Eurogold Limited

ACN 009 070 384

AUDITED FINANCIAL STATEMENTS

30 June 2010

CORPORATE DIRECTORY

Directors

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

Company Secretary
Pauline Collinson

Principal Registered Office in Australia
Level 1
173 Mounts Bay Road
Perth Western Australia 6000
Telephone: 08 9481 0572
Facsimile: 08 9481 3586
Website: www.eurogold.com.au

Postal Address
PO Box 7493
Cloisters Square
Perth Western Australia 6850

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

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

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

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

National Australia Bank Limited
100 St George's Terrace
Perth WA 6000

Westpac Banking Corporation
4-6 Adelaide Street
Fremantle WA 6160

ASX Code
EUG - Fully Paid Ordinary Shares

DIRECTORS' REPORT

Your directors submit their report for the year ended 30 June 2010.

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 is a Non-Executive Director of ASX listed entities Fleetwood Corporation Limited, PieNetworks Limited and Dragon Mining Limited.

He resigned as a Non-Executive Director of Matra Petroleum PLC on 28 September 2009 and Strike Oil on 16 December 2008.

Brett Montgomery

Non-Executive Director - Appointed 15 August 1989
Mr Montgomery has over 27 years experience in the gold mining industry and management of public companies. Mr Montgomery was appointed a Non-Executive Director of Golden Tiger Mining NL on 9 October 2008. He does not hold any other listed company directorships.

Neil MacLachlan

Non-Executive Director - Appointed 13 July 2004
Mr MacLachlan has over 30 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, Geoinformatics Exploration Inc from 14 June 2005 to June 2006, Ambrian Partners from 2004 to October 2007 and Cambridge Mineral Resources Ltd from 2006 to April 2009.

He is currently a director of Samson Oil & Gas Limited, Extract Resources Ltd, Kalahari Minerals Ltd and Brinkley Mining Plc.

COMPANY SECRETARY
Pauline Collinson

Company Secretary – Appointed 7 November 2001
Mrs Collinson has been employed by the Company for 18 years, has held an executive position for 9 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 and Brinkley Mining Plc a London based company listed on AIM.

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	Unlisted Options over Ordinary shares	Unlisted Director Options Held Indirectly
Peter Gunzburg	3,977,934	Yes	500,000	Nil
Brett Montgomery	Nil	N/A	Nil	nil
Neil MacLachlan	755,000	N/A	Nil	Nil

EARNINGS PER SHARE

	Cents
Basic Profit / Loss) Per Share	(3.5)
Diluted Profit / (Loss) Per Share	(3.5)

Operating results for the year were:

	2010 $	2009 $
Total revenue from activities	623,745	337,979
(Loss) / Income attributed to members of the parent	(1,606,065)	3,763,907

Included in the operating profit/ (loss) after taxation for the year ended 30 June 2010 are the following material items:

	2010	2009
- Impairment of available for sale investments	-	(1,735,240)
- Fair value adjustment of held for trading investments	(52,763)	146,425
- Gain on sale of equity investments	835,414	6,589,864
- Impairment of investment in associate	(2,414,488)	-

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 23 in the financial report).

Nature of operations and principal activities

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

REVIEW AND RESULTS OF OPERATIONS

CORPORATE

During the year Eurogold acquired a 41% interest in AIM listed Brinkley Mining Plc. Peter Gunzburg and Neil MacLachlan were both appointed to the Board of Brinkley.

As at 30 June 2010 the NTA per share of the Company was $0.25 per share which consisted primarily of $1.5 million cash, a receivable of $5 million from Tanami Gold NL and its 41% interest in Brinkley Mining Plc which owns approximately 13% of ASX listed Dragon Mining Limited.

In addition, Eurogold owns a direct interest in Dragon Mining of approximately 4% giving a total relevant interest of 17%. Peter Gunzburg was appointed to the Board of Dragon Mining in February 2010.

The Company also has a 16.18% interest in Ormil Energy Limited (formerly Golden Tiger Mining).

Resource Invest LLC Transaction

Pursuant to Shareholder approval authorising the sale of the Saulyak Gold Project the Company disposed of its Ukrainian gold mining asset to Resource Invest LLC (“RIL”) in July 2007.

The Company received an initial payment of US$2,000,000 (A$2,254,767) 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. This regulatory approval remains outstanding.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than those disclosed elsewhere in this report there were no other significant changes in the state of affairs of the Company during the year.

FINANCIAL POSITION

The net assets of the consolidated entity at 30 June 2010 totalled $18,889,764 (2009: $19,026,962).

Total assets at 30 June 2010 totalled $19,595,485 (2009: $19,964,417). No amount has been recognised in respect of the contingent consideration of USD$3,000,000 to be received if RIL meet key regulatory milestones. The consolidated entity had cash reserves of $ 1,597,830 at 30 June 2010. Short term receivables total $5,369,305 at 30 June 2010.

RISK MANAGEMENT

The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the Group's objectives and activities are aligned with the risks and opportunities identified by the Board.

The Group believes that all Board members should be a part of this process, and as such the Board has not established a separate risk management committee at this stage.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

Since the end of the financial year the receivable due of $5,000,000 has been repaid.

Apart form the matter mentioned above there have been no other matters or circumstances that have arisen since the end of the financial year which significantly, or may significantly effect:

- The consolidated groups operations in future years;
- The results of those operations in future years; or
- The consolidated entity's state of affairs in future years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Strategy Going Forward

During the year the Company 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 Company to provide precise timeframes on potential acquisitions other than to say the Company is actively seeking and reviewing resource projects for possible investment by the Company.

It is not the 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. However, the Company may from time to time make investments in other resource companies, although the majority of the Company's cash will be maintained to fund future acquisitions or to provide working capital for project development following acquisition.

