



EUROGOLD
L I M I T E D

(ACN 009 070 384)

Annual Report 2005

CORPORATE DIRECTORY

Directors

Peter Gunzburg	Chairman/Managing Director
Christopher Barker	Executive Director
Dennis Franks	Non Executive Director
Brett Montgomery	Non Executive Director
Neil MacLachlan	Non Executive Director

Company Secretary

Pauline Collinson

Principal Registered Office in Australia

Level 4, State One House
172 St Georges Terrace
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

Share Registry – United Kingdom

Computershare Investor Services PLC
The Pavilions
Bridgewater Road
Bristol BS99 7NH
United Kingdom
Telephone: +44 (0)870 703 6025
Facsimile: +44 (0)870 703 6115

Solicitors

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

Auditors - Australia

Ernst & Young
11 Mounts Bay Road
Perth Western Australia 6000

Auditors - Ukraine

BDO
26 Lesi Ukrainki Bldv
Kyiv 01133 Ukraine

Solicitors

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

Bankers - Australia

BankWest
853 Hay Street
West Perth Western Australia 6000

Bankers – London

Standard Bank London
Cannon Bridge House
25 Dowgate Hill
London EC4R 2SB

ASX Code

EUG - Fully Paid Ordinary Shares

AIM Code

EUG – Fully Paid Ordinary Shares

Nominated Advisor to AIM

RFC Corporate Finance Ltd
Level 8, 250 St Georges Tce
Perth, Western Australia 6000

Nominated Broker to AIM

Panmure Gordon & Co
Moorgate Hall
155 Moorgate
London EC2M6XB

DIRECTORS' REPORT

Your directors submit their report for the year ended 30 June 2005.

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 was appointed Chairman of Fleetwood Corporation Limited on 20 February 2002 and Chairman of PieNetworks Limited on 29 April 2002. He is still the Chairman of both companies.

Christopher J Barker Executive Director - Appointed 13 July 2004
Mr Barker is an experienced management consultant and mining engineer and is the principal of a management consulting group specialising in the mining industry. In the last ten years he has been both Chairman and a director of a number of mining companies including LionOre Nickel (1999 – 2003); Great Southern Mines Ltd (2001); and Yilgarn Gold Ltd (2001). Mr Barker has extensive experience in the Former Soviet Union ("FSU") and was appointed the general director of the second largest gold project in Russia at Nezdanskoye for the initial stage of the project development. He holds certification to run operations in the FSU and has both resident and work permits for the Ukraine.

Dennis W Franks Non-Executive Director - Appointed 24 September 2001
Mr Franks has in excess of 30 years experience in the finance-investment banking and mining and exploration industries. He has an Accounting Degree and has considerable experience in the management of listed companies both within Australia and overseas. Mr Franks is not a director of any other public company.

Brett Montgomery Non-Executive Director - Appointed 15 August 1989
Mr Montgomery has over 20 years experience in the gold mining industry and management of public companies. Mr Montgomery is not a director of any other public company.

Neil MacLachlan Non-Executive Director - Appointed 13 July 2004
Mr MacLachlan has over 27 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 Hong Kong 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 from 1997 to September 2004 and Titan Resources Ltd from 1988 to June 2005.

Mr MacLachlan currently holds directorships with Ambrian Partners, a London based investment bank focussed on natural resources (appointed 01/10/2004); Samson Oil & Gas NL (appointed 1998); Kestrel Energy Inc (appointed 1999); and Geoinformatics Exploration Inc (appointed 14/06/2005).

Pauline Collinson Company Secretary – Appointed 7 November 2001
Mrs Collinson has been employed by the Company in an executive position for 13 years and has 25 years experience in the mining industry.

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	Options over Ordinary shares	Options Held Indirectly
Peter Gunzburg	23,768,685	Yes	Nil	N/A
Brett Montgomery	Nil	N/A	Nil	N/A
Dennis W Franks	Nil	N/A	Nil	N/A
Neil MacLachlan	350,000	Yes	Nil	N/A
Christopher Barker (i)	Nil	N/A	30,000,000	Yes

(i) 30,000,000 Options are held pursuant the acquisition by Eurogold of shares in Eurogold Holdings (Bermuda) Limited by a Put and Call Option Agreement for the conversion to 30,000,000 shares in Eurogold Limited. This option has not been exercised as at the date of this report.

LOSS PER SHARE

	Cents
Basic Loss Per Share	(1.7)
Diluted Loss Per Share	(1.7)

Operating results for the year were:

	2005 \$	2004 \$
Revenue from ordinary activities	373,654	633,983
Operating loss after taxation and Outside Equity Interests	(3,125,926)	(1,131,533)

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 25 in the financial report).

Nature of operations and principal activities

During the year, the principal activities of Eurogold Limited and its controlled entities were the exploration and assessment of mineral tenements held, and the provision of exploration services in Romania and the Ukraine.

There have been no significant changes in the nature of those activities during the year.

Employees

The consolidated entity employs a total of 75 employees as of 30 June 2005 (2004: 25).

REVIEW AND RESULTS OF OPERATIONS

Corporate Highlights

- Completed the acquisition of the Saulyak Gold Project (99.72%) and Berehove Gold Project (6.33%), Ukraine
- Admission to AIM Market London on 20 July 2004
- Eurogold entered into a strategic alliance with Geoinformatics Exploration Ltd in October 2004
- Oxus Gold Plc acquired a 19.84% shareholding in Eurogold in May 2005
- In July 2005 Eurogold agreed, subject to due diligence and shareholder approval, to sell its gold assets in Romania and Ukraine to Oxus Gold Plc, a UK gold mining group with existing gold production and exploration assets in Central Asia

Operational Highlights - Ukraine

- Highly successful drilling programme significantly enhanced the potential of the Saulyak project and upgraded resources by 650,000 ounces to a total exceeding 1.2 million ounces.

Operational Highlights – Romania

- Hanau open pit achieved record gold production with a head grade of 4.04 g/t Au and a recovered grade of 2.97 g/t Au
- Phase 2 of Suior Pyrites material began with a recovered grade of 4.7 g/t Au
- Transgold acquired licence for the exclusive use of the EMML Bio Treatment process in Romania from Minmet
- Rehabilitation of Transgold's original tailings operation completed with an area of approximately 24 hectares transformed into open space
- The historically mined II June and Sofia Gold/Silver deposits identified as having the potential to contribute a significant new source of hard rock material

CORPORATE

On 14 July 2005 Eurogold announced that it had agreed terms for the sale of its gold assets in Romania and Ukraine to Oxus Gold Plc ("Oxus"), a UK gold mining group with existing gold production and exploration assets in Central Asia and listed on the London AIM market.

The consideration for the assets will be in the form of Oxus shares with the total value of the transaction being £17.3 million, equal to £0.07 per Eurogold share, based on an Oxus share price of 46.7p.

The "new Oxus" will have gold mining and exploration operations in four former Soviet Block countries, namely Kyrgyzstan, Romania, Ukraine and Uzbekistan and is expected to produce in the vicinity of 200,000 ounces of gold in its own right by 2006.

Eurogold shareholders will therefore have exposure to a much larger, more liquid and more diverse mining house which, in time, should attract a higher rating by the capital markets.

Following the sale, Eurogold intends to complete an in-specie distribution of Oxus shares.

Finalisation of the transaction is conditional upon satisfactory completion of full due diligence and valuation of the assets, and on the approval of Eurogold's shareholders.

OPERATING ACTIVITIES

Eurogold Limited is a Western Australian based gold mining company dual listed on the Australian Stock Exchange and the Alternative Investment Market of the London Stock Exchange (ASX/AIM: "EUG"). The Company is a gold producer and explorer in the highly prospective Carpathian Mountains of Eastern Europe, principally in the emerging democracies of Romania and Ukraine.

