii) no changes in tax legislation adversely affect the Consolidated Entity in realising the benefit from the deduction for the loss.

	Notes	Consolidated 2007 $	Consolidated 2006 $	Parent 2007 $	Parent 2006 $
5. TRADE & OTHER RECEIVABLES					
Current Trade & Other Receivables					
Other receivables		9,481	64,352	9,481	31,866
Loan - controlled entity		-	-	2,254,768	-
		9,481	**64,352**	**2,264,249**	**31,866**
Non-Current Trade & Receivables					
Related party receivables					
- controlled entities		-	-	-	6,701,723
		-	**-**	**-**	**6,701,723**

The recoverability of loans to controlled entities is considered for impairment in accordance with the policy set out in Note (2)(c)(xxiii).

(a) Terms and conditions
Terms and conditions relating to the above financial instruments:
(i) Other debtors are non-interest bearing and have repayment terms between 30 days and 60 days.
(ii) Details of the terms and conditions of related party receivable are set out in note 23.

	Consolidated 2007 $	Consolidated 2006 $	Parent 2007 $	Parent 2006 $
6. OTHER ASSETS				
Non-Current				
Shares in controlled entity	-	-	6,742,108	6,742,708
Provision for impairment	-	-	(6,742,108)	(1,086,540)
Unlisted shares in associated entity	-	-	7,605,188	7,605,188
Provision for impairment	-	-	(7,605,188)	(7,605,188)
	-	**-**	**-**	**5,656,168**

In the year ended June 2002, the directors assessed that the investment in Transgold had no recoverable amount due to the potential liability to Transgold that may arise due to litigation resulting from the accidental overflow of treatment water from the tailings dam spillage in January 2000.

At this time therefore the equity method of accounting was suspended following the writedown of the investment to nil.

	Consolidated 2007 $	Consolidated 2006 $	Parent 2007 $	Parent 2006 $
7. OTHER CURRENT ASSETS				
Prepayments	-	172,928	-	-

The value of shares in controlled entities is considered impaired in accordance with the policy set out in Note (2)(c)(xxiii).

	Notes	Consolidated 2007 $	Consolidated 2006 $	Notes	Parent 2007 $
8. PLANT AND EQUIPMENT					
- At cost		51,751	792,785	51,751	49,731
- Accumulated depreciation		(43,418)	(472,136)	(43,418)	(42,646)
Net carrying amount at end of year		**8,333**	**320,649**	**8,333**	**7,085**

(a) Reconciliation

Reconciliations of the net carrying amounts of plant and equipment at the beginning and end of the current and previous financial year.

	Consolidated 2007 $	Consolidated 2006 $	Parent 2007 $	Parent 2006 $
Plant and equipment				
Net carrying amount at beginning of year	320,649	434,009	7,085	5,261
Additions	33,903	92,896	5,050	5,210
Disposals	-	-	-	-
Depreciation expense	(97,421)	(171,757)	(3,802)	(3,386)
Impairment expense(i)	-	(34,499)	-	-
Foreign exchange effect	(36,316)	-	-	-
Transferred to assets held for resale	(212,482)	-	-	-
Net Carrying amount at end of year	**8,333**	**320,649**	**8,333**	**7,085**

(i) This expense relates to an impairment of assets of Explorer SA as the entity is being placed into liquidation. The company does not expect to recover anything further in relation to these assets.

9. DEFERRED EXPLORATION AND EVALUATION

	Consolidated 2007 $	Consolidated 2006 $	Parent 2007 $	Parent 2006 $
Exploration and evaluation costs carried forward in respect of mining areas of interest - exploration and evaluation phases	**-**	**11,910,683**	**-**	**-**

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective mining areas.

Reconciliation

Reconciliation of the net carrying amounts of exploration and evaluation costs at the beginning and end of the current and previous financial year

	Consolidated 2007 $	Consolidated 2006 $	Parent 2007 $	Parent 2006 $
Net carrying amount at the beginning of year	11,910,863	10,100,993	-	-
Additions	537,790	2,866,088	-	-
Disposals	-	-	-	-
Impairment expense	-	(1,056,218)		
Movement due to change in foreign exchange rate	(970,128)	-	-	-
Transfer to assets held for resale	(11,478,525)	-	-	-
Net carrying amount at end of year	**-**	**11,910,863**	**-**	**-**

10. TRADE & OTHER PAYABLES

	Consolidated 2007 $	Consolidated 2006 $	Parent 2007 $	Parent 2006 $
Trade and other payables	86,865	717,837	86,865	545,268
Sundry accruals	30,000	79,654	30,000	79,654
	116,865	**797,491**	**116,865**	**624,922**

Terms and conditions		**Consolidated**		**Parent**	
		2007 $	**2006 $**	**2007 $**	**2006 $**

(i) Trade payables are non-interest bearing and are normally settled on 30 daterms.