DIVIDENDS

No dividend has been declared or paid up to the date of the directors' report.

SHARE OPTIONS

Unissued shares
As at the date of this report there were 4,000,000 unissued ordinary shares under options. The options expire on 30 June 2010 and are exercisable at $1 each.

Shares issued as a result of the exercise of options
No options were exercised during the financial year and up to the date of the directors' report.

Options issued during the financial year
There were no options issued during the financial year and up to the date of the directors' report.

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 under the scheme.

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 3 directors' meetings were held and 4 directors' resolutions were signed. 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	3	3
Brett Montgomery	3	3
Neil MacLachlan	3	3

REMUNERATION REPORT (AUDITED)

Key Management Personnel

Peter L Gunzburg (Executive Chairman)
Brett Montgomery (Non-Executive Director)
Neil MacLachlan (Non-Executive Director)
Pauline Collinson (Company Secretary)

Remuneration Policy
The Board recognises that the performance of the Company depends upon the quality of its Directors and Executives and to this end the Company is aware that it must attract, motivate and retain experienced Directors and Executives. 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.

As the Company is in a developmental stage there is no link between remuneration and Company performance.

In accordance with best practice governance, the structure of Non-Executive Directors and senior executive remuneration is separate and distinct. It should be noted that the amount of salary and the grant of options is at the discretion of the board of directors.

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is acceptable to Shareholders.

The Company's Constitution and ASX Listing Rules specify that aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting of Shareholders. Such approval was granted at a general meeting on 12 August 2008. The Board considers advice from external consultants as well as fees paid to Non-Executive Directors of comparable companies when undertaking the annual review process. Each Non-Executive Director may also receive an equity based component where approval has been received from Shareholders in a general meeting.

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

The Company does not currently have a remuneration committee, the functions of which are carried out by the full board.

The Company currently does not have a policy relating to executives for hedging their exposure to options awarded as part of their remuneration package.

There are no financial performance measures driving STI payment outcomes.

Remuneration of directors and named executives

Table 1: Directors' remuneration for the year ended 30 June 2010

		Short term benefits Salary & Fees	Other	Post Employment Superannuation	Share based Payments Options	Total	Remuneration consisting of Options for the year %
P Gunzburg * ** ***	2010	255,030	12,000	15,300	-	282,330	-
Chairman	2009	158,000	12,000	48,900	2,560	221,460	1.2
B Montgomery	2010	44,000				44,000	-
Non-Executive	2009	44,000	512	-	-	44,512	-
N MacLachlan **	2010	40,000			-	40,000	-
Non-Executive	2009	39,999			2,561	42,560	6.0
Total	**2010**	**339,030**	**12,000**	**15,300**		**366,330**	-
Total	**2009**	**241,999**	**12,512**	**48,900**	**5,121**	**308,532**	**1.7**

* *Other includes payments of a motor vehicle allowance of $12,000 (2009: $12,000) paid to P Gunzburg.*
** *Share Based Payment Options includes Director Options issued to P Gunzburg and N MacLachlan in lieu of directors fees.*
*** *Salary and fees includes a discretionary bonus of $50,000 paid to P Gunzburg on 19 November 2009.*

Table 2: Executives Remuneration for the year ended 30 June 2010

		Short term benefits Salary & Fees	Post Employment Superannuation	Total
P Collinson	2010	111,637	8,307	119,944
Company Secretary	2009	89,230	8,030	97,260

* *Salaries and fees includes a discretionary bonus of $20,000 paid to P Collinson on 19 November 2009.*

Table 3: Options Granted and Vested During the Year

30 June 2010
There were no options granted, vested or exercised during the year.

Options granted to directors and executive officers

The Company currently has an Employee Option 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.

*** End of Audited Remuneration Report ***

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.

ENVIRONMENTAL REGULATION AND PERFORMANCE
The Consolidated Entity's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. The Board believes that the Company has adequate systems in place for the management of environmental requirements and is not aware of any breach of environmental requirements as they apply to the Consolidated Entity.

NON-AUDIT SERVICES
During the year ended 30 June 2010 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 2010 has been received and can be found on page 8.

Signed in accordance with a resolution of the directors

Peter Gunzburg
Executive Chairman
8 September 2010

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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 2010, 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

G H Meyerowitz
Partner
Perth
8 September 2010

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.

The Board and management are committed to corporate governance and to that extent they are applicable to the Company have adopted the second edition of the "Corporate Governance Principles and Recommendations" established by the ASX Corporate Governance Council and published by the ASX in August 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.

Composition of the Board
The Board is comprised of three Directors, of which the Chairman and Managing Director is the only Executive Director. The ASX 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 eight years, has extensive knowledge of the capital markets in Australia and overseas and 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 table below sets out the detail of the tenure of each Director at the date of this report.

Director	**Role of Director**	**Date Appointed**	**Independent**
Peter Lynton Gunzburg	Executive Chairman	24 September 2001	No
Brett Montgomery	Non-Executive	15 August 1989	Yes
Neil Thacker MacLachlan	Non-Executive	13 July 2004	Yes

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 and the requirements of the Corporations Act 2001.

Corporate Reporting
In accordance with ASX Principle 7, the Chairman, Financial Consultant and Company Secretary have made the following certifications to the Board:

- That the Company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Company and Group; and

- That the above statement is founded on a sound system of internal control and risk management which implements the policies adopted by the Board and that the Company's risk management and internal control is operating efficiently in all material respects.

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 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;
- 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.

