

EUROGOLD LIMITED

ABN 58 009 070 384

FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2012

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DIRECTORS'REPORT

Your Directors submit the report of Eurogold Limited and its controlled entities ("Eurogold Limited" or "the Group") for the half year ended 31 December 2012.

Directors

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

Peter Lynton Gunzburg
Brett Montgomery (resigned 29 November 2012)
Neil Thacker MacLachlan (resigned 23 October 2012)
Arthur Dew (appointed 23 October 2012)
Carlisle (Lyle) Procter (appointed 29 November 2012)
Mark Wong (Alternate for Mr Dew appointed 7 December 2012)

Company Secretary

Pauline Collinson

Review and Results of Operations

As at 31 December 2012 the earnings per share of the Group was (\$0.016) based on a net loss totalling \$919,412 (31 December 2011: \$2,325,394).

On Going Strategy

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

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

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

Investment in Dragon Mining Limited (ASX: DRA)

As set out in its Preliminary Final Report lodged with ASX on 28 February 2013 Dragon Mining's (Dragon) focus in 2012 was the continuing development of the Company's mines to support future production at its production centres at Svartliden in northern Sweden, and Vammala in southern Finland, whilst advancing the highly prospective Kuusamo Mine Project and the exploration project in the Kuusamo Exploration Province in northern Finland with key results at year end being:

- a) Ore from production stopes being mined at Dragon's three operating mines;
- b) Increased confidence in the Kuusamo Mine Project, with 83% of the updated Mineral Resource at the Juomasuo deposit classified in the Measured and Indicated category;
- c) Significant progress towards completion of the Environmental Impact Assessment (EIA) in respect of the Kuusamo Mine Project; and
- d) A range of excellent drill results from the Jokisivu and Orivesi Gold Mines with excellent results continuing to be reported from the Kuusamo Mine Project.

In conjunction with the drilling activities, Dragon Mining has continued to consolidate its position in the interesting Kuusamo area and established a platform from which future exploration could advance. During the last 12 months Dragon extended its control in the highly prospective Kuusamo Exploration Province increasing holdings to 1,173km² through the application of areas to the north, west and south of the Kuusamo Mine Project.

During 2012 a total of 22,165.50 metres of diamond core drilling directed at the Kuusamo Mine Project area was completed. This drilling yielded a number of very encouraging results including the previously released intercept highlights 7.20 metres @ 8.76 g/t gold, 10.20 metres @ 9.53 g/t gold and 10.55m @ 16.54 g/t gold from the Juomasuo deposit and 2.55 metres @ 156.90 g/t gold, 6.85 metres @ 9.04 g/t gold, 12.45 metres @ 7.15 g/t gold and 9.00 metres @ 30.17 g/t gold from the Hangaslampi deposit.

Further results released by Dragon to the ASX on 24 January 2013, "Kuusamo Mine Project Continues to Advance" advised that assay results from diamond core drilling on the Kuusamo Mine project had yielded a further series of encouraging intercepts including 5.28 metres @ 5.54 g/t gold, 9.95 metres @ 10.75 g/t gold, 7.25 metres @ 4.57 g/t gold, 5.65 metres @ 11.98 g/t gold, 3.40 metres @ 10.16 g/t gold and 4.60 metres @ 7.00 g/t gold.

Dragon considers the Kuusamo Exploration Province to be highly prospective and that with time and additional drilling it provides Dragon with a significant opportunity. Eurogold management accepts Dragon's views on the potential of the project.

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

Competent Person Statement

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information as lodged with the ASX on 28 February 2013 by Dragon Mining Limited "Preliminary Final Report". This information has been reported according to the Australasian Code for the reporting of Exploration Results, Mineral Resources and Ore Reserves (2004 JORC Code), based on information compiled and reviewed by Mr Neale Edwards BSc (Hons), a Fellow of the Australian Institute of Geoscientists, who is a full time employee of Dragon Mining Limited and who has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the Australasian Code of Reporting for Exploration Results, Mineral Resources and Ore Reserves. Mr Neale Edwards consents to the inclusion in the Eurogold Limited report of the matters based on his information in the form and context in which it appears.

Significant Events After Balance Date

As previously advised, in February 2012 the Company entered into a loan facility with the Allied Group of Hong Kong, the Company's largest shareholder.

The term of the loan expired on 7 February 2013 and the Company has now entered into a Variation of Loan Agreement to vary the facility amount to HK\$8,200,000 (A\$1,023,196) and extended the term for another 12 months. A renewal fee of A\$50,000 was paid to AP Finance Limited on 18 February 2013 in consideration of the Lender agreeing to the Variation. Outstanding interest for the 12 months was paid in full in February 2013.