During the year Eurogold acquired significant assets in the Ukraine which coincided with its AIM listing. Of the Company's four separate project areas, the principle asset is the Saulyak gold deposit near the border of Romania. During the Soviet era a resource of 578,000 ounces was identified at the project.

Eurogold has been granted eight exploration and mining tenements covering an aggregate area of approximately 400 km² in Eastern Europe. The Company is now implementing its strategy for developing near surface gold mineralisation throughout the region.

In Romania the Company's interests are held through shareholdings in two Romanian companies, Transgold SA (Eurogold 50%) and Explorer SA (Eurogold 98%). Transgold is the owner and operator of the Baia Mare gold processing facility in north-west Romania and has the rights to exploration licences in the surrounding area. Transgold's Baia Mare gold plant is the only modern Carbon-in-Leach plant in operation in Eastern Europe. At present the plant is processing a mixture of current tailings from the adjacent Remin gold plant, various pyrite concentrates sourced from within Romania and hard rock material from various local sources.

The Company now has a 99.72% interest in the Saulyak gold project in the far southwest of Ukraine, close to the Romanian border. The Saulyak project was explored in detail by the USSR during the 1970's and 1980's and includes more than 9 kilometres of underground development on two levels and 30 kilometres of diamond drilling. Eurogold is developing Saulyak by means of adits driven from the adjacent valley.

1.0 TRANSGOLD SA – (Eurogold 50%)

1.1 General

In June 2005 the Company announced its intention to focus on developing its hard rock deposits in Romania and the Ukraine and as a consequence decided not to proceed with further development of the Central Tailings Dam Project at Baia Mare, a high tonnage, low grade operation. Instead the Company will use the existing Transgold (50% owned by Eurogold) plant at Baia Mare to process ore from the Saulyak and Romanian deposits.

Having the plant and infrastructure already in place enables the Company to move quickly and efficiently to establish mining operations at Saulyak and its Romanian deposits.

1.2 Production

Gold Operations

During the year 214,437 tonnes of Remin material was treated. Total ounces produced were 23,684 of gold and 92,969 of silver.

Transgold also treated concentrate material from various suppliers within Romania. Transgold continued to keenly pursue the sourcing and treatment of alternative feedstock from suppliers within Romania. A total of 33,906 tonnes of concentrates were treated during the year.

1.3 Exploration

All exploration has been conducted by Explorer SA, a Romanian registered 98% owned subsidiary of Eurogold. Explorer conducts exploration on four tenements totalling 408 km² that it holds in its own right and manages the exploration on three tenements totalling 78 km² held by Transgold SA.

1.4 Regulatory Issues

SC Aurul SA (now Transgold SA) was previously the subject of litigation from a number of small litigants and the Hungarian Government, following the tailings dam incident in January 2000.

The Hungarian Government continues to pursue Transgold SA for damages allegedly resulting from the tailings dam incident in January 2000.

2.0 SAULYAK GOLD PROJECT - UKRAINE (Eurogold 99.72%)

2.1 General

During the year Eurogold acquired a 99.72% in the Saulyak Gold Project in southwest Ukraine.

The Saulyak Project is located in the Zakapattia Oblast Region in low mountainous terrain and has a well developed infrastructure and some nine kilometres of underground tunnels on two levels into the ore zones within the mountain.

During the year Geoinformatics Exploration ("GEX") completed the initial phase of a geological model on the Saulyak deposit and assisted with targeting drill sites for further exploration both on surface and underground. In its executive summary GEX stated that the exploration at Saulyak had the potential to significantly increase resources and that reinterpretation of the original Soviet data from Saulyak suggested the geology may not be represented by a single mineralised system but possibly a series of separated ore horizons which could result in a significantly larger mineralised system.

The intention now is to conduct further drilling and ultimately convert the Soviet resource classification to a JORC classification to bring the mine into early production.

The latest results from Saulyak support Eurogold's strategy of merging and firming up its Ukrainian and Romanian hard rock deposits, which are located only 60 kilometres apart, by utilising its 50% owned Transgold processing plant at Baia Mare.

2.2 Exploration and Geology

In August 2004 the Company commenced an exploration programme at its Saulyak Gold Project to validate previous work and extend the known resource. A review of the results was conducted in order to estimate the number of additional ounces down dip from the previously announced Soviet C1 and C2 category of 578,000 ounces of gold. The result of the review indicated an additional in-situ resource estimate of 2.5 million tonnes of ore at a gold grade of 8 g/t Au containing 650,000 ounces of gold making a total in excess of 5 million tonnes.

Eurogold intends to treat the Saulyak ore at the Transgold plant across the border in Baia Mare, Romania.

Proof that the orebody extended down-dip with sufficient integrity to justify economic exploitation was always hampered by inconsistent results from deep exploration drilling. Drillholes demonstrated that there was broad continuity of the potentially mineralised alteration zone, but due to patchy grades and poor core recovery, determination of any controlling trends to the orebody remained speculative.

The Company was able to successfully complete drillholes, as well as maximise core recovery and core quality, by introducing double tube core barrels, new drilling chemicals and intensive training to the local drilling crews in the use of new technology methods.

Resource modelling, based on both recent drilling results and previous Soviet results, was carried out to estimate the additional gold resources at Saulyak down-dip of the previously defined resources (in Soviet C1 and C2 categories) of 578,000 ounces.

Four drillholes in this down-dip zone, namely C304, C304-2, C307 and C408, had returned encouraging results and defined an interpreted area of continuous mineralisation. An estimation of the Inferred Resource (JORC Code) within this envelope was undertaken based on assigning a 150m radius of influence around drillhole intersections to define the mineralised envelope. Mean drillhole grade and thickness parameters were weighted to derive global values. The in-situ resource estimate for the

down-dip zone is 2.5 million tonnes of ore at 8 g/t Au containing 650,000 ounces of gold, bringing the total estimate resource at Saulyak to over 1.2 million ounces.

Geoinformatics Exploration has continued to evaluate further data collection to enable expansion of the 3D modelling of the Saulyak deposit and highlight new potential drilling targets for both the underground and surface drilling programme.

2.3 Underground

Continuation of the refurbishment and making safe the underground workings progressed steadily during the year and preparation work continued to underground drilling locations. Construction work commenced on the rehabilitation of a ventilation rise.

Surface exhaust ventilation housing, fans and ducting were completed and approved which allowed sufficient airflow to be drawn through the current workings to enable full access to be achieved to the deeper workings of the mine.

A compressor unit was installed at No 1 Adit to enable underground drilling to commence.

2.4 Infrastructure

Installation of the 10 km electrical power line required for the mine adits commencing during the last quarter.

2.5 Technical Developments

Continued efforts were directed to researching old data and information on the Saulyak deposit and adjacent areas and further plans, maps and data were obtained that have assisted with a better understanding of the resource model and geological methodology.

A drill hole data base was established and a considerable number of surface and underground drill holes were reviewed and the data base was updated. This information permitted Geoinformatics to further develop the geological model.

The 200 kg metallurgical sample extracted from No 2 Adit confirmed earlier excellent metallurgical recoveries with results in the 97% recovery range and with low reagent consumption. The sample was from deeper in the orezone and confirmed the overall metallurgical results to date.

Detailed project plans were commenced by Kryvbasproject, a certified mine project design company, who were awarded the contract for the design and obtaining approval of the new Adit No 3 entrance portal 100m below the existing workings. They are also commencing design of the extensive tunnel work and mine development within the existing ore bodies to enable ongoing works to be progressed.

3.0 BEREGOVE GOLD PROJECT – UKRAINE (Eurogold 6.33%)

The Beregove operations continued to produce ores from the small scale stockworks areas underground and the ore was treated at the gravity plant.