Continuous Disclosure
In accordance with ASX Principle 5, the Board has established a disclosure policy and the Company is committed to:

- Ensuring that Shareholders have the opportunity to access externally available information issued by the Company;
- Providing full and timely information to the market about the Company's activities; and
- Complying with the obligations contained in the ASX Listing Rules and Corporations Act 2001 relating to continuous disclosure.

The Executive Chairman and the Company Secretary have been nominated as the people responsible for communication with the ASX.

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, Financial Consultant 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 Group 2010 $	Consolidated Group 2009 $
Revenue	3	623,745	337,979
Other Income	3	835,414	6,589,864
Depreciation expense	3	(5,112)	(6,816)
Administration expenses		(481,086)	(730,830)
Employee benefits expense		(490,634)	(413,750)
Movement of investments classified as held for trading		(52,763)	146,425
Share of loss of Associate		(196,368)	-
Impairment of available for sale investments		-	(1,735,240)
Loss on sale of investments		(26,443)	-
Impairment of investment in associate		(2,414,488)	-
Net (loss) /Profit for the period		***(2,207,735)***	***4,187,632***
Income tax (expense) / benefit	4	601,670	(423,725)
Net (Loss) / Profit for the period after income tax		**(1,606,065)**	**3,763,907**
Other comprehensive income			
Net fair value gains on available-for-sale financial assets		2,098,381	548,831
Income tax on items of other comprehensive income		(629,514)	(164,649)
Other comprehensive income for the period, net of tax		1,468,867	384,182
Total comprehensive (loss) / income for the period attributable to the member of Eurogold Limited		(137,198)	4,148,089
- basic and diluted profit (loss) per share (cents per share) for the year attributable to members of Eurogold Limited	19	(2.50)	7.25
- basic and diluted profit (loss) per share (cents per share) from continuing operations for the year attributable to members of Eurogold Limited	19	(2.50)	7.25

The accompanying notes form part of these financial statements.

	Notes	Consolidated Group 2010 $	2009 $
Current Assets			
Cash and cash equivalents	16	1,597,830	15,283,838
Trade and other receivables	5	5,369,305	11,077
Investments classified as held for trading	6	358,994	477,550
Prepayments		8,421	2,846
Total Current Assets		**7,334,550**	**15,775,311**
Non-Current Assets			
Available for sale investments	7	9,934,657	4,177,526
Plant and equipment	9	6,642	11,580
Investment in associate	8	2,319,636	-
Total Non-Current Assets		**12,260,935**	**4,189,106**
TOTAL ASSETS		**19,595,485**	**19,964,417**
Current Liabilities			
Trade and other payables	10	59,655	323,593
Provisions	11	29,849	25,489
Income Tax Payable	12	616,217	588,373
Total Current Liabilities		**705,721**	**937,455**
TOTAL LIABILITIES		**705,721**	**937,455**
NET ASSETS		**18,889,764**	**19,026,962**
SHAREHOLDERS' EQUITY			
Issued Capital	13	50,552,312	50,552,312
Reserves	15	1,898,729	429,862
Accumulated losses	14	(33,561,277)	(31,955,212)
TOTAL SHAREHOLDERS' EQUITY		**18,889,764**	**19,026,962**

The accompanying notes form part of these financial statements.

For the year ended 30 June 2010

	Issued Capital	Accumulated Losses	Net Unrealised Gain Reserve	Employee Benefit Reserve	Total Equity
Balance at beginning of year	50,552,312	(31,955,212)	384,182	45,680	19,026,962
Loss for the period	-	(1,606,065)	-	-	**(1,606,065)**
Other comprehensive income			1,468,867		1,468,867
Total comprehensive income / (loss) loss for the year	**-**	**(1,606,065)**	**1,468,867**	**-**	**(137,198)**
Balance at 30 June 2010	**50,552,312**	**(33,561,277)**	**1,853,049**	**45,680**	**18,889,764**

For the year ended 30 June 2009

	Issued Capital	Accumulated Losses	Net Unrealised Gain Reserve	Employee Benefit Reserve	Total Equity
Balance at beginning of year	41,345,565	(35,719,119)	-	40,559	5,667,005
Profit for Period	-	3,763,907	-	-	3,763,907
Other comprehensive income			384,182		384,182
Total comprehensive income / (loss) loss for the year	**-**	**3,763,907**	**384,182**	**-**	**4,148,089**
Shares issued during the year	9,590,385	-	-	-	9,590,385
Transaction costs on share issues	(383,638)				(383,638)
Share based payment	-	-	-	5,121	5,121
Balance at End of Year	**50,552,312**	**(31,955,212)**	**384,182**	**45,680**	**19,026,962**

The accompanying notes form part of these financial statements.

	Notes	Consolidated Group 2010 $	Consolidated Group 2009 $
Cash Flows from Operating Activities			
Receipts from customers		32,890	11,782
Payments to suppliers and employees		(1,242,095)	(1,145,839)
Interest received		440,855	326,197
Net cash flows used in operating activities	16(b)	**(768,350)**	**(807,860)**
Cash Flows from Investing Activities			
Payments for plant and equipment		(174)	(4,572)
Proceeds from sale of listed investments		3,413,199	12,780,403
Payment for listed investments		(6,550,191)	(7,521,409)
Payment for shares in associate		(4,930,492)	-
Loans made		(4,850,000)	-
Net cash flows from investing activities		**(12,917,658)**	**5,254,422**
Cash Flows from Financing Activities			
Proceeds from issue of investments		-	9,590,385
Transaction costs on issue of shares		-	(383,638)
Net cash flows from financing activities		**-**	**9,206,747**
Net increase/decrease in cash and cash equivalents		**(13,686,008)**	**13,653,309**
Cash and cash equivalents at the beginning of the financial year		15,283,838	1,630,529
Cash equivalents at the end of the financial year	16(a)	**1,597,830**	**15,283,838**

The accompanying notes form part of these financial statements.