(ii) Sundry accruals are non interest bearing and have an average term of 45 days.

11. INTEREST BEARING LOANS AND BORROWINGS - CURRENT

	Note	Consolidated 2007 $	Consolidated 2006 $	Parent 2007 $	Parent 2006 $
Loan – director *	24	-	150,000	-	150,000
Loan – other entity **		490,104	556,442	490,104	556,442
		490,104	**706,442**	**490,104**	**706,442**

* *Trovex Pty Ltd, a company in which Mr Peter Gunzburg is a director and has a financial interest, loaned the parent $150,000 which was outstanding at 30 June 2006. In July 2006 Trovex Pty Ltd loaned Eurogold Limited a further $100,000. The loans were repaid by the issue of 5 million ordinary shares in the Company to Trovex Pty Ltd on 20 December 2006. Interest totalling $15,259 was paid to Trovex Pty Ltd.*

** *Oxus Gold Plc advanced US$416,000 to Eurogold (against the proceeds of the Asset Sale Agreement) to fund the Saulyak Project with interest payable at LIBOR plus 3%. Repayment of the funds is subject to shareholder approval.*

	Consolidated		**Parent**	
	2007 $	**2006 $**	**2007 $**	**2006 $**
12. PROVISIONS				
Annual Leave	69,584	-	69,584	-
Long Service Leave	64,419	50,140	64,419	50,140
	134,003	**50,140**	**134,003**	**50,140**

13. CONTRIBUTED EQUITY

Issued and paid up capital				
Ordinary shares fully paid	**41,345,565**	**39,366,815**	**41,345,565**	**39,366,815**

Effective 1 July 1998, the Corporations legislation in place abolished the concepts of authorised capital and par value shares. Accordingly, the parent does not have authorised capital nor par value in respect of its issued shares.

	2007		**2006**	
(a) Movements in shares on issue	**Number of Shares**	**$**	**Number of Shares**	**$**
Opening Balance	279,679,494	39,366,815	247,679,494	36,214,112
Shares Issued during the reporting year				
- 32,000,000 ordinary shares on 20/12/2005	-	-	32,000,000	3,152,703
- 35,000,000 ordinary shares on 09/08/2006	35,000,000	1,750,000	-	-
- 5,000,000 ordinary shares on 21/12/2006	5,000,000	250,000	-	-
Less share issue costs	-	(21,250)	-	-
	319,679,494	**41,345,565**	**279,679,494**	**39,366,815**

(b) Terms and conditions of contributed equity

Ordinary Shares
Ordinary shares have the right to receive dividends as declared and, in the event of the winding up of the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

Share Options
At the date of this financial report there are no options on issue.

The 2,000,000 unlisted facilitator options on issue expired on 31 March 2007.

	Consolidated		Parent	
	2007 $	**2006 $**	**2007 $**	**2006 $**
14. ACCUMULATED LOSSES				
Balance at the beginning of the year	(29,805,430)	(19,589,156)	(28,323,882)	(18,755,518)
Net loss attributable to members	(11,086,137)	(10,216,274)	(10,977,761)	(9,568,364)
	(40,891,567)	**(29,805,430)**	**(39,301,643)**	**(28,323,882)**
15. MINORITY INTEREST				
Reconciliation of outside equity interest in controlled entities:				
Opening balance	-	10,828	-	-
Share of net assets on acquisition	-	-	-	-
Share of operating (loss)/profit	-	(10,828)	-	-
Closing balance	**-**	**-**	**-**	**-**
16. RESERVES				
Discount on acquisition of minority interest	2,011,136	2,011,136	**-**	-
Foreign currency translation	(421,212)	(529,588)	**-**	-
	1,589,924	**1,481,548**	**-**	-
Discount on acquisition of minority interest reserve				
Balance at beginning of the year	2,011,136	2,011,136	**-**	-
Acquisition of minority interest	-	-	**-**	-
Balance at the end of the year	**2,011,136**	**2,011,136**	-	-

The discount on acquisition of minority interest reserve records the discount on acquisition of a minority interest in a controlled entity

Foreign exchange translation reserve				
Balance at beginning of the year	(529,585)	(838,868)	-	-
Currency translation differences	108,376	309,280	-	-
Balance at the end of the year	**(421,212)**	**(529,588)**	**-**	**-**

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. This relates to assets held for sale.