In line with ongoing developments, a loan facility was put in place to enable rehabilitation of the vein area workings and for commencement of design work on the proposed development and associated works. The design work was awarded to Kyribasproject Mining Design Institute.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The following significant changes in the state of affairs of the economic entity occurred during the financial year.

- On 30 July 2004 the Company issued a total of 48,000,000 shares pursuant to shareholder approval received on 15 June 2004 at £0.05 to UK investors to coincide with the listing of the Company's shares on the Alternative Investment Market (AIM) of the London Stock Exchange. The placement raised £2.4 million (A\$6.1 million) net of costs.

- On 23 February 2005 the Company issued 7,800,000 shares at £0.07 to raise £546,000 (A\$1.3 million) net of costs. This issue was ratified by shareholders on 11 May 2005.
- Over the period 13 April 2005 to 17 May 2005 the Company issued pursuant to shareholder approval received on 17 May 2005 35,714,285 shares at £0.07 to raise £2.5 million (A\$6.1 million).
- On 13 July 2004 the economic entity entered into a Share Sale Agreement to acquire the shareholdings of Saulyak Resources Limited ("SRL") and Zarkar Resources Limited ("ZRL"). SRL is the ultimate owner of 99.72% of the Saulyak Gold Project and ZRL is the ultimate owner of the 6.33% interest in the Beregove project. Pursuant to this agreement the Company entered into a Put and Call Option Agreement with the Vendors which will result in the Company issuing a total of 30,000,000 shares.

FINANCIAL POSITION

The net assets of the Company at 30 June 2005 totalled \$16,882,839 (2004: \$2,781,657).

Total assets at 30 June 2005 totalled \$17,439,470 (2004: \$3,504,189), the increase being mainly due to the acquisition of the Saulyak Gold Project and Beregove Gold Project and subsequent exploration and development of the Saulyak Gold Project. The economic entity had cash reserves of \$2,853,463 at 30 June 2005.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 14 July 2005 the Company announced that it had agreed terms for the sale of its gold assets in Romania and Ukraine to Oxus Gold Plc ("Oxus"), a UK gold mining group with existing gold production and exploration assets in Central Asia. The proposed transaction comprises of:

- all of the issued capital of Eurogold (Bermuda) Limited, a subsidiary of Eurogold which controls its assets in the Ukraine
- all of the issued capital of Explorer SA, Eurogold's exploration subsidiary in Romania which holds largely exploration assets
- certain assets at fair market value of Transgold SA in which Eurogold holds a 50% interest.

The total value of the proposed transaction is £17,337,565, equal to £0.07 per Eurogold share, with the consideration being met by the issue of up to 37.1 million new Oxus shares. Oxus already owns 43,188,100 shares in Eurogold, equal to 17.44% of the fully diluted share capital of the Company. These shares will be cancelled as part of the proposed transaction. Thus, the net purchase consideration, after set off, will be £14.3 million, with 30.6 million Oxus shares being issued, based on the average closing price of 46.7p of Oxus shares over 6, 7 and 8 July 2005.

Following the sale, Eurogold intends to complete an in specie distribution of the Oxus shares to its shareholders, the exact number of which to be determined subsequent to the receipt of tax advice and the structure of the transaction being finalised.

Finalisation of the transaction is conditional on, amongst other things, the satisfactory completion of full due diligence, valuation of assets, finalisation of legal documentation, receiving regulatory and governmental approvals and the approval of Eurogold shareholders.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

It is the Company's intention to increase production at the Transgold owned processing facility and to instigate the other development initiatives outlined in this report as and when the circumstances permit.

On successful finalisation of the Oxus transaction the directors will review investment proposals within the natural resources industry with a view to maximising shareholder return.

ENVIRONMENTAL REGULATION AND PERFORMANCE

Eurogold has obligations under documentation entered into between, amongst others, it and the lending banks to an associated entity with respect to compliance with environmental law. Eurogold is not in default in relation to any of those obligations. The consolidated entity is currently complying with relevant environmental regulations and has no outstanding environmental orders against it.

DIVIDENDS

No dividend has been declared or paid during the financial year.

SHARE OPTIONS

Unissued shares

At the date of this financial report, the following options are on issue:

- 2,000,000 unlisted facilitator options on issue to acquire ordinary shares under options which are exercisable at A\$0.30 each on or before 31 March 2007. These facilitator options were issued as a result of the capital raising completed as part of the AIM listing in July 2004.
- 30,000,000 options issued pursuant to a Put and Call Option Agreement entered into on 13 July 2004 in connection with the acquisition of the interests in the Saulyak Gold Project and Beregove Gold Project. This agreement will result in the Company issuing 30,000,000 shares.

Shares issued as a result of the exercise of options

During the financial year, no options to acquire ordinary shares in Eurogold Limited were exercised. During the financial year 91,514,285 new shares were issued. Since the end of the financial year no options have been exercised and no new shares have been issued.

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.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company does not currently have any indemnification or any insurance 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 6 directors' meetings were held and 11 Circular Resolutions were signed by the board. 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	6	6
Brett Montgomery	6	5
Dennis W Franks	6	6
Neil MacLachlan	6	5
Christopher Barker	6	5

REMUNERATION REPORT

Remuneration policy

The Board of Directors is responsible for determining and reviewing compensation arrangements for the directors and the executive team. 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.

There is no separation of remuneration between short term incentives and long term incentives. The board believes that this remuneration policy is appropriate given the stage of development of the Company and the activities which it undertakes and is appropriate in aligning director and executive objectives with shareholder and business objectives.

The remuneration and terms of employment for the directors are subject to annual review with no fixed notice or termination period with one third of the directors being subject to re-election at the Annual General Meeting of Shareholders. Details of the nature and amounts of each element of the emolument of each director of the Company and each of the five executive officers of the company and the consolidated entity receiving the highest emolument for the financial year are as follows:

Emoluments of Directors of Eurogold Limited (this information has been audited)

2005	Primary		Post Employment	Total Remuneration
Name	Base Fee	Other	Superannuation	
Specified Directors	\$	\$	\$	\$
P Gunzburg – Chairman * **	179,661	14,932	13,500	208,093
B Montgomery - Non-Executive Director *	25,997	-	-	25,997
D Franks -Non-Executive Director *	30,997	-	2,700	33,697
N MacLachlan - Non-Executive Director	36,504	-	-	36,504
C Barker - Executive Director * ** ****	356,534	322,319	-	678,853
Total Specified Directors Remuneration	629,693	337,251	16,200	983,144
Specified Executive				
I Hudrea – Executive Chairman ** Explorer SA	35,802	2,349	-	38,151
Total Specified Executives Remuneration	35,802	2,349		38,151

* Includes Directors Fees from Explorer

** P Gunzburg and Chris Barker received Directors Fees from Transgold of US\$10,076 and US\$6,262 respectively

*** I Hudrea received a salary from Transgold SA of US\$115,000

**** Other includes payments of \$322,319 were made to Managements Consultants Mining (an entity associated with Mr C Barker) for the provision of mining services of two mining professionals and expenses incurred by MCM

2004	Primary		Post Employment	Total Remuneration
Name	Base Fee	Other	Superannuation	
Specified Directors	\$	\$	\$	\$
P Gunzburg – Chairman * **	140,525	16,900	13,500	170,925
B Montgomery - Non-Executive Director *	25,421	-	-	25,421
D Franks -Non-Executive Director *	30,421	-	2,700	33,121
N MacLachlan - Non-Executive Director	-	-	-	-
C Barker - Executive Director * **	-	-	-	-
Total Specified Directors Remuneration	196,367	16,900	16,200	229,467
Specified Executive				
I Hudrea – Executive Chairman ** Explorer SA	32,172	1,684	-	33,856
Total Specified Executives Remuneration	32,172	1,684		33,856

* Includes Directors Fees from Explorer

** P Gunzburg and C Barker received Directors Fees from Transgold of \$US\$8,417 each

No options have been granted to any specified directors or specified executives for services provided.

