



Results for the Quarter Ended 30 September 2006

31 October 2006

ASX/AIM Symbol "EUG"

Highlights

- *5 year activity licence granted for the Saulyak Project in the Ukraine*
- *Eurogold granted leave to serve Australian Federal Court proceedings against Oxus Gold Plc and Oxus Holdings (Malta) Limited*

Ukraine – Saulyak Gold Project (Eurogold 99.72%)

Licence, Work Programme and Funding Status

During the quarter, work continued at Saulyak on the underground rehabilitation. A total of 545 metres of development was rehabilitated and 139 metres of compressed air pipeline was installed.

During the quarter, Eurogold was granted a new 5 year "Activities Licence" for the Saulyak Project by the State Geological Services of Ukraine. The "old" licence was due to expire in December of this year and allows for all surface and underground activities to be carried out through to December 2011.

In addition, Eurogold is preparing a revised work programme in support of an application for the early conversion of the Saulyak "sub-soil" licence into a "Mining Licence". The current sub-soil licence expires in November 2007 and Eurogold believes it will be difficult for it to meet the current timetable for the commitments under this licence, which includes trial mining. However, based on the current project status, Eurogold believes there is a reasonable basis for the early conversion to a mining licence, which would have a revised commitment timetable. Whilst Eurogold is hopeful of being granted the mining licence, there can be no guarantee that the Ukrainian authorities will authorise the grant of such licence before the expiry of the current sub-soil licence in November 2007.

The revised mining programme involves a budget of some AUD\$4m.

At the end of the quarter, Eurogold had cash of approximately A\$519,000 and is considering various funding/corporate alternatives to meet its exploration and development commitments in the Ukraine.

New Resource Estimate

During the quarter, Geoinformatics Exploration Australia Pty Ltd ("Geoinformatics") completed preliminary work for the Saulyak Gold Deposit based on a resource model using Leapfrog Rapid Modelling Software and Gocad mining and evaluation software which incorporates both the historic Soviet exploration data and the results of Eurogold's exploration work, including the recent underground drilling programme. The preliminary work compiled by Geoinformatics is in line with the previous Soviet C1 C2 estimates of 578,000 ounces (refer to announcement dated 11 July 2006).

Geoinformatics is not capable of completing the JORC assessment because it is entitled to earn a net smelter royalty from production at Saulyak of 1% on gold production between 750,000 ounces and 1.5 million ounces and 2% on gold production over 1.5 million ounces. This arrangement was entered into as part of Geoinformatics' remuneration for the exploration related work it has conducted at Saulyak.

As previously stated it is the Company's intention to complete a JORC Compliant resource as soon as sufficient funding for the necessary validation, check sampling and other work is available.

Eurogold Loan to ZLLC (Beregove Gold Project)

Eurogold, via the 100% subsidiary Saulyak Resources Limited (SRL), has provided a loan facility to ZLLC of US\$1,000,000 of which US\$675,000 has been drawn down. SRL has the right to convert the facility into shares in ZLLC.

Asset Sale Agreement with Oxus Gold Plc

On 3 July 2006, Eurogold announced that the Asset Sale Agreement entered into on 30 April 2006 between Eurogold Holdings (Bermuda) Limited and Oxus Holdings (Malta) Limited, a wholly owned subsidiary of Oxus Gold plc, pursuant to which Oxus Holdings (Malta) Limited acquired Eurogold's interest in its Ukrainian assets for GBP9,159,656 and the cancellation of 43,188,100 Eurogold shares held by Oxus Gold plc, had been terminated by Oxus one day prior to settlement.

Eurogold Limited and Eurogold Holdings (Bermuda) Limited have commenced proceedings in the Federal Court of Australia seeking (1) damages against Oxus Holdings (Malta) Limited and Oxus Gold plc 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 is entitled to set off the amount owing under a loan agreement between Oxus Holdings (Malta) Limited and Eurogold Holdings (Bermuda) Limited of US\$416,000 against damages owed by Oxus Holdings (Malta) Limited and Oxus Gold plc, to Eurogold. Eurogold and Eurogold Holdings (Bermuda) Limited contend that the loan is not presently repayable.