	Consolidated		Parent	
	2007 $	2006 $	2007 $	2006 $
17. CASH & CASH EQUIVALENTS				
(a) Reconciliation of cash				
Cash balances comprises				
Cash at bank	**512,312**	**128,394**	**512,312**	**27,595**
(b) Reconciliation of the net loss after tax to the net cash flows from operations				
Net loss	(11,086,137)	(10,227,102)	(10,977,761)	(9,568,364)
Depreciation	97,421	171,757	3,802	3,386
Gain on disposal of listed shares	-	(6,115)	-	(6,115)
Net unrealised Foreign Exchange losses	1,081,231	46,598	1,073,957	(217,886)
Impairment of intercompany receivable	-	-	10,522,477	2,964,201
Recovery of loans previously written off	(2,231,945)	-	(2,231,945)	-
Impairment of loan to associate	-	3,821,669	-	3,821,669
Loss on sale of controlled entity	-	891,150	-	602,705
Impairment of non-current assets	-	1,964,330	-	-
Impairment of property, plant and equipment	-	34,499	-	-
Impairment of assets held for resale	9,629,535	-	-	-
Changes in Assets & Liabilities:			-	
Trade and other receivables	(122,311)	245,239	22,384	49,228
Other current assets	81,523	(47,383)	-	-
Deferred Exploration and Evaluation	(656,057)	(2,562,763)	-	-
Trade and other payables	(428,906)	216,607	(428,403)	216,593
Employee Entitlements	4,209	74,393	4,209	74,393
Net cash from operating activities	**(3,631,436)**	**(5,377,121)**	**(2,011,278)**	**(2,060,190)**

18. EXPENDITURE COMMITMENTS

(a) Exploration expenditure commitments				
- not later than one year	-	-	-	-
- later than one year but not later than five years	-	-	-	-
- aggregate expenditure contracted for at balance date but not provided for	**-**	**-**	-	-

Pursuant to an agreement dated 18 May 2007 for the sale of Saulyak Resources Limited and Saulyak Limited Liability Company the Purchaser assumed all obligations for the expenditure commitments of Saulyak Limited Liability Company in relation to the Saulyak Gold Project as from 18 May 2007.

		Consolidated 2007 $	Consolidated 2006 $	Parent 2007 $	Parent 2006 $
(c)	Operating lease commitments Minimum lease payments				
	- not later than one year	7,920	18,468	-	18,468
	- later than one year but not later than five years	-	7,920	7,920	7,920
	- aggregate expenditure contracted for at balance date but not provided for	**7,920**	**26,388**	**7,920**	**26,388**

(d) The Operating lease had an original term of 5 years, and relate to the office space of Eurogold. The lease expires on 30 November 2007 and it is not anticipated that the lease will be renewed.

19. SEGMENT INFORMATION

(a) The Group primary segment reporting format is its geographic locations. The Group operates only in the minerals exploration segment. The Group has the following geographic segments:

Ukraine
Ukraine is the location of the economic entity's main exploration activity which comprises a 99.72% interest in the Saulyak Gold Mine project.
Romania
Romania was the location of the economic entity's interests in the gold extraction business segment. No further exploration activities are being undertaken on its tenements.
Australia
Australia is the location of the central management and control of Eurogold, including where company secretarial services, accounting and cash management operations are performed.

The following tables present revenue and profit information and certain asset and liability information regarding business segments for the year ended 30 June 2007 and 30 June 2006.

Year Ended 30 June 2007

	Ukraine $	Romania $	Australia $	Eliminations $	Consolidation $
Revenue from external customers – continuing operations	-	-	25,451	-	25,451
Revenue from external customers – discontinued operations	-	-	-	-	-
Other income	-	-	-	-	-
Segment result – continuing operations	-	-	(455,284)	-	(455,284)
Segment result – discontinued operations	(10,630,854)	-	-	-	(10,630,854)
Segment assets	2,308,556	-	2,784,884	(2,308,546)	2,784,894
Segment liabilities	(53,798)	-	740,972	53,798	740,972
Acquisition of plant and equipment, exploration and evaluation and other non-current assets	617,103	-	5,050		622,153
Depreciation and amortisation	93,619	-	3,802	-	97,421
Other non cash expense - foreign exchange gain(loss)	1,194,103	-	1,186,829	(1,186,829)	1,194,103
Impairment expense	9,516,663		(112,872)	112,872	9,516,663

Year Ended 30 June 2006

	Ukraine $	Romania $	Australia $	Eliminations $	Consolidation $
Revenue from external customers – continuing operations	-		49,370	-	49,370
Revenue from external customers – discontinued operations	-	77,686	-	-	77,686
Other income – continuing operations	-	-	6,115		6,116
Other income – discontinued operations	-	-	217,886	(166,236)	51,630
Segment result – continuing operations	-	-	(2,393,151)	-	(2,393,151)
Segment result – discontinued operations	(1,952,778)	(1,307,825)	(6,639,350)	2,066,002	(7,833,951)
Segment assets	13,429,783	8,789	12,960,302	(13,801,868)	12,597,006
Segment liabilities	169,981	2,588	1,381,504	-	1,554,073
Acquisition of plant and equipment, exploration and evaluation and other non-current assets	2,619,996	-	5,210	-	2,625,206
Depreciation and amortisation	128,083	40,288	3,386	-	171,757
Other non cash expense eg foreign exchange gain(loss)	(6,667)	(159,568)	217,885	-	51,650
Impairment expense	-	1,090,717	5,120,825	(1,299,156)	4,912,386

20. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent adjusted for the weighted average number of ordinary shares and dilutive potential ordinary shares of the company adjusted by any bonus issue.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	Consolidated 2007	Consolidated 2006
Loss attributable to ordinary equity holders of the parent (used in calculating basic and diluted EPS)	(11,086,137)	(10,216,274)
Loss attributable to ordinary equity holders of the parent (used in calculating basic and diluted EPS) from continuing operations	(1,613,271)	(2,393,152)

	2007	2006
Weighted average number of ordinary shares for basic earnings per share	313,446,617	264,600,042
Effect of dilution:		
Share options (i)	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution	**313,446,617**	**264,600,042**

(i) Share options on issue are considered anti dilutive as their inclusion would reduce the loss per share.

21. DIRECTORS & EXECUTIVES DISCLOSURES

(a) Details of Key Management Personnel

(i) Directors

P L Gunzburg	Managing Director
D W Franks	Director (Non-Executive) (resigned 22 December 2006)
B Montgomery	Director (Non-Executive)
N T MacLachlan	Director (Non-Executive)
C J Barker	Director (Executive 13 July 2004 to 31 December 2005) Non-Executive 1 January 2006 to 28 July 2006 (resigned 28 July 2006)

(b) Compensation of Key Management Personnel

The Board of Directors is responsible for determining and reviewing compensation arrangements for the directors and the executive team. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team. Such officers are given the opportunity to receive their base emolument in the form of salary and fringe benefits such as motor vehicle allowances.

There is no separation of remuneration between short term incentives and long term incentives. The board believes that this remuneration policy is appropriate given the stage of development of the Company and the activities which it undertakes and is appropriate in aligning director and executive objectives with shareholder and business objectives.

The remuneration and terms of employment for the directors are subject to annual review with no fixed notice or termination period with one third of the directors being subject to re-election at the Annual General Meeting of Shareholders. Details of the nature and amounts of each element of the emolument of each director of the Company and each of the two executive officers of the company and the consolidated entity are outlined in the table below.

Remuneration of key management personnel is not linked to specific indicators of company performance.

(c) Employment Contracts

There are no employment contracts in place between the Company and directors and executives.

(d) Compensation by Category: Key Management Personnel

	Consolidated		Parent	
	2007 $	**2006 $**	**2007 $**	**2006 $**
Short-Term	485,939	837,902	485,939	837,902
Post Employment	15,526	16,200	15,526	16,200
	501,465	**854,102**	**501,465**	**854,102**

Compensation of Key Management Personnel

Table 1: Compensation of directors for the year ended 30 June 2007

		Short-term				Post Employment		Long-Term	Share-based		
		Salary & Fees	Cash Bonus	Non Monetary Benefits	Other	Superannuation	Retirement Benefits	Incentive Plans	Payment Options	Total	% Performance Based
P Gunzburg * ** ***	2007	192,330	-	-	12,400	13,500				218,230	
Chairman	2006	190,712			11,600	13,500		-	-	215,812	-
B Montgomery *	2007	27,500	-	-	-	-	-	-	-	27,500	
Non-executive	2006	27,500	-	-	-	-	-	-	-	27,500	-
D Franks *	2007	15,737	-	-	-	2,026	-	-	-	17,763	
Non-executive	2006	29,263	-	-	-	2,700	-	-	-	31,963	-
N MacLachlan	2007	46,852	-	-	-	-	-	-	-	46,852	
Non-executive	2006	36,538	-	-	-	-	-	-	-	36,538	-
C Barker *	2007	-	-	-	191,120					191,120	
Resigned 28/07/06 (1)	2006	423,209			119,080					542,289	

* *Other includes payments of $66,219 (2006: $119,080) made to Management Consultants Mining (an entity associated with Mr C Barker) for the provision of mining services of a mining professional and expenses incurred by MCM; a payment to Mr C Barker in final payment of a Deed of Settlement on his resignation; and a motor vehicle allowance of $12,400 (2006: $11,600) paid to P Gunzburg.*

(1) *C Barker – Executive Director 13 July 2004 to 31 December 2005, Non-Executive Director 01 January 2006 to 28 July 2006 (Resigned 28 July 2006)*

Table 2: Compensation for Executive for the year ended 30 June 2007

		Short-term				Post Employment		Long-Term	Share-based		
		Salary & Fees	Cash Bonus	Non Monetary Benefits	Other	Superannuation	Retirement Benefits	Incentive Plans	Payment Options	Total	% Performance Based
P Collinson	2007 *	68,737	15,000	-	-	6,516				90,254	-
Company Secretary	2006	53,195	15,000	-	-	6,137	-	-	-	74,332	-

** Paid on 3 August 2007. The cash bonus was paid at the discretion of the Board of Directors and was not linked to any specific performance indicators.*

No options have been granted to any specified directors or specified executives for services provided.