The terms 'director' and 'officer' have been treated as mutually exclusive for the purposes of this disclosure.

The elements of emoluments have been determined on the basis of the cost to the Company and the consolidated entity.

Executives are those directly accountable and responsible for the operational management and strategic direction of the Company and the consolidated entity.

The category 'Other' includes the value of any non-cash benefits provided.

Options granted to directors and executive officers

The Company currently has an Options 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.

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.

AUDIT COMMITTEE

The Company presently does not have an 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 in the future. 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.

NON-AUDIT SERVICES

The directors are satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditors independence as the nature of the services provided do not compromise the general principles relating to auditor independence as set out in the Institute of Chartered Accountants in Australia and CPA Australia's Professional Statement F1: Professional Independence.

The amount of \$76,540 for non-audit services, comprising of accounting assistance and preparation of the Independent Accountant's Report for the acquisition of the Ukrainian entities, taxation advice and preparation of the Company's tax return, were paid/payable to the external auditors Ernst & Young during the year ended 30 June 2005.

AUDITORS INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2005 has been received and can be found on page 12.

Signed in accordance with a resolution of the directors

P Gunzburg
Executive Chairman

Date: 30 September 2005

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 2005, 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

Ernst & Young

V. W. Tidy

V W Tidy
Partner
Perth
30 September 2005

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.

Unless disclosed below, the best practice recommendations of both the ASX Corporate Governance Council and the AIM Listing Rules (The Alternative Investment Market of the London Stock Exchange), including the Combined Code On Corporate Governance have been applied for the entire financial year ended 30 June 2005. 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.

Board Composition:

The Board is comprised of five Directors, of which the Chairman and Managing Director; and the Director of the Ukraine Operations (Chief Operations Officer) are the only Executive Directors. Both the ASX and AIM rules 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 three years, has extensive knowledge of both the Australian and London stock market and understands the culture and governmental procedures of both Romania and the Ukraine, the Board believes that his role and status be both 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 names of the Directors of the Company in office at the date of this statement are:

<i>Name</i>	<i>Position</i>
Peter Lynton Gunzburg	Chairman – Executive Director
Christopher John Barker	Executive Director
Dennis Wayne Franks	Independent Director
Brett Montgomery	Independent Director
Neil Thacker MacLachlan	Independent Director

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. Furthermore the ability of Directors and certain employees of AIM listed companies to deal in the Company's securities is restricted in a number of ways, by statute, common law and by Rule 21 of the AIM Rules. This rule imposes restrictions beyond those imposed by law in that the Directors and certain employees and persons connected with them do not abuse and do not place themselves under suspicion of abusing, price-sensitive information that they have or are thought to have, especially in periods leading up to announcement of results (closed periods).

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 independent 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 investigate 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 and the AIM Listing Rules, 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 and the AIM Rules;
- 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.

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 and Company Secretary confirm to the board that the group's financial position presents a true and fair view and that the financial statements are 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.

EUROGOLD LIMITED
STATEMENT OF FINANCIAL PERFORMANCE
YEAR ENDED 30 JUNE 2005

Notes	Consolidated		Eurogold Limited		
	2005 \$	2004 \$	2005 \$	2004 \$	
REVENUES FROM ORDINARY ACTIVITIES	2	373,654	633,983	74,833	273,433
Depreciation expense	3	(75,799)	(58,013)	(2,712)	(2,240)
Consumables		(40,440)	(101,010)	-	-
Administration expenses		(1,353,440)	(462,050)	(1,120,325)	(462,050)
Salaries and employee benefits		(721,190)	(428,270)	(408,493)	(248,696)
Consultants fees		(438,173)	(240,798)	(80,708)	(169,249)
Write down of capitalised expenditure	3	-	(265,768)	-	-
Write down of intercompany receivable		-	-	(34,520)	(176,132)
Foreign exchange gain/(loss)	3	(818,899)	(48,419)	(665,917)	(53,485)
Cost of listed investments disposed of		-	(189,148)	-	(189,148)
Other expenses		(19,400)	(34,579)	-	(1,074)
Loss from ordinary activities before income tax expense		(3,093,687)	(1,194,072)	(2,237,842)	(1,028,641)
Income tax (expense)/benefit	4	(33,609)	62,888	-	-
Loss from ordinary activities after income tax expense		(3,127,296)	(1,131,184)	(2,237,842)	(1,028,641)
Net (loss)/profit attributable to Outside Equity Interest	15	1,370	(349)	-	-
Net loss attributable to members of Eurogold Limited		(3,125,926)	(1,131,533)	(2,237,842)	(1,028,641)
Share issue costs	13	(1,276,083)	(75,453)	(1,276,083)	(75,453)
Total changes in equity other than those resulting from transactions with owners as owners attributable to members of Eurogold Limited		(4,402,009)	(1,206,986)	(3,513,925)	(1,104,094)
Basic loss per share (cents)	20	(1.7)	(0.9)		
Diluted loss per share (cents)	20	(1.7)	(0.9)		

The Statement of Financial Performance should be read in conjunction with the accompanying notes.

EUROGOLD LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2005

	Notes	Consolidated		Eurogold Limited	
		2005 \$	2004 \$	2005 \$	2004 \$
Current Assets					
Cash assets	16	2,853,463	358,946	2,582,501	184,755
Receivables	5	238,130	265,464	81,094	220,465
Other financial assets	6	2,635	6,100	2,635	6,100
Other	7	129,588	227,690	-	224,787
Total Current Assets		3,223,816	858,200	2,666,230	636,107
Non-Current Assets					
Receivables	5	4,260,483	10,161	9,427,700	795,604
Other financial assets	6	349,721	-	5,743,479	346,860
Plant and equipment	8	497,058	140,597	5,261	5,321
Deferred exploration, evaluation & development	9	9,108,392	1,104,067	-	-
Other	10	-	1,391,164	-	1,391,164
Total Non-Current Assets		14,215,654	2,645,989	15,176,440	2,538,949
TOTAL ASSETS		17,439,470	3,504,189	17,842,670	3,175,056
Current Liabilities					
Payables	11	501,230	685,556	328,675	669,415
Provisions	12	55,401	36,976	55,401	36,976
Total Current Liabilities		556,631	722,532	384,076	706,391
TOTAL LIABILITIES		556,631	722,532	384,076	706,391
NET ASSETS		16,882,839	2,781,657	17,458,594	2,468,665
EQUITY					
Parent Entity Interest					
Contributed equity	13	36,214,112	18,986,341	36,214,112	18,986,341
Accumulated losses	14	(19,342,101)	(16,216,175)	(18,755,518)	(16,517,676)
Total parent entity interest in equity		16,872,011	2,770,166	17,458,594	2,468,665
Outside equity interest	15	10,828	11,491	-	-
TOTAL EQUITY		16,882,839	2,781,657	17,458,594	2,468,665