1. CORPORATE INFORMATION

The financial report of Eurogold Limited (the Company) for the year ended 30 June 2010 was authorised for issue in accordance with a resolution of the directors on 8 September 2010.

Eurogold Limited is a Company limited by shares incorporated and is domiciled in Australia whose shares are publicly traded on the Australian Stock Exchange. The nature of the operation and principal activities of the consolidated entity are described in the Directors' Report.

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, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB).

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

The financial report is prepared in Australian dollars.

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

(b) Compliance with Statements

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(c) New and amended Accounting Standards and Interpretations

From 1 July 2009 The Group has adopted all Accounting Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2009; including:

AASB 8 and *AASB 2007-3*	*Operating Segments and consequential amendments to other Australian Accounting Standards* AASB8 is a disclosure standard requiring disclosure of information about the Consolidated Entity's operating segments and replaces the requirement to determine primary and secondary reporting segments of the Consolidated Entity.
AASB 101 (Revised) *AASB 2007-8 and* *AASB 2007-10*	*Presentation of Financial Statements (revised 2007) and other consequential amendments to other Australian Accounting Standards* The revised standard introduces a number of terminology changes, and introduces the statement of comprehensive income. The revised standard has resulted in a number of changes in presentation and disclosure.

Adoption of the new and Accounting Standards and Interpretations had no impact on the financial position or performance of the Group.

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group follows;

- *AASB 9: Financial Instruments and AASB 2009-11; Amendments to Australian Accounting Standards arising from AASB 9* (AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 138, 139, 1023 & 1038 and Interpretations 10 & 121 (applicable for annual reporting periods commencing on or alter 1 January 2013).

  These standards are applicable retrospectively and amend the classification and measurement of financial assets. The Group has not yet determined the potential impact on the financial statements.

  The changes made to accounting requirements include:

– simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;

– simplifying the requirements for embedded derivatives;

- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and
- reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on;
  a. the objective of the entity's business model for managing the financial assets; and
  b. the characteristics of the contractual cash flows.

- *AASB 124: Related Party Disclosures (*applicable for annual reporting periods commencing on or after 1 January 2011).

  This standard removes the requirement for government related entities to disclose details of all transactions with the government and other government related entities and clarifies the definition of a related party to remove inconsistencies and simplify the structure of the standard. The effect of the changes has not yet been determined.

- *AASB 2009-5; Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* [AASB 5, 8, 101, 107, 117, 118, 136 & 139] (applicable for annual reporting periods commencing from 1 January 2010).

  These standards detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. The effect of the changes has not yet been determined.

- *AASB 2009-8; Amendments to Australian Accounting Standards - Group Cash-settled Share-based Payment Transactions [AASB 2]* (applicable for annual reporting periods commencing on or after 1 January 2010).

  These amendments clarify the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction. The amendments incorporate the requirements previously included in Interpretation 8 and Interpretation 11 and as a consequence, these two Interpretations are superseded by the amendments. The effect of the changes has not yet been determined.

- *AASB 2009-10: Amendments to Australian Accounting Standards - Classification of Rights Issues AASB 132*applicable for annual reporting periods commencing on or after 1 February 2010).

  These amendments clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners *of* the same class of its own non-derivative equity instruments. The effect of the changes has not yet been determined.

- *AASB 2009-12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052*] (applicable for annual reporting periods commencing on or after 1 January 2011).

  This standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the IASB. The standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. The effect of the changes has not yet been determined.

- AASB Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments (applicable for annual reporting periods commencing on or after 1 July 2010).

  This Interpretation deals with how a debtor would account for the extinguishment of a liability through the issue of equity instruments. The Interpretation states that the issue of equity should be treated as the consideration paid to extinguish the liability, and the equity instruments issued should be recognised at their fair value unless fair value cannot be measured reliably in which case they shall be measured at the fair value of the liability extinguished. The Interpretation deals with situations where either partial or full settlement of the liability has occurred. The effect of the changes has not yet been determined.

- AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 3, AASB 7, AASB 121, AASB 128, AASB 131, AASB 132 & AASB 139].

  These amendments:

  - Limit the scope of the measurement choices of non-controlling interest at proportionate share of net assets in the event of liquidation. Other components of NCI are measured at fair value.

- Require an entity (in a business combination) to account for the replacement of the acquiree's share-based payment transactions (whether obliged or voluntarily), i.e., split between consideration and post combination expenses.
- Clarifies that contingent consideration from a business combination that occurred before the effective date of AASB 3 Revised is not restated.
- Eliminate the requirement to restate financial statements for a reporting period when significant influence or joint control is lost and the reporting entity accounts for the remaining investment under AASB 139. This includes the effect on accumulated foreign exchange differences on such investments.

The effect of the changes has not yet been determined

- AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101, AASB 134 and Interpretation 13

These amendments:

- Emphasis the interaction between quantitative and qualitative AASB 7 disclosures and the nature and extent of risks associated with financial instruments.
- Clarify that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.
- Provide guidance to illustrate how to apply disclosure principles in AASB 134 for significant events and transactions
- Clarify that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account.

The effect of the changes has not yet been determined.

(d) 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 Australian Accounting Standards. 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.

(ii) Investment in associate

The Group's investment in associate is accounted for using the equity method of accounting in the consolidated financial statements and at cost in the parent. The associates are entities over which the Group has significant influence and that are neither subsidiaries nor joint ventures.

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

Investment in the associate is carried at cost plus post acquisition changes in the Group's share of net assets of the associate, less any impairment of value.

(iii) Revenue recognition

Revenue is recognised and measured at the amount received or receivables 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 date.