Key management personnel are those directly accountable and responsible for the operational management and strategic direction of the Company and the consolidated entity.

Options granted to Key Management Personnel

The Company currently has an Options Scheme in place however during the year no options were granted to either key management personnel of the Company (or the consolidated entity) under the scheme.

(c) Shareholdings of Key Management Personnel

Shares held in Eurogold Limited

Shares	Balance 1 July 2006	Granted as Remuneration	On Exercise of Options	Net Change Other	Balance 30 June 2007
Directors					
P Gunzburg	24,547,971	-	-	5,000,000	29,547,971
B Montgomery	-	-	-	2,200,000	2,200,000
N MacLachlan	350,000	-	-	2,200,000	2,550,000
Executives					
I Hudrea	-	-	-	-	
C Karelse	-	-	-	-	

Options	Balance 1 July 2005	Granted as Remuneration	Options Exercised	Net Change Other	Balance 30 June 2006
Directors					
P Gunzburg	-	-	-	-	29,547,971
B Montgomery	-	-	-	-	-
D Franks	-	-	-	-	-
N MacLachlan	-	-	-	-	350,000
C Barker	-	-	-	-	-
Executives					
I Hudrea	-	-	-	-	-
C Karelse	-	-	-	-	-

(d) Loans to Key Management Personnel

There are no loans to key management personnel.

(e) Loans from Key Management Personnel

Trovex Pty Ltd, a company in which Mr Peter Gunzburg is a director and has a financial interest, loaned Eurogold Limited $250,000. This loan has been satisfied in full by the conversion of the loan into 5 million ordinary shares on 20 December 2006. Interest totalling $15,259 was paid to Trovex Pty Ltd on the loan.

(f) Services provided by related entities of Key Management Personnel

Consulting fees of $27,500 (2006: $27,500) were paid to Gerise Pty Ltd a company in which Mr B Montgomery is a director and has a financial interest and all transactions are on normal commercial terms and have been included in remuneration of directors.

Consulting Fees of $191,120 (2006: $474,113) were payable to Management Consultants Mining a company in which Mr C Barker is a director and has a financial interest and all transactions are on normal commercial terms These payments have been included in Mr Barker's compensation. Mr Barker resigned from Eurogold on 28 July 2006.

	Notes	Consolidated 2007 $	Consolidated 2006 $	Parent 2007 $	Parent 2006 $
22. AUDITORS' REMUNERATION					
Amounts received or due and receivable by Ernst & Young Australia for:					
- an audit or review of the financial report of the entity and any other entity in the consolidated entity		77,610	55,737	77,610	55,737
- tax advice provided to the entity and any other entity in the consolidated entity		-	-	-	-
- other services		-	-	-	-
		77,610	**55,737**	**77,610**	**55,737**
Amounts received or due and receivable by a related firm of Ernst & Young Australia for:					
- an audit or review of the financial report of subsidiaries		26,132	26,525	-	-
- Other services		-	-	-	-
		26,132	**26,525**	**-**	**-**
Amounts received or due and receivable by auditors other than Ernst & Young					
- an audit or review of the financial reports of subsidiaries		-	20,584	-	-
- Other services		**-**	**-**	**-**	**-**
		-	**20,584**	**-**	**-**
Total		**103,742**	**102,846**	**77,610**	**55,737**

23. RELATED PARTY DISCLOSURES

Other related party transactions

(a) **Wholly Owned Group Transactions**
Details of interests in controlled entities are set out in Note 25. Details of dealings are set out below.

(b) **Loans**
Loans between entities in the consolidated entity are non-interest bearing, unsecured and are repayable upon reasonable notice having regard to the financial stability of the consolidated entity and individual entities within the consolidated entity.

(c) Trovex Pty Ltd, a company in which Mr Peter Gunzburg is a director and has a financial interest, loaned Eurogold Limited $250,000. This loan has been satisfied in full by the conversion of the loan into 5 million ordinary shares on 20 December 2006. Interest totalling $15,259 was paid to Trovex Pty Ltd on the loan.

	Parent 2007 $	Parent 2006 $
Amount receivable from controlled entities	11,584,874	10,025,225
Less Provision for impairment	9,330,106	(3,323,502)
	2,254,768	**6,701,723**
Impairment expense for year (i)	**4,883,555**	**2,583,307**
Amount receivable from associated entities	3,821,669	3,821,669
Less: Provision for impairment	(3,821,669)	(3,821,669)
	-	**-**
Impairment expense for year (ii)	**-**	**3,821,669**

(i) Impairment expense has arisen due to the decision to liquidate Explorer SA subsequent to year end and due to the decision to provide for the non recovery of loans.