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

EUROGOLD LIMITED
STATEMENT OF CASH FLOWS
YEAR ENDED 30 JUNE 2005

	Notes	Consolidated		Eurogold Limited	
		2005 \$	2004 \$	2005 \$	2004 \$
Cash Flows from Operating Activities					
Receipts from customers		298,846	346,274	-	-
Other Income		-	-	25	-
Payments to suppliers and employees		(3,035,037)	(1,187,502)	(2,009,615)	(749,290)
Interest Received		74,206	34,490	74,206	30,281
Expenditure on mining interests		(1,987,934)	(145,903)	-	-
Income Tax Paid		(33,609)	-	-	-
Net cash flows used in operating activities	16(b)	(4,683,528)	(952,641)	(1,935,384)	(719,009)
Cash Flows from Investing Activities					
Proceeds from sale of investments		3,667	229,382	3,667	229,382
Purchase of investments		(57,967)	(84,366)	-	(84,366)
Proceeds from sale of property, plant and equipment		400	800	400	800
Payments for property, plant and equipment		(432,260)	(11,761)	(2,652)	(4,746)
Payments in respect of acquisition of assets in progress		-	(1,057,301)	-	(1,057,301)
Payments for acquisition of controlled entities	25	(1,160,036)	-	(1,160,036)	-
Loans to associated company		(3,667,396)	-	(3,663,396)	(3,794,092)
Loans to controlled entities		-	-	(3,353,201)	-
Advance to related parties		-	(160,619)	-	(430,728)
Net cash flows used in investing activities		(5,313,592)	(1,083,865)	(8,175,218)	(1,346,959)
Cash Flows from Financing Activities					
Proceeds from issue of shares		13,559,644	1,500,000	13,559,644	1,500,000
Share issue expense		(1,051,296)	(140,962)	(1,051,296)	(140,962)
Net cash flows from financing activities		12,508,348	1,359,038	12,508,348	1,359,038
Net increase (decrease) in cash held		2,511,228	(677,468)	2,397,746	(706,930)
Cash at the beginning of the financial year		358,946	1,040,022	184,755	891,685
Exchange rate effects on cash		(16,711)	(3,608)	-	-
Cash at the end of the financial year	16(a)	2,853,463	358,946	2,582,501	184,755

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The financial report is a general-purpose financial report, which has been prepared in accordance with applicable Accounting Standards, Urgent Issues Group Consensus Views, the Corporations Act 2001, and complies with other requirements of the law.

The financial report has been prepared in accordance with the historical cost convention.

(b) Change in accounting policy

The accounting policies adopted are consistent with those of the previous financial year.

(c) Principles of consolidation

The consolidated financial statements are those of the consolidated entity, comprising Eurogold Limited (the parent company) and all entities that Eurogold Limited controlled from time to time during the year and at balance date.

Information from the financial statements of subsidiaries is included from the date the parent company obtained control until such time as control ceases. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the parent company has control.

Subsidiary acquisitions are accounted for using the purchase method of accounting.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are 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.

(d) Taxation

The economic entity adopts the liability method of tax effect accounting. Income tax benefit is calculated on the loss from ordinary activities adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes is carried forward in the statement of financial position as a future income tax benefit or a provision for deferred income tax.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits relating to tax losses are only brought to account when their realisation is virtually certain.

(e) Non-Current Assets

The carrying amounts of all non-current assets, except exploration expenditure, are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to the lower amount. In assessing recoverable amounts the relevant cash flows have not been discounted to their present value.

(f) Foreign currencies

Translation of foreign currency transactions

All foreign currency transactions during the year have been brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at balance date are translated at the exchange rate existing at that date.

Amounts payable to and by the entities within the consolidated entity that are outstanding at the reporting date and are denominated in foreign currencies have been converted to local currency using rates of exchange ruling at the end of the financial year.

All resulting exchange differences arising on settlement or restatement are brought to account in determining the net profit or loss for the financial year.

Translation of financial reports of overseas operations

All overseas operations are deemed integrated foreign operations, as each is financially and operationally dependent on Eurogold Limited. The financial reports of overseas operations are translated using the temporal method and any exchange differences are recognised as revenue or expense in net profit or loss in the reporting period in which they arise.

(g) Cash and cash equivalents

Cash on hand and in banks and short-term deposits are stated at nominal value.

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks, and money market investments readily convertible to cash within 2 working days, net of outstanding bank overdrafts.

Bank overdrafts are carried at the principal amount. Interest is charged as an expense as it accrues.

(h) Receivables

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectable debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Receivables from related parties are recognised and carried at the nominal amount due. Interest is taken up as income on an accrual basis.

(i) Investments

Listed shares held for trading are carried at cost.

Investments in associates are carried at the lower of the equity-accounted amount and recoverable amount in the consolidated financial report and the lower of cost and recoverable amount in Eurogold Limited's financial report.

All other non-current investments are carried at the lower of cost and recoverable amount.

(j) Recoverable amount

Non-current assets are not revalued to an amount above their recoverable amount, and where carrying values exceed this recoverable amount assets are written down. In determining recoverable amount the expected net cash flows have not been discounted to their present value.

(k) Property, plant and equipment

Cost and valuation

All classes of plant and equipment are measured at cost.

Depreciation

Depreciation is provided on a straight-line basis on all plant and equipment, at rates calculated to allocate the cost less estimated residual value at the end of the useful lives of the assets against revenue over those estimated useful lives.

Major depreciation periods are:

Plant and equipment 3 - 5 years

(l) Exploration, evaluation, development and restoration costs

Costs carried forward

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area, or where activities in the area have not at balance date, reached a stage to allow reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an area of interest abandoned are written off in full in the year in which the decision to abandon the area of interest is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Amortisation

When production commences the accumulated costs for the relevant area of interest are amortised over the life of the area on a production output basis.

Restoration costs

While an obligation exists for restoration activities to be undertaken for any exploration activities performed on the tenements, these are usually performed during the year and recognised in the statement of financial performance for the period.

(m) Payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the consolidated entity.

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.

(n) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee entitlements expected 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 government guaranteed securities that have terms to maturity approximating the terms of the related liability are used.

Employee benefit expenses and revenues arising in respect of the following categories:

- wages and salaries, non-monetary benefits, annual leave, long service leave, sick leave and other leave benefits; and
- other types of employee benefits

are recognised against profit on a net basis in their respective categories.

The value of any share options issued under the Options Scheme, described in Note 22, are not recognised as an employee expense.

(o) Provisions

Provisions are recognised when the consolidated entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

(p) Contributed equity

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 as a reduction of the share proceeds received.

(q) Revenue recognition

Revenue is recognised 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

Control of a right to receive consideration for the provision of, or investment in, assets has been attained.

(r) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of GST except where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(s) Earnings per share

Basic EPS is calculated as net loss attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net loss attributable to members, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(t) Operating Leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight-line basis.

(u) Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

2. REVENUE FROM ORDINARY ACTIVITIES	Consolidated		Eurogold Limited	
	2005 \$	2004 \$	2005 \$	2004 \$
Revenue from operating activities				
Revenue from the provision of exploration services	296,896	356,341	-	-
Revenue from non-operating activities				
Interest received - other persons	74,206	34,490	74,206	30,281
Proceeds from disposal of listed investments	202	202,058	202	202,058
Proceeds from the sale of other investments	-	27,324	-	27,324
Proceeds from sale of property, plant & equipment	400	800	400	800
Other	1,950	12,970	25	12,970
Total revenue from non- operating activities	76,758	277,642	74,833	273,433
Revenue from Ordinary Activities	373,654	633,983	74,833	273,433
3. EXPENSES AND LOSSES/(GAINS)				
(a) Expenses				
Depreciation of non current assets				
Plant and equipment	75,799	58,013	2,712	2,240
Operating lease rental				
Minimum lease payments	23,867	27,997	23,867	27,997
Provision for employee entitlements	20,877	23,834	20,877	23,834
Write down of exploration expenditure	-	265,768	-	-
Write down of intercompany receivable	-	-	34,520	176,132
(b) Losses/(Gains)				
Net gain on disposal of shares	(202)	(12,910)	(202)	(12,910)
Net foreign currency losses	818,899	48,419	665,917	53,485
Loss/(Gain) on disposal of plant & equipment	(400)	7,121	(400)	273
(Gain) on disposal of other investments	-	(27,324)	-	(27,324)

	Consolidated		Eurogold Limited	
	2005	2004	2005	2004
	\$	\$	\$	\$
4. INCOME TAX				
The prima facie tax on operating loss is different to the income tax provided in the financial statements as follows:				
Prima facie tax (benefit)/expense on (loss)/profit from ordinary activities at 30%	(928,106)	(339,355)	(671,353)	(308,592)
Add/(less) tax effect of permanent differences:				
Non-deductible expenditure	-	-	-	-
Share issue expenses	(81,392)	(4,527)	(81,392)	(4,527)
Other items (net)	33,069	(62,888)	-	-
Tax losses not brought to account as future income tax benefits	1,009,498	343,882	752,795	308,592
Income tax (benefit)/expense attributable to ordinary activities	33,609	(62,888)	-	-

(i) Unrecognised future income tax benefits:

Potential future income tax benefits in respect of tax losses amounting to approximately \$1,423,827 (2004: \$962,605) for the parent entity and the consolidated entity has not been accounted for as an asset in the financial statements as the realisation of the benefit is not virtually certain.