On 21 August 2006 the Company announced that the Federal Court had granted leave for the proceedings to be served on Oxus Gold plc and Oxus Holdings (Malta) Limited. The proceedings have been served on Oxus Gold plc and all necessary steps taken to serve Oxus Holdings (Malta) Limited. Oxus Gold plc has applied to set aside the proceedings or, alternatively, service on it. Oxus Gold plc's application will be heard on 8 December 2006, following which orders will be made for the future conduct of the proceedings.

Eurogold believes that any trial may take place sometime in late 2007.

Transgold S.A. (Eurogold 50%)

As previously reported Transgold has been placed into liquidation. As a consequence, the Republic of Hungary has sought to be included in the Transgold creditors list. Their application was disallowed by the Romanian Courts and that decision has in turn been appealed by the Republic.

Explorer S.A. (Eurogold 98.72%)

Due to Eurogold's current funding constraints, during the quarter Explorer SA was placed into voluntary liquidation and the Romanian exploration tenements held by Explorer SA will be forfeited.

Yours sincerely

Peter Gunzburg
Executive Chairman

The information has also been reviewed by Mr Simon Pepper, a full time employee of Eurogold. Mr Pepper holds a MSc Mining Geology from Camborne School of Mines, is a member of the Institute of Materials, Minerals and Mining in the United Kingdom and has at least five years experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking. Mr Pepper has reviewed this report and consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The Saulyak deposit is located in Ukraine and most of the previous work was conducted by Soviet state organisations and some of the Soviet exploration data has not yet been fully validated in accordance with the JORC Code. As such, this report includes references to a resource estimate that is not yet JORC compliant. As discussed in this report, Eurogold is currently working towards the conversion of this into a JORC Code compliant Mineral Resource estimate.

Appendix 5B

Mining Exploration Entity Quarterly Report

Origin: Appendix 8

Name of Entity

| |
|---------------------------------|
| EUROGOLD LIMITED ("EUG") |
|---------------------------------|

ABN

| |
|-------------------------|
| 009 070 384 -002 |
|-------------------------|

Quarter Ended ("Current Quarter")

| |
|--------------------------|
| 30 September 2006 |
|--------------------------|

Consolidated Statement of Cash Flows

| Cash Flows Related to Operating Activities | Current Quarter | Year to Date (3 Months) |
|-----------------------------------------------------------------|-----------------|----------------------------|
| | \$A'000 | \$A'000 |
| 1.1 Receipts from product sales and related debtors | 0 | 0 |
| 1.2 Payments for (a) exploration and evaluation | (230) | (230) |
| (b) development | (44) | (44) |
| (c) production | 0 | 0 |
| (d) administration | (1,139) | (1,139) |
| 1.3 Dividends received | 0 | 0 |
| 1.4 Interest and other items of a similar nature received | 10 | 10 |
| 1.5 Interest and other costs of finance paid | 0 | 0 |
| 1.6 Income taxes paid | 0 | 0 |
| 1.7 Other – (Tax/VAT) | 6 | 6 |
| Net Operating Cash Flows | (1,397) | (1,397) |
| Cash Flows Related to Investing Activities | | |
| 1.8 Payment for purchases of: (a) prospects | 0 | 0 |
| (b) equity investments | 0 | 0 |
| (c) other fixed assets | (22) | (22) |
| 1.9 Proceeds from sale of: (a) prospects | 0 | 0 |
| (b) equity investments | 0 | 0 |
| (c) other fixed assets | 0 | 0 |
| 1.10 Loans to other entities | 0 | 0 |
| 1.11 Loans repaid by other entities | 0 | 0 |
| 1.12 Other- | 0 | 0 |
| Net Investing Cash Flows | (22) | (22) |
| 1.13 Total operating and investing cash flows (carried forward) | (1,419) | (1,419) |

| | | | |
|---------------------------------------------------|------------------------------------------------------------|---------|---------|
| 1.13 | Total operating and investing cash flows (brought forward) | (1,419) | (1,419) |
| Cash Flows Related to Financing Activities | | | |
| 1.14 | Proceeds from issues of shares, options, etc. | 1,750 | 1,750 |
| 1.15 | Proceeds from sale of forfeited shares | 0 | 0 |
| 1.16 | Proceeds from borrowings | 100 | 100 |
| 1.17 | Repayment of borrowings | 0 | 0 |
| 1.18 | Dividends paid | 0 | 0 |
| 1.19 | Other (Capital Raising Costs) | 0 | 0 |
| Net Financing Cash Flows | | 1,850 | 1,850 |
| Net Increase (Decrease) in Cash Held | | | |
| 1.20 | Cash at beginning of quarter/year to date | 98 | 98 |
| 1.21 | Exchange rate adjustments to 1.20 | (10) | (10) |
| 1.22 | Cash at End of Quarter | 519 | 519 |