Deferred income tax is provided on all temporary differences at the balance 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 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 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 date.

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

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 statement of financial position.

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 is 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
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 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 statement of comprehensive income 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 indicator 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.

Collectability of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Consolidated Entity will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

(ix) *Investments and other financial assets*

Investments and financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are categorised as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale assets. The classification depends on the purpose for which the investments were acquired. Designation is re-evaluated at each financial year end, but there are restrictions on reclassifying to other categories.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

Recognition and Derecognition

All regular way purchases and sales of financial assets are recognised on the trade date, ie the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place. Financial assets are derecognised when the right to receive cash flows from the financial assets have expired or been transferred.

(i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category ‘financial assets at fair value through profit or loss’. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term with the intention of making a profit. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on financial assets held for trading are recognised in profit or loss and the related assets are classified as current assets in the statement of financial position.

(ii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

(iii) Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets, principally equity securities that are designated as available-for-sale or are not classified as any of the two preceding categories. After initial recognition available-for-sale securities are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the balance date. For investments with no active market, fair values are determined using valuation techniques. Such techniques include: using recent arm’s length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available an supportable market data as possible and keeping judgmental inputs to a minimum.

(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 fulfilment 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 statement of comprehensive income on a straight-line basis over the term of the lease.

(xi) 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.

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

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

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.

(xiii) Employee benefits
Liabilities arising in respect of wages and salaries, annual leave and any other employee entitlements due 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.

(xiv) 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 statement of comprehensive income 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.

(xv) Cash and cash equivalents
Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest-bearing loans and borrowings in current liabilities on the statement of financial position.

(xvi) 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.

(xvii) *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-discretionary 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.

(xviii) *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.

(xix) *Judgements in applying accounting policies and key sources of estimation uncertainty*

(i) *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 outlined below.

(iii) *Impairment of plant and equipment*

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.

(iv) *Impairment of available-for-sale assets*

The Group holds a number of available-for-sale financial assets and follows the requirements of *AASB 139 Financial Instruments: Recognition and Measurement* in determining when an available-for-sale asset is impaired.

In making this judgement the Group assessed the duration and extent to which the fair value is less than cost.

(xxi) *Share based payment transactions*

Equity settled transactions

The Group provides benefits to its employees, including key management personnel (KMP), in the form of share based payments, whereby employees render services in exchange for shares or rights over shares (equity settled transactions).

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the statement of comprehensive income is the product of:

the grant date fair value of the award;

(i) the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and
(ii) the expired portion of the vesting period.

The charge to the statement of comprehensive income for the period is the cumulative amount as calculated above less the amounts already charged to previous periods. There is a corresponding entry to equity.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not that market condition is fulfilled, provided that all other conditions are satisfied.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for a cancelled award and designated as a replacement award on the date that it was granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share

	Consolidated Group 2010 $	Consolidated Group 2009 $
3. REVENUE AND EXPENSES		
(a) From Continuing Operations		
(i) Revenue and other income		
Interest received	440,855	326,197
Other	182,890	11,782
Revenue	**623,745**	**337,979**
Gain on sale of investments	835,414	6,589,864
Other income	**835,414**	**6,589,864**
(iii) Expenses		
Depreciation of non current assets		
Plant and equipment	5,112	6,816
(iv) Employee benefits expense		
Salaries and wages	462,667	343,741
Superannuation	23,607	56,930
Share based payments expense	-	5,121
Provision for employee entitlements	4,360	7,958
	490,634	**413,750**

4. INCOME TAX

(a) Major components of income tax expense for the years ended 30 June 2009 and 2010 are:

	2010 $	2009 $
Statement of comprehensive income		
Current income tax		
Current income tax charge	138,073	1,760,319
Tax losses utilised	-	(1,171,946)
Over accrual of previous year	(110,229)	-
Deferred income tax		
Relating to origination and reversal of temporary differences	-	(164,648)
Benefit arising from previously unrecognised deductable temporary differences	(629,514)	-
Income tax expense/(benefit) reported in the Statement of Comprehensive Income	**(601,670)**	**423,725**

	Consolidated Group 2010 $	Consolidated Group 2009 $
(b) Amounts charged or credited directly to equity		
Deferred income tax related to items charged (credited) directly to equity		
Unrealised gain on available for sale investments	629,514	146,425
Income tax reported in equity	629,514	146,425
(c) A reconciliation of income tax expense applicable to accounting (loss) / 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 2009 and 2010 is as follows:		
Accounting profit / (loss) before tax	(2,207,735)	4,187,632
At statutory income tax rate of 30% (2009: 30%)	(662,320)	1,256,290
Adjustment due to differential in overseas tax rates	-	
Expenditure not allowed for income tax purposes	-	910
Previously unrecognised temporary difference now utilised	(629,514)	
Temporary differences not recognised	800,393	338,471
Tax loss utilised	-	(1,171,946)
Over provision for tax previous year	(110,229)	-
Income tax expense / (benefit) reported in the Statement of Comprehensive Income	**(601,670)**	423,725

	Statement of Financial Position 2010 $	Statement of Financial Position 2009 $
(d) **Deferred income tax**		
Deferred income tax at 30 June relates to the following:		
CONSOLIDATED		
Deferred tax assets		
Provision for employee entitlements	8,956	7,647
Value of listed investments	74,240	856,680
Value of investment in associate	783,256	-
Accrued audit fee	8,627	8,627
	875,079	872,954
Deferred tax liabilities		
Available for sale asset	-	(164,649)
Net deferred tax asset	875,079	708,305
Timing differences not recognised	(875,079)	(708,305)
Deferred tax benefit recognised	-	-

Deferred tax assets have not been brought to account at 30 June 2010 (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 complies with the conditions for the deductibility imposed by law including the continuity of ownership and/or business tests; and
(iii) no changes in tax legislation adversely affect the Consolidated Entity in realising the benefit from the deduction for the loss.

