



## Results for the Quarter Ended 31 December 2005

31 January 2006

ASX/AIM Symbol "EUG"

### **HIGHLIGHTS FOR THE DECEMBER QUARTER**

- Eurogold today announced several high grade intersections at the Saulyak Gold Project in the Ukraine, these intersections included DDH 584, 8.82 metres @ 7.88 g/t au and DDH 583A, 7.08 metres @ 5.58 g/t au (see Figure 1 below for further results).
- The results represent only the first 5 drillholes out of a planned total of 94 in a 4700m underground drilling programme which began prior to the Christmas break and resumed on 20 January.
- The programme has 2 phases. The first is designed to confirm the current Soviet C1 C2 resource of 578,000 ounces and convert it to a JORC classification, and secondly to increase the overall resource under the JORC classification.
- The initial results are highly encouraging as they support the previous estimates of the orebody's width and grade.
- During the quarter the Company also successfully completed a step out hole from surface which again supports the Company's belief that the ore body is continuous along strike and down dip.
- The current drill programme will continue throughout the next 2 quarters.

### **UKRAINE – SAULYAK GOLD PROJECT (EUG 99.72%)**

Exploration and feasibility work continued at the Saulyak Gold Project in the Ukraine, where based on over 30km of drilling and 9km of underground development, Soviet "C1" and "C2" category resources of 578,000 ounces of gold (2.1 million tonnes at 8.4 g/t with a 1.5 g/t cut-off) were previously defined.

During the December quarter, Eurogold commenced the first phase of a 4700m drilling programme to convert the original Soviet data to a JORC classification. The other objective of the drilling program is focussed on exploration to extend the resource.

- A 550m diamond drill hole from the surface intercepted mineralisation (3m at 6.75 g/t, including 1m @ 14.1 g/t) indicating continuation of the resource at grades similar to the present resource. On the basis of this result further surface drilling targets are being generated to confirm the along strike and down dip continuity of the orebody, for possible drilling after the end of the Ukraine winter.

- Underground diamond drilling commenced from 498m level. Ten drillholes were completed to a total of 271m. Drillholes are designed to evaluate the No.1 orebody between 498m level and surface. Assay results have been received for five drillholes and results are tabulated in Figure 1.

**Figure 1:**

Drillhole No.	Interval (m)	Gold Grade (g/t)	Core Recovery %
583	4.98	3.59	92
583A	7.08	5.58	90
584	8.82	7.88	85
585	2.25	3.54	96
608	2.02	10.05	88

Work also continued during the quarter on refurbishment of the underground development workings in preparation for trial mining activities. Highlights of this work included:

- Following the receipt of further approvals for operation of air compressors, an additional compressor was installed and commissioned and ventilation testing indicates airflow is sufficient for the proposed use of a Paus underground loader.
- Approximately 750m of tunnel was stripped to accommodate the Paus loader and a further 3km of tunnel was cleaned up.
- Water and power services were installed.
- Training of local workforce continued with Diamond drill operators responding well to training on new drill rigs.
- The Emergency plan, including fire fighting, was approved by the mines inspection services.

#### **ROMANIA – TRANSGOLD SA (EUG 50%)**

A total of 72,547 tonnes of material was treated in the plant during the fourth quarter. The Hanau project produced 14,482 tonnes of hard rock and the June II test pit commenced commissioning during December with nominal tonnage.

Production at the process plant was halted in mid December to undertake a planned maintenance shutdown, which included a Ball Mill reline. Operations are scheduled to recommence in mid January.

**Production Statistics and Gold Sales****Production Statistics**

		<b>Dec 2005</b>	<b>Sept 2005</b>	<b>June 2005</b>
Hanau hard rock ore	tonnes	14,482	10,234	11,836
Concentrate material moved	tonnes	18,699	16,808	10,502
Toll ore treated	tonnes	39,366	47,810	50,281
<b>Processing CIL</b>				
Dry tonnes treated	tonnes	72,547	74,852	72,619
Total Gold Produced	ounces	6,025	7,281	6,094
Total Silver Produced	ounces	25,155	24,054	25,529
Cash Costs	US\$/oz	518	410	360

**Gold Sales**

<b>Sales</b>		<b>Dec 2005</b>	<b>Sept 2005</b>	<b>June 2005</b>
Total Bullion Sales				
Gold	oz	8,144	6,943	4,340
Silver	oz	28,570	26,970	20,730
Average Realised Prices				
Gold	US\$	482	458	422
Silver	US\$	7.99	6.89	7.09
Toll Treatment Revenue	US\$000		941	705

**Hedging**

No hedging contracts for gold or silver are in place. All sales of bullion were made at spot price during the quarter.

