

EUROGOLD LIMITED

ABN 58 009 070 384

HALF YEAR FINANCIAL REPORT

31 DECEMBER 2008

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DIRECTORS' REPORT

Your Directors submit the report of Eurogold Limited and its controlled entities ("Eurogold Limited" or "the Group") for the half year ended 31 December 2008.

Directors

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

Peter Lynton Gunzburg
Brett Montgomery
Neil Thacker MacLachlan

Company Secretary

Pauline Collinson

Review and Results of Operations

Non-Renounceable Rights Issue

During the half year Eurogold completed a non-renounceable Rights Issue of one new Share for every Share held at an issue price of \$0.03 per share which raised \$9,590,385 before costs.

The Rights Issue was fully underwritten by RFC Corporate Finance Ltd and sub-underwritten by Sun Hung Kai Investment Services Ltd.

The funds raised from the Rights Issue will expand the range and size of investment opportunities that Eurogold can pursue.

As a result of this Rights Issue, Allied Properties Resources Limited became a 49.3% Shareholder in Eurogold.

Share Consolidation and General Meeting

Shareholder approval for a 10:1 consolidation of the Company's share capital was received at a general meeting of Shareholders held on 12 August 2008. The consolidation was completed and the Company now has 63,935,926 shares on issue.

At the same meeting Shareholder approval was received for the issue of 4,000,000 Options exercisable at \$1.00 (on a post consolidation basis) with an expiry date of 30 June 2014 to Shareholders who participated in a placement in July 2006. Shareholders previously approved the issue of the Options but the Options were not issued.

Cancellation of AIM Listing

As advised on 24 June 2008 the Company announced its intention to cancel its listing on the AIM market of the London Stock Exchange.

The cancellation took effect on Thursday 24 July 2008, stock held in CREST was disabled on 10 October 2008 and all shareholders held through Eurogold's UK share registry have now been migrated to Eurogold's Australian share register which is managed by Computershare Investor Services.

Resource Invest LLC

In July 2007 Eurogold disposed of its Ukrainian gold mining assets to Resource Invest LLC ("RIL") for US\$5,000,000 (equivalent to \$7,243,541). US\$2,000,000 (equivalent to \$2,897,416) has been received and the balance of US\$3,000,000 (equivalent to \$4,346,125) is due from RIL upon a regulatory milestone relating to the advancement of the Saulyak Gold Project being met.

DIRECTORS'REPORT

Tanami Gold NL

Approximately 80% of the Company's investment portfolio of A\$5,278,656 is represented by a holding of 131,851,506 shares in Tanami Gold NL.

On 8 September 2008 Allied Properties Limited advised Tanami Gold NL that their shareholding in Tanami had increased to 16.10% as a consequence of it becoming a substantial shareholder in Eurogold. On 8 October 2008 Allied Properties announced a further increase to 17.11% due to on-market purchases by Eurogold.

Following a Rights Issue by Tanami Gold NL the combined holding of Allied Properties Limited and Eurogold increased to approximately 26%.

The Directors are continuing to actively examine new opportunities for its Shareholders both on and off market and will keep Shareholders informed of any progress.

Significant Events After Balance Date

No circumstances or events have arisen subsequent to the end of the period that have had, or are likely to have, a material impact on the financial statements.

Auditor's Independence Declaration

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

Signed in Perth 26 February 2009 in accordance with a resolution of the Directors.