These benefits will only be obtained if:

- (a) The consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the losses and deductions to be realized;
- (b) The consolidated entity continues to comply with the conditions for deductibility imposed by the law; and no changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deduction for the losses

Notes	Consolidated		Eurogold Limited	
	2005 \$	2004 \$	2005 \$	2004 \$
5. RECEIVABLES				
Current Receivables				
Other debtors	238,130	50,904	81,094	37,840
Amounts other than trade debts receivable from related parties:				
Other related parties – associated companies	-	214,560	-	182,625
	238,130	265,464	81,094	220,465
Non-Current Receivables				
Other receivables	-	10,161	-	-
Related party receivables				
- associated companies	4,260,483	-	3,623,836	766,141
- controlled entities	-	-	5,803,864	29,463
	4,260,483	10,161	9,427,700	795,604

(a) Terms and conditions

Terms and conditions relating to the above financial instruments:

- (i) Other debtors are non-interest bearing and have repayment terms between 30 days and 60 days.
- (ii) Details of the terms and conditions of related party receivable are set out in note 24.

6. OTHER FINANCIAL ASSETS

Current

Listed shares at cost	2,635	13,900	2,635	13,900
Provision for diminution in value	-	(7,800)	-	(7,800)
	2,635	6,100	2,635	6,100

Quoted market value of shares listed on a prescribed stock exchange at balance date	2,900	6,100	2,900	6,100
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Non-Current

Shares in controlled entity	-	-	6,500,405	1,097,863
Provision for diminution in value	-	-	(756,926)	(751,003)
Unlisted shares in associated entity	349,721	-	7,605,188	7,605,188
Provision for diminution in value	-	-	(7,605,188)	(7,605,188)
	349,721	-	5,743,479	346,860

The directors have assessed that the investment in Transgold SA has no recoverable amount due to the potential liability to Transgold SA that may arise due to litigation resulting from the accidental overflow of treatment water from the tailings dam spillage in January 2000. The equity method of accounting has been suspended following the write down of the investment to nil.

Notes	Consolidated		Eurogold Limited	
	2005 \$	2004 \$	2005 \$	2004 \$
7. OTHER CURRENT ASSETS				
Prepayments	129,588	2,903	-	-
Costs of share issue in process at balance date	-	224,787	-	224,787
	129,588	227,690		224,787
8. PLANT AND EQUIPMENT				
- At cost	689,535	350,587	44,521	44,279
- Accumulated depreciation	(192,477)	(209,990)	(39,260)	(38,958)
	497,058	140,597	5,261	5,321
(a) Reconciliation				
Reconciliations of the carrying amounts of plant and equipment and at the beginning and end of the current and previous financial year.				
<i>Plant and equipment</i>				
Carrying amount at beginning of year	140,597	194,770	5,321	3,888
Additions	432,260	11,761	2,652	4,746
Disposals	-	(7,921)	-	(1,073)
Depreciation expense	(75,799)	(58,013)	(2,712)	(2,240)
Carrying amount at end of year	497,058	140,597	5,261	5,321
9. DEFERRED EXPLORATION, EVALUATION AND DEVELOPMENT COSTS				
Exploration, evaluation and development costs carried forward in respect of mining areas of interest				
- exploration and evaluation phases	9,108,392	1,104,067	-	-
The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective mining areas.				
10. OTHER NON-CURRENT ASSETS				
Expenditure carried forward in respect of acquisitions of assets in progress at balance date	-	1,391,164	-	1,391,164

Notes	Consolidated		Eurogold Limited	
	2005	2004	2005	2004
	\$	\$	\$	\$

11. CURRENT PAYABLES

Trade creditors	454,051	657,099	290,675	623,712
Sundry creditors and accruals	47,179	28,457	38,000	28,457
Payable to controlled entity	-	-	-	17,246
	501,230	685,556	328,675	669,415

Terms and conditions

- (i) Trade liabilities are non-interest bearing and are normally settled on 30 day terms.
- (ii) Sundry creditors and accruals are non interest bearing and have an average term of 45 days.

12. CURRENT PROVISIONS

Employee entitlements	55,401	36,976	55,401	36,976
<i>(a) Movements in employee entitlement provision</i>				
Carrying amount at beginning of the year	36,976	18,551	36,976	18,551
Additional provision	20,877	23,834	20,877	23,834
Amounts utilised during the year	(2,452)	(5,409)	(2,452)	(5,409)
Carrying amount at end of the year	55,401	36,976	55,401	36,976

13. CONTRIBUTED EQUITY

Issued and paid up capital

Ordinary shares fully paid	36,214,112	18,986,341	36,214,112	18,986,341
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(a) Movements in shares on issue	2005		2004	
	Number of Shares	\$	Number of Shares	\$
Beginning of the financial year	126,165,209	18,986,341	116,165,209	17,561,794
Shares Issued during the reporting year				
- 48,000,000 ordinary shares on 30/07/2004	48,000,000	6,294,007	10,000,000	1,500,000
- 7,800,000 ordinary shares on 23/02/2005	7,800,000	1,311,819	-	-
- 18,000,000 ordinary shares on 13/04/2005	18,000,000	3,075,156	-	-
- 17,714,285 ordinary shares on 17/05/2005	17,714,285	3,022,872	-	-
- Share issue costs	-	(1,276,083)	-	(75,453)
As at 30 June 2005	217,679,494	31,414,112	126,165,209	18,986,341
- 30,000,000 ordinary shares to be issued on exercise of the Put & Call Agreement	30,000,000	4,800,000	-	-
	247,679,494	36,214,112	126,165,209	18,986,341

(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.

Share Options

At the date of this financial report, the following options are on issue:

- 2,000,000 unlisted facilitator options on issue to acquire ordinary shares under options which are exercisable at A\$0.30 each on or before 31 March 2007. These facilitator options were issued as a result of the capital raising completed as part of the AIM listing in July 2004.
- 30,000,000 options issued pursuant to a Put and Call Option Agreement entered into on 13 July 2004 in connection with the acquisition of the interests in the Saulyak Gold Project and Beregove Gold Project. This agreement will result in the Company issuing 30,000,000 shares.