	Consolidated Group	
	2010	**2009**
	$	**$**
5. TRADE AND OTHER RECEIVABLES		
Current		
Other receivables	5,369,305	11,077
	5,369,305	**11,077**

Terms and conditions relating to the above financial instruments:
(i) Total other receivables include an amount of $5,000,000 which bears interest of 8%. Total other receivables are non-interest bearing and have repayment terms between 30 days and 60 days.
(ii) There are no receivables that are aged past the payment terms, and all receivables are current.

6. INVESTMENTS CLASSIFIED AS HELD FOR TRADING

	Consolidated Group	
	2010	**2010**
	$	**$**
Fair value of shares in listed companies	358,994	477,550
	358,994	**477,550**
7. AVAILABLE FOR SALE FINANCIAL ASSETS		
Fair value of shares in listed entities held for sale	9,934,657	4,177,526
	9,934,657	**4,177,526**

8. INVESTMENT IN ASSOCIATE

Listed		
Brinkley Mining Plc	2,319,636	-

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

Brinkley Mining Plc		
Cost	4,930,522	-
Share of loss after income tax	(196,368)	-
Impairment allowance	(2,414,518)	-
Carrying value at 30 June 2010	**2,319,636**	**-**
Market value of investment	2,319,636	-

The investment in associate has been impaired and written down to its recoverable amount based on its fair value less cost to sell.

	Consolidated Group
	2010
	$

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	
Current assets	1,544,209
Non-current assets	8,811,488
	10,355,697
Current liabilities	(8,794)
Net assets	10,346,903
Share of associates net assets	**4,152,212**

Extract from the associates statement of comprehensive income	**6 months ended 31 December 2009**	**6 months ended 30 June 2010**
Other income	4,330,131	-
Expenses	(3,315,523)	(994,560)
Profit/ (Loss) for the period before taxation	1,014,608	(994,560)
Income tax expense	-	(223,549)
Profit/ (Loss) for the period after income tax	1,014,608	(1,223,549)
Share of associates profit / (loss) after income tax	**294,641**	**(491,010)**

	Notes	Consolidated Group 2010 $	2009 $
9. PLANT AND EQUIPMENT			
- At cost		26,509	24,973
- Accumulated depreciation		(19,867)	(13,393)
Net carrying amount at end of year		**6,642**	**11,580**

Reconciliation

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

		2010 $	2009 $
Plant and equipment			
Net carrying amount at beginning of year		11,580	13,824
Additions		174	4,572
Disposals		-	-
Depreciation expense		(5,112)	(6,816)
Net Carrying amount at end of year		**6,642**	**11,580**

10. PAYABLES AND ACCRUALS

		2010 $	2009 $
Trade and other payables		3,281	266,141
Sundry accruals		56,374	57,452
		59,655	**323,593**

Trade payables are generally paid within 30 days.

11. PROVISIONS

		2010 $	2009 $
Annual Leave		8,720	10,229
Long Service Leave		21,129	15,260
		29,849	**25,489**

12. INCOME TAX PAYABLE

		2010 $	2009 $
Income Tax Payable		616,217	588,373
		616,217	**588,373**

13. CONTRIBUTED EQUITY

		2010 $	2009 $
Issued and paid up capital			
Ordinary shares fully paid		50,552,312	50,552,312
		50,552,312	50,552,312

Movements in fully paid ordinary shares on issue:	**Number of Shares**	**Total $**
Balance at 1 July 2009	63,938,988	50,552,312
Shares issued	-	-
Balance at 30 June 2010	63,938,988	50,552,312

(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.

(c) Share based payment plans

Recognised Share Based Payment Expenses
The expense recognised for employee services received during the year for equity–settled share based payment transactions was NIL (2009: $5,120).

Type of Share Based Payment Plans
Share options are issued at the discretion of the board and subject to shareholder approval if required. The Company has in place an Employee Option Scheme. To date no options have been issued under this plan.

Summary of Options Granted Under Share Based Payment Plan

(i) The opening balance of options on issue was 400,000 (after 10:1 consolidation)
(ii) No options were issued, forfeited, exercised or expired during the financial year ended 30 June 2010

Weighted Average Remaining Contractual Life
Options expire on 10 August 2010.

Exercise Price
Options are exercisable at $0.30.

(d) Capital management

When managing capital, defined as equity, management's objective is to ensure that the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders.

	Consolidated Group	
	2010	**2009**
	$	**$**
14. ACCUMULATED LOSSES		
Balance at the beginning of the year	(31,955,212)	(35,719,119)
Net profit/(loss) attributable to members	(1,606,065)	3,763,907
	(33,561,277)	**(31,955,212)**
15. RESERVES		
Employee benefit reserve	45,680	45,680
Net unrealised gain reserve	1,853,049	384,182
	1,898,729	429,862
Employee Benefit		
Balance at beginning of year	45,680	40,559
Value of options granted and expensed	-	5,121
Balance at the end of the year	**45,680**	**45,680**
Net Unrealised Gain in available for sale investments		
Balance at beginning of year	384,182	-
Net unrealised gain	1,468,867	384,182
Balance at end of year	**1,853,049**	**384,182**

*The Employee benefit reserve is used to record the value of sharebased payments made to employees.
**The Net unreaslised gain reserve is used to record the movements in the fair value of available for sale investments.