(ii) Impairment expense has arisen due to the decision to place Transgold SA into liquidation during the year.

(d) **Ultimate Parent Company**
Eurogold Limited is the ultimate Australian holding company.

24. CONTROLLED ENTITIES

Parent Entity	Country of Incorporation	Equity Interest held by consolidated entity %		Carrying Value of Investment
		2007	2006	2007
Parent Entity:				
Eurogold Limited	Australia			-
Controlled entities of Eurogold Limited:				
Eurogold Holdings (Bermuda) Limited (i)	Bermuda	100.0	100.0	-
Eurogold (Bermuda) Limited (i)	Bermuda	100.0	100.0	-
Explorer S.A. (ii)	Romania	98.3	98.3	-
Esmeralda Mining Limited (i)	Cyprus	100.0	100.0	-
Saulyak Resources Limited (iii)	Mauritius	100.0	100.0	-
Saulyak Limited Liability Company (iii)	Ukraine	99.72%	99.72%	-

All interests in controlled entities are in the ordinary shares of these entities
(i) These entities are not audited locally by Ernst & Young
(ii) This entity is audited locally by a member firm of Ernst & Young International. This entity has been liquidated.
(iii) These entities have been disposed of subsequent to year end.

25. ASSOCIATED ENTITY

Name:	SC Transgold SA
Principal Activities:	Gold Mining/Gold Extraction
Country of Incorporation:	Romania
Ownership Interest:	50%
Voting Interest:	50%

The investment in SC Transgold SA was written down to $nil in prior years and is currently in liquidation.

26. ASSETS HELD FOR RESALE

DISCONTINUED OPERATIONS

(a) Assets and liabilities of disposal group

	As at 30 June 2007 $
Assets	
Trade and other receivables	177,182
Other	69,912
Plant & equipment	212,482
Deferred exploration and evaluation	11,478,525
Less impairment loss [(a)]	(9,629,535)
Net deferred exploration and evaluation	2,308,566
Liabilities	
Trade and other payables	(53,798)
	2,254,768

[(a)] The $9,629,535 impairment loss represents the write down of the exploration assets to recoverable amount. This has been recognised in the income statement in the line item "Discontinued Operations". The recoverable amount was based on the fair value less costs to sell and was determined at the cash-generating unit level. The cash-generating unit consists of the Ukrainian based assets of Eurogold Limited. The recoverable amount has been determined based on the amount recoverable less costs to sell based on contractual terms and conditions signed with purchasers, excluding any consideration conditional on future events.

(b) Loss attributable to disposal group

	For the year ended 30 June 2007 $	For the year ended 30 June 2006 $
Operating income	-	77,686
Employee benefits expense	(227,142)	(364,648)
Depreciation expense	(93,619)	(168,371)
Materials and consumables	-	(94,522)
Exploration expenditure written off	(142,808)	-
Exchange loss	(7,274)	51,650
Consultants fees	-	136,432
Administration and other expenses	(530,476)	(487,665)
Recovery of loans previously written off	-	-
Reversal of provision for diminution - loan other entity	-	-
Impairment of capitalized expenditure	-	(1,090,717)
Impairment so loans to other entity	-	(908,112)
Impairment so loans to associated companies	-	(3,821,669)
Loss on disposal of controlled entity		(891,150)
Impairment of assets held for sale	(9,629,535)	-
Loss from discontinued operations	(10,630,854)	(3,121,131)
Basic and diluted loss per share (cents per share), from discontinued operations for the ear attributable to members of Eurogold Limited	(3.0)	(3.0)

(c) Loss attributable to disposal group

	For the year ended 30 June 2007 $	For the year ended 30 June 2006 $
Net cash flows used in operating activities	(1,620,158)	(3,316,931)
Net cash flows used in investing activities	(28,044)	(1,015,336)
Net cash flows used in financing activities	-	-
Net foreign exchange differences	(11,437)	2,536
Net cash flows used by disposal group	(1,659,639)	(4,329,731)

27. EVENTS SUBSEQUENT TO BALANCE DATE

On 10 July 2006 at the Company's General Meeting, Shareholders authorised the sale of its Ukrainian gold mining assets to Resource Invest LLC ("RIL") pursuant to the Asset Sale Agreement dated 19 May 2007.

Settlement has been effected and the Company received an initial payment of US$2,000,000 from RIL and is entitled to receive a further US$3,000,000 upon RIL meeting key regulatory milestones relating to the advancement of the Saulyak Gold Project.

28. RISK MANAGEMENT/FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives & Policies

The Group's principal financial instruments comprise cash and borrowings.

The main purpose of these financial instruments is to raise finance for the Group operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken. Being in the exploration phase, the Group has limited exposure to risks arising from the Group's financial instruments.