P Gunzburg
Executive Chairman



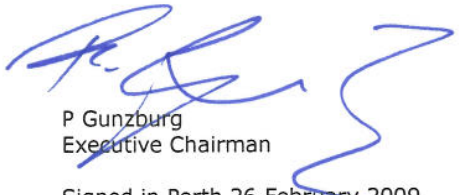
DIRECTORS' DECLARATION

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

In the opinion of the Directors:

- (a) The financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of financial position of the consolidated entity as at 31 December 2008 and the performance for the half year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



P Gunzburg
Executive Chairman

Signed in Perth 26 February 2009



CONSOLIDATED INCOME STATEMENT FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	Note	For the half year ended 31 December 2008	For the half year ended 31 December 2007
Continuing Operations			
Revenue	2	161,181	85,118
Foreign exchange gain		-	15,074
Employee benefits expense		(160,206)	(169,490)
Depreciation expense		(4,037)	(1,777)
Consultants fees		(150,691)	(83,954)
Interest expense		-	(20,120)
Net loss on sale of assets		-	(1,408)
Gain on sale of investments		13,713	-
Impairment of available for sale investment		(1,012,728)	-
Fair value movement of investments held for trading		(389,329)	-
Administration and other expenses		(375,337)	(322,693)
Loss from continuing operations before income tax expense		(1,917,434)	(499,250)
Income tax expense		-	-
Net loss for the period from continuing operations after income tax expense		(1,917,434)	(499,250)
Discontinued Operations			
Loss from discontinued operations after income tax		-	(421,212)
Net loss attributable to members of Eurogold Limited		(1,917,434)	(920,462)
Basic and diluted loss per share (cents), for the loss for the half-year attributable to members of Eurogold Limited		(3.70)	(2.8)
Basic and diluted loss per share (cents) from continuing operations for the half-year attributable to members of Eurogold Limited		(3.70)	(1.6)

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

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2008

	Note	31 December 2008	30 June 2008
CURRENT ASSETS			
Cash and cash equivalents	5	8,623,684	1,630,529
Receivables		20,023	100,498
Investments held for trading	6	665,861	727,103
Prepayments		1,403	29,300
TOTAL CURRENT ASSETS		9,310,971	2,487,430
NON-CURRENT ASSETS			
Available for sale investments	7	4,792,491	3,631,971
Plant and equipment		12,995	13,824
TOTAL NON-CURRENT ASSETS		4,805,486	3,645,795
TOTAL ASSETS		14,116,457	6,133,225
CURRENT LIABILITIES			
Trade and other payables		56,084	448,689
Provisions		22,609	17,531
TOTAL CURRENT LIABILITIES		78,693	466,220
TOTAL LIABILITIES		78,693	466,220
NET ASSETS		14,037,764	5,667,005
EQUITY			
Equity attributable to equity holders of the parent			
Contributed equity	8	50,552,312	41,345,565
Reserves		1,122,005	40,559
Accumulated losses		(37,636,553)	(35,719,119)
TOTAL EQUITY		14,037,764	5,667,005

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

CONSOLIDATED CASH FLOW STATEMENT FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	For the half year ended 31 December 2008	For the half year ended 31 December 2007
Cash flows from operating activities		
Payments to suppliers and employees	(960,182)	(717,927)
Interest received	158,289	68,051
Other income received	2,893	17,067
Net cash used in operating activities	(799,000)	(632,809)
Cash flows from investing activities		
Proceeds from sale of assets	-	1,100
Proceeds on sale of investments	33,813	-
Purchase of plant and equipment	(3,208)	(4,786)
Proceeds from sale of assets held for sale	-	2,254,768
Payment for investments held for trading	(527,476)	-
Payment for available for sale investments	(917,721)	-
Net cash used in investing activities	(1,414,592)	(2,251,082)
Cash flows from financing activities		
Proceeds from issue of ordinary shares	9,590,384	-
Payment of share issue costs	(383,637)	-
Net cash from financing activities	9,206,747	-
Net increase in cash held	6,993,155	1,618,273
Cash and cash equivalents at the beginning of the period	1,630,529	512,312
Cash and cash equivalents at the end of the period	8,623,684	2,130,585

The above Consolidated Cashflow Statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 31 December 2008