Payments to directors of the entity and associates of the directors**Payments to related entities of the entity and associates of the related entities**

| | | Current quarter \$A'000 |
|------|------------------------------------------------------------------|----------------------------|
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | 184 |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10 | 0 |

1.25 Explanation necessary for an understanding of the transactions

Salaries, superannuation contributions, consulting and directors fees paid to Directors.

Non-Cash Financing and Investing Activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

None

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

None

Financing Facilities Available

Add notes as necessary for an understanding of the position.

| | Amount Available \$A'000 | Amount Used \$A'000 |
|---------------------------------|-----------------------------|------------------------|
| 3.1 Loan facilities | 0 | 0 |
| 3.2 Credit standby arrangements | 0 | 0 |

Estimated Cash Outflows for Next Quarter

| | \$A'000 |
|--------------------------------|------------|
| 4.1 Exploration and evaluation | 250 |
| 4.2 Development | 50 |
| Total | 300 |

Reconciliation of Cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

| | Current Quarter \$A'000 | Previous Quarter \$A'000 |
|--------------------------------------------------|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank | 519 | 519 |
| 5.2 Deposits at call | 0 | 0 |
| 5.3 Bank overdraft | 0 | 0 |
| 5.4 Other | 0 | 0 |
| Total: Cash at End of Quarter (item 1.22) | 519 | 519 |

Changes in Interests in Mining Tenements

| Tenement Reference | Nature of Interest (note (2)) | Interest at Beginning of Quarter | Interest at End of Quarter |
|-------------------------------------------------------------------|-------------------------------|----------------------------------|----------------------------|
| 6.1 Interests in mining tenements relinquished, reduced or lapsed | No changes in Interests | nil | nil |
| 6.2 Interests in mining tenements acquired or increased | No changes in Interests | - | - |

Issued and Quoted Securities at End of Current Quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

| | Number Issued | Number Quoted | Issue Price Per Security (cents) | Amount Paid Up Per Security (cents) |
|-----------------------------------------------------------------|----------------------------------------------------|---------------|----------------------------------|-------------------------------------|
| 7.1 Preference + securities <i>(description)</i> | Nil | Nil | N/Applicable | N/Applicable |
| 7.2 Issued during quarter | - | Nil | N/Applicable | N/Applicable |
| 7.3 +Ordinary Securities | 314,679,494 | 314,679,494 | N/Applicable | N/Applicable |
| 7.4 Issued during quarter | 35,000,000 | 35,000,000 | \$0.05 | N/Applicable |
| 7.5 +Convertible Debt Securities <i>(description)</i> | Nil | Nil | N/Applicable | N/Applicable |
| 7.6 Issued during quarter | Nil | Nil | N/Applicable | N/Applicable |
| 7.7 Options <i>(description)</i> | 2,000,000 <i>(unquoted Facilitator options)</i> | Nil | Exercise Price \$0.30 | Exercise Date 31 March 2007 |
| 7.8 Issued during quarter | Nil | Nil | Nil | Nil |
| 7.9 Exercised during quarter | Nil | Nil | Nil | Nil |
| 7.10 Expired during quarter | Nil | Nil | N/Applicable | N/Applicable |
| 7.11 Debentures <i>(totals only)</i> | Nil | Nil | | |
| 7.12 Unsecured Notes <i>(totals only)</i> | Nil | Nil | | |

Compliance Statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 4).
- 2 This statement does ~~does not~~* (*delete one*) give a true and fair view of the matters disclosed.

P L GUNZBURG
Executive Chairman

Date: 31 October 2006

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of Interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and Quoted Securities.** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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