No further funds have been drawn down on the loan.

There have been no other matters or circumstances that have arisen since 31 December 2012 that has significantly affected or may significantly affect:

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

Auditor's Independence Declaration

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

Signed in Perth 15 March 2013 in accordance with a resolution of the Directors.

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

P Gunzburg
Executive Chairman

DIRECTORS' DECLARATION

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

In the opinion of the Directors:

- (a) The financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of financial position of the consolidated entity as at 31 December 2012 and the performance for the half year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- (b) Subject to the matter set out in Note 1(b) 'Going Concern', there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

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

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

P Gunzburg
Executive Chairman

Signed in Perth 15 March 2013

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE
HALF YEAR ENDED 31 DECEMBER 2012**

		Consolidated	
	Note	For the half year ended 31 December 2012 \$	For the half year ended 31 December 2011 \$
Revenue	2	6,273	12,006
Profit/(loss) on sale of investments		(4,030)	(337,444)
Share of profit/(loss) of associate		1,305,573	(1,167,751)
Employee benefits expense		(129,483)	(198,794)
Depreciation expense		(882)	(1,666)
Consultants fees		(75,538)	(77,740)
Movement in the fair value of investments classified as held for trading		(4,422)	258,346
Interest expense		(70,000)	-
Impairment of investment in associate		(1,876,501)	-
Foreign exchange loss		(14,162)	-
Gain on sale of held for sale asset		64,423	-
Other expenses		(120,663)	(250,704)
Net loss for the period		(919,412)	(1,763,747)
Income tax (expense)/benefit		-	(561,647)
Net loss for the period after income tax expense		(919,412)	(2,325,394)
Other comprehensive income			
Items that may be subsequently reclassified to operating result			
Net fair value loss on available-for-sale financial assets		(28,228)	(1,802,105)
Reclassification on disposal of available-for-sale financial assets.		-	(70,045)
Income tax on items of other comprehensive income		-	561,646
Share of other comprehensive income of associate		(294,514)	-
Other comprehensive (loss) / income for the period, net of tax		(322,742)	(1,310,504)
Total comprehensive loss for the period attributable to the members of Eurogold Limited		(1,242,154)	(3,635,898)
Basic and diluted loss per share (cents per share), for the half-year attributable to members of Eurogold Limited		(1.06)	(2.68)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

		Consolidated	
	Note	31 December 2012 \$	30 June 2012 \$
CURRENT ASSETS			
Cash and cash equivalents	5	471,459	564,573
Trade and other receivables		48,685	19,969
Investments classified as held for trading	6	163,222	172,145
Prepayments		21,051	19,648
		704,417	776,335
Asset held for sale		-	214,540
TOTAL CURRENT ASSETS		704,417	990,875
NON-CURRENT ASSETS			
Available for sale investments	7	564,595	593,823
Plant and equipment		3,755	4,636
Investment in associate	8	13,838,894	14,703,822
TOTAL NON-CURRENT ASSETS		14,407,244	15,301,281
TOTAL ASSETS		15,111,661	16,292,156
CURRENT LIABILITIES			
Payables and accruals		231,146	127,245
Interest bearing liabilities		1,000,000	1,000,000
Provisions		17,037	59,279
TOTAL CURRENT LIABILITIES		1,248,183	1,186,524
TOTAL LIABILITIES		1,248,183	1,186,524
NET ASSETS		13,863,478	15,105,632
EQUITY			
Contributed equity	9	60,039,582	60,039,582
Reserves		311,299	634,041
Accumulated losses		(46,487,403)	(45,567,991)
TOTAL EQUITY		13,863,478	15,105,632

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

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE HALF YEAR ENDED 31 DECEMBER 2012

	Consolidated	
	For the half year ended 31 December 2012 \$	For the half year ended 31 December 2011 \$
Cash flows from operating activities		
Payments to suppliers and employees	(378,304)	(492,031)
Interest received	6,273	12,006
Taxes paid	-	(93,739)
Net cash used in operating activities	(372,031)	(573,764)
Cash flows from investing activities		
Payment for shares in associate	(515)	(579,172)
Proceeds on sale of investments	470	938,097
Payment for listed investments	-	(103,057)
Proceeds on sale of held for sale asset	278,962	-
Net cash from investing activities	278,917	255,868
Net increase/(decrease) in cash and cash equivalents	(93,114)	(317,896)
Cash and cash equivalents at the beginning of the period	564,573	961,274
Cash and cash equivalents at the end of the period	471,459	643,378