	Issued Capital	Foreign Currency Translation Reserve	Accumulated Losses	Discount on Minority Interest Reserve	Employee Benefit Reserve	Net Unrealised Gain Reserve	Total Equity
Balance at beginning of period	41,345,565	-	(35,719,119)	-	40,559	-	5,667,005
Unrealised gain on available for sale investment for the period	-	-	-	-	-	1,076,238	1,076,238
Loss for Period	-	-	(1,917,434)	-	-	-	(1,917,434)
Total income/(expense) for the period	-	-	(1,917,434)	-	-	-	(1,917,434)
Equity Transactions:							
Issues of Share Capital	9,590,384	-	-	-	-	-	9,590,384
Share Issue Costs	(383,637)	-	-	-	-	-	(383,637)
Share Based Payment	-	-	-	-	5,208	-	5,208
Balance at End of Period	50,552,312	-	(37,636,553)	-	45,767	1,076,238	14,037,764

For the half year ended 31 December 2007

	Issued Capital	Foreign Currency Translation Reserve	Accumulated Losses	Discount on Minority Interest Reserve	Employee Benefit Reserve	Net Unrealised Gain Reserve	Total Equity
Balance at beginning of period	41,345,565	(421,212)	(40,891,567)	2,011,136	-	-	2,043,922
Recognition of foreign currency translation reserve in the income statement on disposal of foreign operations	-	421,212	-	-	-	-	421,212
Loss for Period	-	-	(920,462)	-	-	-	(920,462)
Total income/(expense) for the period	-	421,212	(920,462)	-	-	-	(499,250)
Equity Transactions:							
Issues of Share Capital	-	-	-	-	-	-	-
Share Based Payment	-	-	-	-	17,846	-	17,846
Balance at End of Period	41,345,565	-	(41,812,029)	2,011,136	17,846	-	1,562,518

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

NOTES TO THE FINANCIAL STATEMENTS

CORPORATE INFORMATION

The financial report of Eurogold Limited for the half year ended 31 December 2008 was authorised for issue in accordance with a resolution of the Directors on 26 February 2009.

Eurogold Limited is a company limited by shares that is incorporated and domiciled in Australia and whose shares are publicly listed on Australian Stock Exchange. The registered address is Level 1, 173 Mounts Bay Road, Perth, Western Australia 6000.

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) Basis of Preparation

This general purpose condensed financial report for the half year ended 31 December 2008 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

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

It is recommended that the half year financial report be read in conjunction with the annual report for the year ended 30 June 2008 and considered together with any public announcements made by Eurogold Limited during the half year ended 31 December 2008 in accordance with the continuous disclosure obligations of the ASX listing rules.

The half year report financial report has been prepared on a historical cost basis except for held for trading investments and available for sale investments.

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

Apart from the changes in accounting policy noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

(b) Changes in accounting policy

From 1 July 2008 The Group has adopted the following applicable Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2008.

- AASB 2008-10 *Amendment to Australian Accounting Standards – Reclassification of Financial Assets (amendments to AASB 139 Financial Instruments: Recognition and Measurement and AASB 7 Financial Instruments Disclosures)*

Adoption of the standard did not have any effect on the financial position or performance of the Group.

The Group has not elected to early adopt any new standards or amendments.

(c) Basis of Consolidation

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

2 REVENUE

	Consolidated	
	31 December 2008	31 December 2007
Revenue		
Interest revenue	158,289	85,118
Other income	2,892	-
	161,181	85,118

3 CONTINGENT ASSETS AND LIABILITIES

Since the last annual reporting date, there have been the following changes to contingent liabilities or contingent assets:

- (a) On 10 July 2007 the Company disposed of its Ukrainian gold mining assets for US\$5,000,000 (equivalent to \$7,243,541). US\$3,000,000 (equivalent to \$4,346,125) of this amount remains outstanding and will only be received upon the purchaser meeting a regulatory milestone relating to the advancement of the Saulyak Gold Project.

With the sale of its Ukrainian gold mining assets the Company is no longer exposed to country risks arising from operations in the Ukraine.