	Consolidated		Eurogold Limited	
	2005 \$	2004 \$	2005 \$	2004 \$
14. ACCUMULATED LOSSES				
Balance at the beginning of the year	(16,216,175)	(15,084,642)	(16,517,676)	(15,489,035)
Net loss attributable to members	(3,125,926)	(1,131,533)	(2,237,842)	(1,028,641)
Balance at end of the year	(19,342,101)	(16,216,175)	(18,755,518)	(16,517,676)
15. OUTSIDE EQUITY INTEREST				
Reconciliation of outside equity interest in controlled entities:				
Opening balance	11,491	6,210	-	-
Gain on disproportionate issue of equity	-	4,932	-	-
Share of net assets on acquisition	707	-	-	-
Share of operating (loss)/profit	(1,370)	349	-	-
Closing balance	10,828	11,491	-	-
16. STATEMENT OF CASH FLOWS				
(a) Reconciliation of cash				
Cash balances comprises				
- Cash at bank	2,853,463	193,465	2,582,501	184,755
- Deposits at call	-	165,481	-	-
	2,853,463	358,946	2,582,501	184,755
(b) Reconciliation of the operating loss after tax to the net cash flows from operations				
Net loss after tax and before Outside Equity Interest	(3,127,296)	(1,131,184)	(2,237,842)	(1,028,641)
Depreciation	75,799	58,013	2,712	2,240
(Gain)/loss on disposal of plant and equipment	(400)	7,121	(400)	273
(Gain) on disposal of listed shares	(202)	(12,910)	(202)	(12,910)
(Gain) on disposal of other investments	-	(27,324)	-	(27,324)
Net unrealised Foreign Exchange losses	818,899	48,419	665,917	53,485
Write down of exploration expenditure	-	265,768	-	-
Write down of intercompany receivable	-	-	-	176,132
Provision for diminution of listed investments	-	7,800	-	7,800
<i>Changes in Assets & Liabilities:</i>				
Receivables	(187,226)	(30,697)	(43,254)	(19,459)
Future Income Tax Benefit	-	7,258	-	-
Other current assets	(126,685)	(1,405)	-	-
Deferred Exploration, Evaluation & Development	(1,987,934)	(145,903)	-	-
Payables	(176,087)	59,431	(340,740)	110,970
Employee Entitlements	18,425	18,425	18,425	18,425
Deferred income tax liability	9,179	(75,453)	-	-
Net cash expended by operating activities	(4,683,528)	(952,641)	(1,935,384)	(719,009)

Notes	Consolidated		Eurogold Limited	
	2005 \$	2004 \$	2005 \$	2004 \$
17. EXPENDITURE COMMITMENTS				
(a) Exploration expenditure commitments				
- not later than one year	227,913	576,470	-	-
- later than one year but not later than five years	1,275,000	2,305,879	-	-
- aggregate expenditure contracted for at balance date but not provided for	1,502,913	2,882,349	-	-
(b) The amounts are part of the exploration activity permit obligations agreed with the National Agency for Minerals and Resources (Romania). One of the conditions for retention of the exploration licenses held is meeting the stipulated regulations, minimum exploration expenditure and activity as set by the National Agency for Minerals and Resources. Otherwise forfeiture of tenements may occur.				
There are three bank deposit guarantees included in non-current assets totalling \$7,861 (2004: \$10,161) (note 5), that have been granted in favour of the National Agency for Minerals and Resources representing 0.5% of the annual required exploration expenditure program submitted by Explorer SA and approved by the National Agency for Minerals and Resources				
(c) Operating lease commitments				
Minimum lease payments				
- not later than one year	16,416	6,120	16,416	6,120
- later than one year but not later than five years	36,720	-	36,720	-
- aggregate expenditure contracted for at balance date but not provided for	53,136	6,120	53,136	6,120
(d) Operating leases have an average lease term of 5 years, and relate to the office space of Eurogold. The lease expires on 30 November 2007.				

18. SEGMENT INFORMATION

- (a) **Primary Segment – Geographical Segments**
 Eurogold has the following geographical segments:

Ukraine

Ukraine is the location of the economic entity's main exploration activities, which comprise interests in the Saulyak Gold Mine project and a smaller interest in the Beregove Mine.

Romania

Romania is the location of the economic entity's interests in the gold extraction business segment with further exploration activities being undertaken on its tenements situated near the town of Baia Mare.

Australia

Australia is the location of the central management and control of Eurogold, including where company secretarial services, accounting and cash management operations are performed.

	Ukraine \$	Romania \$	Australia \$	Eliminations \$	Consolidation \$
Revenue from ordinary activities	1,925	296,896	74,833	-	373,654
Segment result/(loss)	(854,954)	31,167	(2,314,873)	10,734	(3,127,926)
Segment assets	10,876,164	1,503,706	6,295,327	(1,235,727)	17,439,470
Segment liabilities	121,875	30,569	400,467	3,720	556,631
Acquisition of plant and equipment, exploration and evaluation and other non-current assets	9,551,019	203,346	1,891,099	-	11,645,464
Depreciation and amortisation	26,782	46,306	2,711	-	75,799
Other non cash expense eg foreign exchange (gain)/loss	242,586	(79,298)	665,917	(10,306)	818,899

At 30 June 2004 the geographical segment of the economic entity was predominantly in Romania.

19. ECONOMIC DEPENDENCY

The consolidated entity does not have any economic dependency with any one client or group of clients.

20. LOSS PER SHARE

The following reflects the income and share data used in the calculation of basic and diluted earnings per share:

	2005 \$	2004 \$
Net profit/(loss) after tax	(3,127,296)	(1,131,184)
Adjustments:		
Less net loss/(profit) attributable to outside equity interest	(1,370)	(349)
Loss used in calculation of diluted earnings per share	(3,125,926)	(1,131,533)
Weighted average number of ordinary shares on issue used in the calculation of basic EPS	179,166,695	120,044,990
Effect of dilutive securities		
Share options (i)	-	-
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	179,166,695	120,044,990

(i) No Share Options on issue

There have been no shares issued since the end of the financial year.

21. EMPLOYEE BENEFITS AND SUPERANNUATION COMMITMENTS	Consolidated		Eurogold Limited	
	2005	2004	2005	2004
	\$	\$	\$	\$
(a) The aggregate employee benefit liability is comprised of:				
Accrued wages, salaries and on costs	29,896	8,907	29,896	8,907
Provisions (current)	55,401	36,976	55,401	36,976
	85,297	45,883	85,297	45,883

- (b) Employee Option Scheme
 An Employee Option Scheme has been established where Eurogold Limited may, at the discretion of management, grant options over the ordinary shares of the Company to directors, executives and certain members of staff. Options will be granted in accordance with performance guidelines established by the directors of Eurogold Limited although executive management retains final discretion on the issue of Options. No Options have been issued under this scheme since the scheme was implemented.

22. DIRECTORS & EXECUTIVES DISCLOSURES

(a) Details of Specified Directors and Specified Executives

(i) Specified directors

P L Gunzburg	Managing Director
D W Franks	Director (Non-Executive)
B Montgomery	Director (Non-Executive)
N T MacLachlan	Director (Non-Executive)
C J Barker	Director (Executive)

(i) Specified executives

I Hudrea	Executive Chairman – Explorer
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(b) Remuneration of Specified Directors and Specified Executives

Disclosures of remuneration are included in the Remuneration Report on page 10.

(c) Shareholdings of Specified Directors and Specified Executives

Equity instruments of directors

Interests at balance date

Interests in shares and options of entities within the consolidated entity held by directors of the reporting entity and their director related entities.

Shares	Balance 1 July 2004	Granted as Remuneration	On Exercise of Options	Net Change Other	Balance 30 June 2005
Specified Directors					
P Gunzburg	23,518,685	-	-	250,000	23,768,685
B Montgomery	-	-	-	-	-
D Franks	-	-	-	-	-
N MacLachlan	350,000	-	-	-	350,000
C Barker	-	-	-	-	-
Specified Executives					
I Hudrea	-	-	-	-	-

Options	Balance 1 July 2004	Granted as Remuneration	Options Exercised	Net Change Other	Balance 30 June 2005
Specified Directors					
P Gunzburg	-	-	-	-	-
B Montgomery	-	-	-	-	-
D Franks	-	-	-	-	-
N MacLachlan	-	-	-	-	-
C Barker *	-	-	-	30,000,000	30,000,000
Specified Executives					
I Hudrea	-	-	-	-	-

Options are held pursuant to a Put and Call Option Agreement entered into by Eurogold Limited and the Vendors of the Saulyak and Beregove Gold Projects for the conversion of 30,000,000 shares in Eurogold Limited (refer note 24e) below). This option has not been exercised as at the date of this report.