	Consolidated Group 2010 $	2009 $
16. CASH AND CASH EQUIVALENTS		
(a) Cash and cash equivalents in the Statement of Financial Position		
Cash balances comprises		
Cash at bank	**1,597,830**	**15,283,838**
(b) Reconciliation of the net loss after tax to the net cash flows from operations		
Net income/(loss) after income tax	(1,606,065)	3,763,907
Non cash adjustments		
Depreciation	5,112	6,816
Share of associate loss	196,368	-
Gain on sale of investments	(808,971)	(6,589,864)
Fair value adjustment on investments classified as held for trading	52,763	(146,425)
Fair value adjustment on available for sale investments	-	1,735,240
Impairment in investment in associate	2,414,488	-
Income not received	(150,000)	-
Changes in Assets & Liabilities:		
Receivables	(5,222)	89,421
Prepayments	(5,575)	26,454
Payables	(263,938)	463,280
Provisions	(597,310)	7,958
Deferred tax liability	-	(164,647)
Net cash used in operating activities	**(768,350)**	**(807,860)**

17. EXPENDITURE COMMITMENTS

There are no expenditure commitments not recorded in the Financial Statements.

18. SEGMENT INFORMATION

The Group has identified one operating segment based on the internal reports that are reviewed and used by the chief executive office and his management team in assessing performance and in determining the allocation of resources. The accounting policies applied for internal reporting purposes are consistent with those applied in the preparation of the financial statements. For management purposes, the Group is organised into one main operating segment, which invests in equity securities. All the Group's activities are interconnected and all significant operating decisions are based on analysis of the Group as one segment. The financial results of the segment is the equivalent of the financial statements as a whole.

All interest revenue is earned in Australia. The table below analysis the group's non-current assets by geographic location based on the investee's country of incorporation.

Geographical area	2010	2009
Australia	9,688,225	3,937,027
England and Wales	2,572,710	252,079
Total	**12,260,935**	**4,188,110**

19. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net income/loss 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 income/loss 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 Group	
	2010	**2009**
Income/ (Loss) attributable to ordinary equity holders of the parent (used in calculating basic and diluted EPS)	(1,606,065)	3,763,907
Weighted average number of ordinary shares for basic earnings per share	63,938,988	51,888,970
Effect of dilution:		
Share options (i)	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution	**63,938,988**	**51,888,970**

(i) Share options on issue are not considered dilutive. The options on issue (4,400,000 options) potentially dilute basic earnings per share in the future, but were not included in the calculation of dilutive earnings per share because they are antidilutive for the period presented.

20. DIRECTORS & KEY MANAGEMENT PERSONNEL

(a) Details of Key Management Personnel

(i) 2010

P L Gunzburg	Managing Director
B Montgomery	Director (Non-Executive)
N T MacLachlan	Director (Non-Executive)
P Collinson	Company Secretary

(ii) 2009

P L Gunzburg	Managing Director
B Montgomery	Director (Non-Executive)
N T MacLachlan	Director (Non-Executive)
P Collinson	Company Secretary

(b) Interests in the Shares and Options of the Company and related Bodies Corporate

At 30 June 2010 the interests of the directors in the shares and options of Eurogold Limited were:

	Ordinary Shares 30 June 2009	Purchases	Sales	Ordinary Shares 30 June 2010
Peter Gunzburg	3,757,891	220,043	-	3,977,934
Brett Montgomery	-	-	-	-
Neil MacLachlan	555,000	200,000	-	755,000

	Options 30 June 2009	On Exercise of options	Options 30 June 2010	% Vested
Peter Gunzburg	700,000	-	700,000	100%
Brett Montgomery	-	-	-	-
Neil MacLachlan	200,000	-	200,000	100%

Included in the above are 400,000 options that expire on 30 August 2010 with an exercise price of $0.30 each.

(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 Group

	2010 $	2009 $
Short-Term employee benefits	462,667	343,741
Post Employment	23,607	56,930
Equity Based	-	5,121
Movement in Employee Provisions	4,360	7,958
	490,634	**413,750**

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.

21. AUDITORS' REMUNERATION

	Consolidated 2010 $	Consolidated 2009 $
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	40,652	48,757

22. RELATED PARTY DISCLOSURES

Other related party transactions

(a) **Wholly Owned Group Transactions**
Details of interests in controlled entities are set out in Note 23. Details of dealings are set out below.

(b) **Administration fees**
Fees are received from Dragon Mining Limited for administrative services; the amount received in the period is $20,771. P Gunzburg is a Non-Executive Director of Dragon Mining Limited.

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

23. CONTROLLED ENTITIES

Parent Entity	Country of Incorporation	Equity Interest held by consolidated entity % 2010	2009
Parent Entity: Eurogold Limited Controlled entities of Eurogold Limited:	Australia	100.0	100.0
Eurogold Holdings (Bermuda) Limited (i)	Bermuda	100.0	100.0
Eurogold (Bermuda) Limited (i)	Bermuda	100.0	100.0
Esmeralda Mining Limited (i)	Cyprus	100.0	100.0
Associate entities of Eurogold Limited:			
Brinkley Mining PLC	UK	40.13	-

All interests in controlled entities are in the ordinary shares of these entities
(i) These entities are not audited locally by Ernst & Young

24. EVENTS SUBSEQUENT TO BALANCE DATE

Since the end of the financial year the receivable due of $5,000,000 has been repaid.

Apart from the matter mentioned above there have been no other matters or circumstances that have arisen since the end of the financial year which significantly, or may significantly effect:

- The consolidated groups operations in future years;
- The results of those operations in future years; or
- The consolidated entity's state of affairs in future years.