**CORPORATE**

- Successful capital raising of A\$3.2 million through the issue of 32,000,000 shares at A\$0.10 each.

*All of the mining activity for the Eurogold Group is located outside Australia and as such all of the mineral resources or ore reserves in this report are based on information compiled by Mr Simon Pepper who is a recognised mining professional on the basis that he holds a MSc Mining Geology from Camborne School of Mines, has at least five years experience in the estimation, assessment and evaluation of the type of mineral resources or ore reserves in this report and is a member of the Institute of Materials, Minerals and Mining in the United Kingdom..*

*This report complies with Appendix 5B of the Listing Rules.*

**PETER GUNZBURG**

Executive Chairman



1.13	Total operating and investing cash flows (brought forward)	(1,819)	(3,460)
	<b>Cash Flows Related to Financing Activities</b>		
1.14	Proceeds from issues of shares, options, etc.	3,098	3,098
1.15	Proceeds from sale of forfeited shares	0	0
1.16	Proceeds from borrowings	0	0
1.17	Repayment of borrowings	0	0
1.18	Dividends paid	0	0
1.19	Other (Capital Raising Costs)	(45)	(45)
	<b>Net Financing Cash Flows</b>	3,053	3,053
	<b>Net Increase (Decrease) in Cash Held</b>	1,234	(407)
1.20	Cash at beginning of quarter/year to date	1,321	2,928
1.21	Exchange rate adjustments to 1.20	(137)	(103)
1.22	<b>Cash at End of Quarter</b>	2,418	2,418

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

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	184
1.24	Aggregate amount of loans to the parties included in item 1.10	354

## 1.25 Explanation necessary for an understanding of the transactions

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

**Non-Cash Financing and Investing Activities**

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

none

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

none

## Financing Facilities Available

Add notes as necessary for an understanding of the position.

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

## Estimated Cash Outflows for Next Quarter

	\$A'000
4.1 Exploration and evaluation	750
4.2 Development	100
<b>Total</b>	<b>850</b>

## Reconciliation of Cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current Quarter \$A'000	Previous Quarter \$A'000
5.1 Cash on hand and at bank	2,418	1,321
5.2 Deposits at call	0	0
5.3 Bank overdraft	0	0
5.4 Other	0	0
<b>Total: Cash at End of Quarter (item 1.22)</b>	<b>2,418</b>	<b>1,321</b>

## Changes in Interests in Mining Tenements

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

## Issued and Quoted Securities at End of Current Quarter

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

	Number Issued	Number Quoted	Issue Price Per Security (cents)	Amount Paid Up Per Security (cents)
7.1 <b>Preference + securities</b> <i>(description)</i>	Nil	Nil	N/Applicable	N/Applicable
7.2 Issued during quarter	Nil	Nil	N/Applicable	N/Applicable
7.3 <b>+Ordinary Securities</b>	249,679,494	249,679,494	N/Applicable	N/Applicable
7.4 Issued during quarter	5,570,714 26,429,286	5,570,714 26,429,286	0.0425 GBP 10 cents	0.0425 GBP 10 cents
7.5 <b>+Convertible Debt Securities</b> <i>(description)</i>	Nil	Nil	N/Applicable	N/Applicable
7.6 Issued during quarter	Nil	Nil	N/Applicable	N/Applicable
7.7 <b>Options</b> <i>(description)</i>	2,000,000 <i>(unquoted Facilitator options)</i>	Nil	Nil	Nil
7.8 Issued during quarter	Nil	Nil	Nil	Nil
7.9 Exercised during quarter	Nil	Nil	Nil	Nil
7.10 Expired during quarter	Nil	Nil	N/Applicable	N/Applicable
7.11 <b>Debentures</b> <i>(totals only)</i>	Nil	Nil		
7.12 <b>Unsecured Notes</b> <i>(totals only)</i>	Nil	Nil		

## Compliance Statement

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

P L GUNZBURG  
Executive Chairman

Date: 31 January 2006

## Notes

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

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