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 31 December 2012

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

For the half year ended 31 December 2011

	Issued Capital \$	Accumulated Losses \$	Employee Benefit Reserve \$	Net Unrealised Gain Reserve \$	Total Equity \$
Balance at beginning of period	60,039,582	(35,120,462)	45,676	1,636,993	26,601,789
Profit/Loss for Period	-	(2,325,394)	-	-	(2,325,394)
Other comprehensive income	-	-	-	(1,310,504)	(1,310,504)
Total comprehensive income/(loss) for the period	-	(2,325,394)	-	(1,310,504)	(3,635,898)
Issue of Shares	-	-	-	-	-
Balance at End of Period	60,039,582	(37,445,856)	45,676	326,489	22,965,891

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

NOTES TO THE FINANCIAL STATEMENTS

CORPORATE INFORMATION

The financial report of Eurogold Limited for the half year ended 31 December 2012 was authorised for issue in accordance with a resolution of the Directors on 15 March 2013.

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

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) Basis of Preparation

This general purpose condensed financial report for the half year ended 31 December 2012 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001* and other mandatory professional reporting requirements.

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

It is recommended that the half year financial report be read in conjunction with the annual report for the year ended 30 June 2012 and considered together with any public announcements made by Eurogold Limited during the half year ended 31 December 2012 in accordance with the continuous disclosure obligations of the ASX listing rules.

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

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

The accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

(b) Going Concern

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

The Group has incurred a net loss for the half year ended 31 December 2012 of \$919,412 (2011: \$2,325,394) and experienced net cash outflows from operating activities of \$372,031 (2011: \$573,764). As of 31 December 2012 the Group had current assets of \$704,417 (30 June 2012: \$990,875) and current liabilities of \$1,248,183 (30 June 2012: \$1,186,524).

Subsequent to balance date, the term of the Group's current interest bearing liabilities of \$1,000,000 was extended for a further twelve months to 8 February 2014. The directors are currently assessing a range of options to meet this funding requirement and recognise that the ability of the Group to continue as a going concern is reliant on the raising of funds through a debt or equity issue and/or the realisation of its investments in order to repay its interest bearing liabilities.

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

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

(c) New and amending Accounting Standards and Interpretations

Since 1 July 2012, the Group has adopted all the amending Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2012.

Adoption of these Standards and Interpretations did not have any material effect on the financial position or performance of the Group.

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

(d) Basis of Consolidation

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

2 REVENUE

	Consolidated	
	31 December 2012	31 December 2011
	\$	\$
Revenue		
Interest revenue	6,273	12,006
	6,273	12,006

3 CONTINGENT ASSETS AND LIABILITIES

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

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

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

4 SEGMENT INFORMATION

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

5 CASH AND CASH EQUIVALENTS

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

	31 December 2012 \$	30 June 2012 \$
Cash at bank and on hand	471,459	564,573
	471,459	564,573

Of this cash balance, \$68,082 (ZAR 599,016) is held in South Africa subject to exchange controls. As such this amount may not be readily available for the payment of ongoing expenditure.

6 INVESTMENTS HELD FOR TRADING

	31 December 2012 \$	30 June 2012 \$
Shares in listed companies classified as held for trading (at fair value)	163,222	172,145

7 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	31 December 2012 \$	30 June 2012 \$
Shares in listed companies classified as available-for-sale (at fair value)	564,595	592,823

8 INVESTMENT IN ASSOCIATE

	31 December 2012 \$	30 June 2012 \$
a) Investment details		
<i>Listed</i>		
Dragon Mining Limited	13,838,894	14,703,822

As at 31 December 2012, the Group holds a 24.34% (30 June 2012: 24.34%) interest in Dragon Mining Limited ("Dragon").

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

Cost of investment:

Carrying value at 1 July 2012	14,703,821	16,252,864
Share of associates other comprehensive income	(294,514)	553,492
Cost of shares purchased during the period	515	7,963,745
Share of loss after income tax	1,305,573	(1,309,782)
Impairment in value	(1,876,501)	(8,756,497)
Carrying value at 31 December 2012	13,838,894	14,703,822
Fair value of investment	13,838,894	14,703,822

31 December 2012	30 June 2012
\$	\$
'000	'000

8 INVESTMENT IN ASSOCIATE

c) Summarised financial information

The following table illustrates summarised financial information relating to the Group's associates:

Extract from the associates' statement of financial position

Dragon Mining Limited

Current assets	28,886	31,525
Non-current assets	45,271	45,004
	74,157	76,529
Current liabilities	(14,940)	(16,794)
Non-Current Liabilities	(8,493)	(7,855)
Net assets	50,724	51,880
Share of associates net assets	12,346	12,627

