



EUROGOLD L I M I T E D

(ACN 009 070 384)

ASX ANNOUNCEMENT

16 May 2013

COMPANY UPDATE

Eurogold Limited (ASX:EUG) ("the Company") has previously advised the market that it continues to search for a suitable resource project to acquire.

Despite reviewing numerous opportunities, as a result of the difficult market conditions being experienced, the Company has not been able to identify a project which it believes will deliver adequate value to its shareholders. In these circumstances it is likely that the Company's securities will be suspended from trading at the end of the month.

Despite the best efforts of management to locate a suitable project, the challenging market conditions which have severely affected share prices and the ability of market participants in the small-cap resources sector to raise funds, have not yet resulted in the re-adjustment of the valuations being sought by asset vendors. It is the view and experience of Eurogold's management that a correction in asset prices usually lags up to twelve months behind a similar correction in share prices. Accordingly, Eurogold is expecting that in mid-late 2013 there may be a significant number of assets which are re-priced and will form attractive buying opportunities. The Board is confident that had it executed any of the transactions considered over the past 6-12 months, the dilutionary effect from such transaction would have had a materially adverse affect on shareholder value.

As at the date of its most recent quarterly report, 30 April 2013, the Company had a share portfolio (consisting primarily of shares in Dragon Mining Limited (ASX:DRA)) valued at \$10,750,000 and cash reserves of \$205,000. The Company continues to be supportive of its position in DRA and considers that its DRA shares should release most value when traded as a block, rather than being broken up.

Eurogold intends to work with ASX to manage the suspension of its securities at the end of the month, following which the Company will continue to search for a suitable acquisition to facilitate its re-quotation as well as exploring its options with respect to the disposal of its block of DRA shares and the distribution of all or part of the cash consideration (followed either by a wind-up or use of part of the cash for the acquisition of an appropriate business and re-quotation).

Eurogold intends to seek confirmation of the ongoing support of its major shareholder, Allied Properties Resources Limited, which has an outstanding loan to the Company of \$1,000,000.

Peter Gunzburg
Executive Chairman
Eurogold Limited