25. PARENT ENTITY – EUROGOLD LIMITED

Information relating to Eurogold Ltd:	**2010**	**2009**
Current assets	7,334,550	15,775,311
Total assets	19,595,485	19,964,417
Current liabilities	705,721	937,455
Total liabilities	705,721	937,455
Issued capital	50,552,312	50,552,312
Retained earnings	(33,561,277)	(31,955,212)
Reserves	1,898,729	429,862
Total shareholders' equity	18,889,764	19,026,962
(Loss) / profit of the parent entity	(1,606,065)	3,763,907
Total comprehensive (loss) / income of the parent entity	(137,198)	4,148,089

Refer to note 27 for disclosure of Contingent asset and liabilities of the parent entity.

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Financial Risk Management Objectives & Policies

The Group's principal financial instruments comprise cash, available for sale and trading assets and short term 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 receivables and payables, which arise directly from its operations.

The Company also has investments in listed companies, some of which are classified as held for trading and some considered long term investments.

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	
	2010 $	2009 $	2010 $	2009 $	2010 $	2009 $	2010 $	2009 $	2010	2009
(i) Financial Assets										
Cash assets	1,597830	15,283,838	-	-	-	-	1, 597,830	15,283,338		4.24%
Receivables	5,000,000	-	369,305	11,077	-	-	5,369,305	11,077		N/A
Total financial assets	**6,597,830**	**15,283,838**	**369,305**	**11,077**	**-**	**-**	**6,967,135**	**15,294,415**		
(ii) Financial Liabilities										
Payables	-	-	59,655	323,593	-	-	59,655	323,593		N/A
Loan – other entity	-	-	-	-	-	-	-	-		N/A
Total financial liabilities	**-**	**-**	**59,655**	**323,593**	**-**	**-**	**59,655**	**323,593**		

The effect of a 1% increase in interest rates on the cash assets would be to increase the profit from continuing operations by $65,978 (2009: $152,383) and increase equity by $65,978 (2009: $152,383). The effect of a 1% decrease in interest rates on the cash assets would be to decrease the profit from continuing operations by $65,978 (2009: $152,383) and decrease equity by $65,978 (2009: $152,383).

The effect of a 1% increase in interest rates on receivables would be to increase the profit from continuing operations by $50,000 (2009: $0) and increase equity by $50,000 (2009: $0). The effect of a 1% decrease in interest rates on receivables would be to decrease the profit from continuing operations by $50,000 (2009: $0) and decrease equity by $50,000 (2009: $0).

c) Fair values

The carrying amount of financial assets and financial liabilities recorded in the financial statements at amortised cost approximates their respective fair values.

(d) 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 allowance for doubtful debts, of those assets as indicated in the statement of financial position.

Concentration of Credit Risk

The consolidated entity is not materially exposed to any individual overseas country or individual customer.

(e) Liquidity Risk

The consolidated entity's objective is to maintain consistency of funding via the raising of equity or short term loans as and when required. The contractual maturity analysis of trade payables of $59,655 is set out in note 10.

(f) Market Price Risk on Held for Trading and Available for Sale Investments

The amount of investments recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in Note 2.

The Fair Value Hierarchy assigns rankings to the level of judgment which is applied in deriving inputs for valuation techniques used to measure fair value. The three levels of the Fair Value Hierarchy are as follows:

Level 1 is the preferred input for valuation and reflects unadjusted quoted prices in active markets for identical assets or liabilities which the economic entity can access at the end of the reporting period. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2 is the valuation of assets and liabilities either directly or indirectly based upon market observables other than quoted prices. For example: financial assets with fair values based on broker quotes; investments in private equity funds with fair values obtained via fund managers; and assets that are valued using the economic entities' own models whereby the majority of assumptions are market observable.

Level 3 relates to inputs that are unobservable. Unobservable inputs means that fair values are determined in whole or in part using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

At 30 June 2010 had share prices moved, as illustrated in the table below, post tax, profit and equity would have been impacted as follows:

	Carrying Value	Share Price Movement +5%		Share Price Movement -5%	
		Profit	Equity	Profit	Equity
Shares in listed entities held for trading *	358,994	17,950	17,950	(17,950)	(17,950)
Shares in listed entities held available for sale*	9,934,657	-	496,733	(496,733)	-
Total	**10,293,651**	**17,950**	**514,683**	**(514,683)**	**(17,950)**

* All i vestments reflect unadjusted quoted prices in an active market and is classified as level 1

27. CONTINGENT ASSET AND LIABILITIES

The Company 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 Company on 10 July 2007. The royalty is up to 2% net smelter royalty per ounce of gold produced form 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 yet 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 Company total reserves identified at the project were not in excess of 750,000 ounces.

The Company is a defendant in proceedings commenced by the Republic of Yugoslavia in Yugoslavia seeking damages for the accidental overflow of treatment water from the tailings dam spillage on 30 January 2000. Eurogold believes that it has no liability to the Republic of Yugoslavia with respect to those proceedings.

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 being awarded a mining license at the Saulyak Gold Project.

The Directors' of the Company declare that:

1) In the opinion of the directors:

   (a) the financial statements, notes and additional disclosures included in the directors' report designated as audited, of the Company and of the consolidated entity are in accordance with the *Corporations Act 2001,* including:

      (a) complying with Accounting Standards and the Corporations Regulations 2001; and

      (b) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2010 and of their performance for the year ended on that date;

2) The financial report also complies with International Financial Reporting Standards.

3) In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

4) 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 year ended 30 June 2010.

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

Peter Gunzburg
Executive Chairman
8 September 2010

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Independent auditor's report to the members of Eurogold Limited

Report on the Financial Report

We have audited the accompanying financial report of Eurogold Limited, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows 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.

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. 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.

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 consolidated entity's financial position at 30 June 2010 and of its 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*.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 5 to 6 of the directors' report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Eurogold Limited for the year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

G H Meyerowitz
Partner
Perth
8 September 2010