When the Group moves into a development and production phase the Group's exposure to commodity price risk, foreign currency risk and credit risk are expected to increase significantly. The board will set appropriate policies to manage these risks dependent on market conditions and requirements at that time.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the financial statements.

(b) Interest Rate Risk - Consolidated

The consolidated entity's exposure to interest rate risks and the effective interest rates of financial assets (excluding investments in controlled entities and associates) and financial liabilities are as follows:

Financial Instrument	Floating Interest Rate		Non-Interest Bearing		Fixed Interest Rate		Total		Weighted Average Effective Interest Rate	
	2007 $	2006 $	2007 $	2006 $	2007 $	2006 $	2007 $	2006 $	2007	2006
(i) Financial Assets										
Cash assets	512,312	128,394	-	-	-	-	512,312	128,394		1.89%
Trade and other receivables	-	-	9,481	64,352	-	-	9,481	64,352		N/A
Total financial assets	**512,312**	**128,394**	**9,481**	**64,352**	**-**	**-**	**521,793**	**192,746**		
(ii) Financial Liabilities										
Trade and other payables	-	-	116,865	717,837	-	-	116,865	717,837		N/A
Loan – other entity	490,104	556,442	-	-	-	-	490,104	556,442		8.34%
Loan – director	-	-	-	-	-	150,000	-	150,000		11.85%
Total financial liabilities	**490,104**	**556,442**	**116,865**	**717,837**	**-**	**150,000**	**606,969**	**1,424,279**		

c) Interest Rate Risk - Parent

The parent's exposure to interest rate risks and the effective interest rates of financial assets (excluding investments in controlled entities and associates) and financial liabilities, both are as follows:

Financial Instrument	Floating Interest Rate		Non-Interest Bearing		Fixed Interest Rate		Total		Weighted Average Effective Interest Rate	
	2007 $	2006 $	2007 $	2006 $	2007 $	2006 $	2007 $	2006 $	2007	2006
(i) Financial Assets										
Cash assets	512,312	27,595	-	-	-	-	512,312	27,595	5.8%	1.89%
Trade and other receivables	-	-	9,481	31,866	-	-	9,481	31,866	N/A	N/A
Receivables – controlled entities	-	-	2,254,768	6,701,723	-	-	2,254,768	6,701,723		
Total financial assets	**512,312**	**27,595**	**2,264,249**	**6,733,589**	**-**	**-**	**2,776,561**	**6,761,184**		
(ii) Financial Liabilities										
Trade and other payables	-	-	116,865	545,268	-	-	116,865	545,268	N/A	N/A
Loan – other entity	490,104	556,442	-	-	-	-	490,104	556,442	8.41%	8.34%
Loan – director	-	-	-	-	-	150,000	-	150,000	N/A	11.85%
Total financial liabilities	**490,104**	**556,442**	**116,865**	**545,268**	**-**	**150,000**	**606,969**	**1,251,710**		

d) Net fair values of financial assets and liabilities

The carrying amount of financial assets (excluding investment in controlled entities and associates) and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in Note 2.

(i) The following methods and assumptions are used to determine the net fair values of financial assets and liabilities

Recognised Financial Instruments:

Cash and cash equivalents: The carrying amount approximates fair value because of their short-term maturity.
Receivables and payables: The carrying amount approximates fair value because they are held for short term to maturity.
Interest bearing liabilities: The carrying amount approximates fair value because they are held at a market rate for loans.

(e) Credit Risk Exposures

The consolidated entity's maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the carrying amount, net of any provision for doubtful debts, of those assets as indicated in the balance sheet.

Concentration of Credit Risk

The consolidated entity minimises concentrations of credit risk in relation to accounts receivable by undertaking transactions with a large number of customers within the resources industry. The consolidated entity is not materially exposed to any individual overseas country or individual customer.

29. CONTINGENT LIABILITIES

Romania
Eurogold Limited successfully defended a claim made by the Republic of Yugoslavia in Yugoslavia seeking damages for the accidental overflow of treatment water from the tailings dam spillage on January 30, 2000. There was an indication that an appeal against that decision would be commenced but to date that has not occurred.

Ukraine
Ukraine continues to display emerging market characteristics in its legislation and business practices including taxation. Risks inherent in conducting business in an emerging market economy include, but are not limited to, volatile markets and uncertainties over the development of the tax and legal environment as well as difficulties associated with the consistent application of current laws and regulations.

30. CONTINGENT ASSETS

On 22 May 2007 Eurogold Limited and Eurogold (Bermuda) Limited entered into an Asset Sale Agreement with Resource Invest LLC ("RIL") pursuant to which RIL acquired Eurogold's interest in its Ukrainian assets for an initial payment of US$2,000,000 and a further payment of US$3,000,000 contingent upon RIL meeting a key regulatory milestone.