Extract from the associates' statement of comprehensive income

	31 December 2012	30 June 2012
	\$	\$
	'000	'000
Revenue	38,045	84,315
Expenses	(37,097)	(90,955)
Profit/(loss) for the period before taxation	948	(6,640)
Income tax expense	(1,007)	(3,579)
Profit/(loss) for the period after income tax	(59)	(10,219)
Adjustment for accounting policy differences, net of tax	5,423	3,735
	5,364	(6,484)
Share of associates profit/(loss) after income tax	1,306	(1,310)
Other comprehensive income/(loss)	(1,210)	2,274
Share of associates other comprehensive income	(295)	553

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

Svartliden Gold Mine, Sweden

An environmental breach reported in 2008 concerning levels of arsenic and other metals contained in surface runoff and ground water which is pumped from the waste rock dump and mining area to a water storage facility, termed the Clear Water Dam (CWD), continues to be addressed. Additional corrective measures and improvements were implemented during 2011 to reduce the levels of metals contained in the water pumped to the CWD. Despite improvements to the water treatment processes, metal levels and amounts exceeded guidelines, necessitating further corrective measures and improvements to the water treatment processes. All levels and corrective measures are reported to the inspecting authority.

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

In parallel to negotiating the new permit and more realistic discharge limits, the legal process concerning alleged breaches of the existing permit conditions has continued. A court hearing is scheduled for June 2013. A corporate fine of at least 1.5 million SEK (A\$0.2 million) has been requested by the prosecutor.

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

Vammala Production Centre, Finland

In 2011 Finnish environmental authorities have requested that Dragon investigate nickel releases from the tailings dam area. Seepage water was surveyed and sampled for nickel. In the event that nickel releases are evident from the tailings dam area, Dragon will prepare a preventative action plan. Dragon would be responsible to carry out the plan after an approval by the authorities. The Share and Loan Sales Agreement between Dragon Mining Limited (formerly Dragon Mining NL), Outokumpu Nickel B.V, Outokumpu Mining Oy and Outokumpu Oyj executed in 2003 provides that releases from the historical mining operations are the seller's (Outokumpu's) responsibility.

9 CONTRIBUTED EQUITY

	31 December 2012 \$	30 June 2012 \$
Issued and paid up capital		
Ordinary fully paid shares	60,039,582	60,039,582
	Number of shares	Total \$
<i>Movements in fully paid ordinary shares on issue:</i>		
Balance at 31 December 2011	86,805,402	60,039,582
Balance at 1 July 2012	86,805,402	60,089,582
Issued during period	-	-
Balance at 31 December 2012	86,805,402	60,039,582

10 SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

In February 2012 the Company entered into a loan facility with the Allied Group of Hong Kong, the Company's largest shareholder.

The term of the loan expired on 7 February 2013 and the Company has now entered into a Variation of Loan Agreement to vary the loan amount to HK\$8,200,000 (A\$1,023,196) and extended the term for another 12 months. A renewal fee of A\$50,000 was paid to AP Finance Limited on 18 February 2013 in consideration of the Lender agreeing to the Variation. Outstanding interest for the 12 months was paid in full in February 2013.

No further funds have been drawn down on the loan.

There have been no other matters or circumstances that have arisen since 31 December 2012 that has significantly affected or may significantly affect:

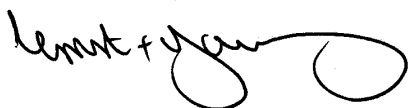
- a) the Consolidated Entity's operations in future years; or
- b) the results of those operations in future years; or
- c) the Consolidated Entity's state of affairs in future years

11 EXPENDITURE COMMITMENTS

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

Auditor's Independence Declaration to the Directors of Eurogold Limited

In relation to our review of the financial report of Eurogold Limited for the half-year ended 31 December 2012, 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.

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Ernst & Young

A handwritten signature in black ink, appearing to read 'G H Meyerowitz', with a large, stylized circular flourish at the end.

G H Meyerowitz
Partner
15 March 2013

Independent review report to members of Eurogold Limited

To the members of Eurogold Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Eurogold Limited, which comprises the statement of financial position as at 31 December 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Eurogold Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our conclusion, we draw attention to Note 1(b) of the half-year financial report. As a result of the matters described in Note 1(b), there is a material uncertainty whether the consolidated entity will be able to continue as a going concern and therefore whether it will be able to realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in this half-year financial report. The half-year financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

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Ernst & Young

A handwritten signature in black ink, appearing to read 'G H Meyerowitz', with a large, stylized circular flourish at the end.

G H Meyerowitz
Partner
Perth
15 March 2013