- (b) The Company is entitled to a 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 from the Saulyak Gold project payable only in respect of ounces of gold produced over 750,000 ounces in total. Gold production from the Saulyak Gold Project has not commenced with the current owners of the project yet to secure a mining licence. At the time of the sale of the project by the Company total reserves identified at the project were not in excess of 750,000 ounces.
- (c) The Company is a defendant in proceedings commenced by the Former Yugoslav Republic of Macedonia in seeking damages for the accidental overflow of treatment water from the tailings dam spillage on 30 January 2000. The Company believes that it has no liability with respect to those proceedings.

4 SEGMENT INFORMATION

The Group primary segment reporting format is geographic locations. During the half-year ended 31 December 2008 the Group operated solely as a holding and investment company in Australia.

Primary Reporting – Geographical Segments 2007

	Discontinued Operations		Continuing Operations		Total Operations
	Ukraine \$	Romania \$	Australia \$	Eliminations \$	Consolidated \$
Revenues from ordinary activities	-	-	-	-	-
Segment result (loss)	(421,212)	-	(584,368)	-	(1,005,580)
Unallocated interest revenue	-	-	85,118	-	85,118

5 CASH AND CASH EQUIVALENTS

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

	31 December 2008	30 June 2008
Cash at bank and on hand	3,543,288	1,630,529
Term deposit	5,080,396	-
	<u>8,623,684</u>	<u>1,630,529</u>

6 INVESTMENTS HELD FOR TRADING

	31 December 2008	30 June 2008
Shares in listed companies (at fair value)	665,861	727,103

7 AVAILABLE FOR SALE FINANCIAL ASSETS

	31 December 2008	30 June 2008
Shares in listed entities (at fair value)	4,792,491	3,631,971

8 CONTRIBUTED EQUITY

	31 December 2008	30 June 2008
Issued and paid up capital		
Ordinary fully paid shares	50,552,312	41,345,565
	<u>50,552,312</u>	<u>41,345,565</u>

Movements in fully paid ordinary shares on issue:

	Number of shares	Total \$
Balance at 1 July 2007	319,679,494	41,345,565
Shares issued	-	-
Balance at 31 December 2007	319,679,494	41,345,565
Shares issued	-	-
Balance at 30 June 2008	319,679,494	41,345,565
Shares issued	319,679,766	9,590,384
Shares issued costs	-	(383,637)
No. shares before consolidation	639,359,260	50,552,312
No. shares after consolidation (10:1)	63,935,926	50,552,312
Balance at 31 December 2008	<u>63,935,926</u>	<u>50,552,312</u>

9 DISCONTINUED OPERATIONS

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

Settlement was effected on 14 July 2007 and the Company received an initial payment of US\$2,000,000 (equivalent to A\$2,254,767) from RIL and is entitled to receive a further US\$3,000,000 (equivalent to A\$4,346,125) upon RIL meeting key regulatory milestones relating to the advancement of the Saulyak Gold Project.

The sale of the Company's Ukrainian gold mining assets represented the discontinuation of the Company's activities outside of Australia. The carrying amount of net assets as at disposal date was \$2,254,768.

The net loss attributable to discontinued operations for the half year ended 31 December 2007 was \$421,212.

10 SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

No circumstances or events have arisen subsequent to the end of the period that have had, or are likely to have, a material impact on the financial statements.

To the members of Eurogold Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Eurogold Limited, which comprises the balance sheet as at 31 December 2008, the income statement, the statement of changes in equity and cash flow statement for the half-year ended on that date and other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with 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 half-year 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 a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Eurogold Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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


Independence

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

Conclusion

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

- i giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- ii complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Ernst & Young




G H Meyerowitz
Partner
Perth

26 February 2009

Auditor's Independence Declaration to the Directors of Eurogold Limited

In relation to our review of the financial report of Eurogold Limited for the half-year ended 31 December 2008, 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

26 February 2009