On 14 July 2006 Eurogold announced that it had accepted Oxus Gold Plc's (Oxus) repudiation of an Asset Sale Agreement whereby Eurogold was to sell its interest in its Ukrainian assets to Oxus and had commenced legal proceedings against Oxus and its subsidiary Oxus Holdings (Malta) Limited (OHML) seeking (1) damages against Oxus and OHML for breach of the agreement, (2) damages arising from a contravention of the Trade Practices Act and (3) a declaration that Eurogold Holdings (Bermuda) Limited(EHBL) is entitled to set off the amount owing under a loan agreement between OHML and EHBL of US$416,000 against damages owed by Oxus and OHML to Eurogold. Eurogold and EHBL contend that the loan is not presently repayable. This matter is the subject of litigation which is being funded by IMF (Australia) Limited. The outcome of the litigation and any amount Eurogold may receive if the litigation is successful is uncertain.

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

1) In the opinion of the directors:

   (a) the financial statements and notes of the company and of the consolidated entity are in accordance with the Corporations Act 2001, including:

      (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the year ended on that date; and

      (ii) complying with Accounting Standards and Corporations Regulations 2001; and

   (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

2) This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial period ending 30 June 2007.

On behalf of the Board

Brett Montgomery
Director

Perth, 27 September 2007

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Independent auditor's report to the members of Eurogold Limited

We have audited the accompanying financial report of Eurogold Limited, which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards and International Standards on Auditing. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have met 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. In addition to our audit of the financial report and the remuneration disclosures, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Ernst & Young

Auditor's Opinion

In our opinion:

1. the financial report of Eurogold Limited is in accordance with the *Corporations Act 2001*, including:
   (i) giving a true and fair view of the financial position of Eurogold Limited and the consolidated entity at 30 June 2007 and of their performance for the year ended on that date; and
   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
2. the consolidated financial statements and notes or financial report also comply with International Financial Reporting Standards as disclosed in Note 2.

Ernst + Young

Ernst & Young

V. Tidy

V W Tidy
Partner
Perth
27 September 2007

Additional information as required by the Australian Securities Exchange and not shown elsewhere in this report is as follows. The information is current as at 11 October 2007.

Statement of Listed Shareholdings Held

Spread of Holdings			Number of Holdings	Number of Units	Number of Total Issued Capital %
1	-	1,000	44	25,325	0.01
1,001	-	5,000	54	173,088	0.05
5,001	-	10,000	45	392,750	0.12
10,001	-	100,000	121	5,545,477	1.73
100,001	&	Over	133	313,542,854	98.08
			397	**319,679,494**	**100.0**

Unmarketable Parcels

The number of shareholders holding less than a marketable parcel is 173.

Number of Securities on Issue

The following equity securities were on issue as at 11 October 2007.

- 319,679,494 fully paid ordinary shares
- 4,000,000 unlisted director options over ordinary shares

Top 20 Shareholders as at 11 October 2007

Name	Number of Shares	% Shares Held
T Hoare Nominees Limited	43,583,100	13.63
HSBC Custody Nominees (Australia) Limited	32,357,255	10.12
P L Gunzburg ATF Bricklanding Super Fund Account	29,476,879	9.22
W B Nominees Limited	20,160,184	6.30
BBHISL Nominees Limited	16,428,572	5.13
CitiCorp Nominees	11,975,547	3.75
National Nominees Limited	9,265,819	2.90
ANZ Nominees Limited <Cash Income A/C>	8,514,289	2.66
Nefco Nominees Pty Ltd	8,325,166	2.60
Moutier Pty Ltd	7,592,500	2.38
Mr Jay Hughes & Mrs Linda Hughes <Inkese Super A/C>	5,103,223	1.60
Graham Robert Forward	4,400,500	1.38
Rivista Pty Ltd	4,368,195	1.36
Colbern Fiduciary Nominees Pty Ltd	4,000,000	1.25
Nordana Pty Ltd	4,000,000	1.25
Ibella Company Limited	3,509,000	1.10
Matalot Pty Ltd	3,500,000	1.09
Gerise Pty Ltd	3,000,000	0.94
Pillage Investments Pty Ltd <The Pillage Super Fund>	2,500,000	0.78
Zero Nominees Pty Ltd	2,500,000	0.78
	223,600,943	**69.92**

Substantial Holders as at 11 October 2007

The substantial shareholders pursuant to the provisions of the Corporations Act are as follows:

Name	Shares Held
➢ Oxus Holdings Malta	43,188,100
➢ PL Gunzburg ATF Bricklanding Superannuation Fund	29,476,879
➢ Alpha Minerals Ltd, Total Resources Ltd, Christopher John Barker	22,960,000
➢ FMR Corp and FIL	16,428,572

Voting Rights

All issued ordinary shares of the Company carry one vote per share on a poll, or one vote per member on a show of hands. Options issued by the Company do not carry a right to vote.