(d) Loans to specified directors and specified executives

(i) There are no loans to specified directors or specified executives.

(e) Other transactions and balances with specified directors and specified executives

Services

Consulting fees of A\$25,000 (2004: A\$25,000) were paid to Gerise Pty Ltd a company in which Mr B Montgomery is a director and has a financial interest and all transactions are on normal commercial terms and have been included in remuneration of directors.

Consulting fees of A\$678,853 (2004: A\$96,134) were paid to Management Consultants Mining a company in which Mr C Barker is a director and has a financial interest and all transactions are on normal commercial terms.

Consulting fees of A\$206,065 for geological services and modelling geology were paid to Geoinformatics Exploration Pty Ltd during the financial year. Mr Neil MacLachlan was appointed a director of Geoinformatics in June 2005.

	Notes	Consolidated		Eurogold Limited	
		2005	2004	2005	2004
		\$	\$	\$	\$
23. AUDITORS' REMUNERATION					
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		46,995	29,890	46,995	29,890
- tax advice provided to the entity and any other entity in the consolidated entity		-	29,560	-	29,560
- other services		76,540	56,300	76,540	56,300
		123,535	115,750	123,535	115,750
Amounts received or due and receivable by a related firm of Ernst & Young Australia for:					
- an audit or review of the financial report of subsidiaries		71,969	15,432	54,054	-
- Other services		33,593		33,593	
		229,097	131,182	211,182	115,750
Amounts received or due and receivable by auditors other than Ernst & Young					
		20,997	-	-	-

24. RELATED PARTY DISCLOSURES

Other related party transactions

(a) Wholly Owned Group Transactions

Details of interests in controlled entities are set out in Note 26. Details of dealings are set out below.

Loans

Loans between entities in the economic entity are non-interest bearing, unsecured and are repayable upon reasonable notice having regard to the financial stability of the economic entity and individual entities within the economic entity.

	Eurogold Limited	
	2005	2004
	\$	\$
Amount receivable from controlled entities	6,151,603	29,463
Less Provision for non-recoverability	(347,739)	-
	5,803,864	29,463
Amount receivable from associated entities	3,623,836	766,141
	3,623,836	766,141

(b) Ultimate Parent Company

Eurogold Limited is the ultimate Australian holding company.

(c) Director Related Entities

Management Consultants Mining a company in which Mr Christopher Barker is a director and beneficial shareholder has been paid a total of \$678,853 (2004: 96,134) in relation to consulting services provided to the Company.

Gerise Pty Ltd a company in which Mr Brett Montgomery is a director and beneficial shareholder has been paid a total of \$25,000. (2004: \$25,000) in relation to consulting services provided to the Company.

(d) Directors Equity Transactions

Directors and director related entities hold directly, indirectly or beneficially at balance date the following equity interests in the Company.

	2005 Number	2004 Number
Ordinary Shares	24,118,685	23,868,685
Options (Pursuant to Put and Call Option Agreement)	30,000,000	-

(e) *Acquisition of Controlled Entities*

During the year the economic entity acquired a 99.72% in the Saulyak Gold Project and a 6.33% interest in the Beregove Gold Project by acquiring Saulyak Resources Limited and Zakar Resources Limited from Alpha Minerals Limited and Ukraine Resources Limited, companies in which Mr Christopher Barker is a director and beneficial shareholder. Details of the acquisition are set out in Note 25.

25. CONTROLLED ENTITIES

Chief Entity	Country of Incorporation	Percentage held by consolidated entity	
		2005	2004
Chief Entity: Eurogold Limited	Australia		
Controlled entities of Eurogold Limited:			
Eurogold Holdings (Bermuda) Limited (i)(iii)(iv)	Bermuda	100.0	100.0
Eurogold (Bermuda) Limited (i)(iii)	Bermuda	100.0	100.0
Explorer S.A. (ii)	Romania	98.3	98.3
Esmeralda Mining Limited (i)	Cyprus	100.0	100.0
Saulyak Resources Limited	Mauritius	100.0	0.0
Zakar Resources Limited	Mauritius	100.0	0.0
Saulyak Limited Liability Company (i)	Ukraine	99.72%	0.0

All interests in controlled entities are in the ordinary shares of these entities

(i) *These entities are not audited locally by Ernst & Young*

(ii) *This entity is audited locally by a member firm of Ernst & Young International*

(iii) *Eurogold Holdings (Bermuda) Limited and Eurogold (Bermuda) Limited were incorporated on the 8th June 2004*

(iv) *Subject to Put & Call Option Agreement*

Acquisition of Controlled Entities

In July 2004 the economic entity acquired a 76.68% interest in the Saulyak Gold Project and a 6.33% interest in the Beregove Gold Project, Ukraine. In February 2005 the economic entity acquired a further 25.04% interest in the Saulyak Gold Project.

	Consolidated Entity 30 June 2005
	\$
Consideration	
- Shares to be issued (non cash) (subject to Put & Call Agreement)	4,800,000
- Cash Component	1,211,965
	<u>6,011,965</u>
Net assets acquired	
- Cash	51,929
- Trade and other debtors	387,176
- Property Plant & Equipment	22,852
- Mine Properties & Development	5,700,125
- Prepayments	13,642
- Financial assets	579,710
- Trade & other creditors	(86,542)
- Related party loan	(656,678)
Fair value of net tangible assets acquired	<u>6,012,214</u>
Outside equity interest	(249)
	<u>6,011,965</u>
Net Cash Effect	
Cash costs incurred	1,211,965
Cash acquired	(51,929)
	<u>1,160,036</u>

26. FINANCIAL INSTRUMENTS

(a) Interest Rate Risk

The consolidated entity's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both unrecognized and recognized at balance date, are as follows:

FINANCIAL INSTRUMENT	FLOATING INTEREST RATE		NON-INTEREST BEARING		TOTAL		WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	
	2005	2004	2005	2004	2005	2004	2005	2004
	\$	\$	\$	\$	\$	\$	%	%
(i) Financial Assets								
Cash assets	2,853,463	358,946	-	-	2,853,463	358,946	4.19%	4.93%
Trade and other receivables	-	-	238,130	61,065	238,130	61,065	N/A	N/A
Receivables – other related parties	-	-	-	214,560	-	214,560	N/A	N/A
Receivables – associated companies	-	-	4,260,483	-	4,260,483	-	N/A	N/A
Other financial assets	-	-	2,635	6,100	2,635	6,100	N/A	N/A
Total financial assets	2,853,463	358,946	4,501,258	281,725	7,354,711	640,671		
(ii) Financial Liabilities								
Trade and other payables	-	-	501,230	685,556	501,230	685,556	N/A	N/A
Total financial liabilities	-	-	501,230	685,556	501,230	685,556		

(b) Net fair values of financial assets and liabilities

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in Note 1.

(i) *The following methods and assumptions are used to determine the net fair values of financial assets and liabilities*

Recognised Financial Instruments:

Cash and cash equivalent: The carrying amount approximates fair value because of their short-term maturity.

Receivables and payables: The carrying amount approximates fair value.

Listed shares: Fair value is the current quoted market bid price, adjusted for transaction costs necessary to realise the asset or settle the liability.

(c) 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 provision for doubtful debts, of those assets as indicated in the balance sheet.

Concentration of Credit Risk

The consolidated entity minimises concentrations of credit risk in relation to accounts receivable by undertaking transactions with a large number of customers within the resources industry. The consolidated entity is not materially exposed to any individual overseas country or individual customer.

27. CONTINGENT LIABILITIES

Romania

Eurogold Limited 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 January 30, 2000. Legal advice received by Eurogold Limited is that Eurogold Limited has no liability to the Republic of Yugoslavia with respect to those proceedings.

Eurogold Limited has a contingent liability under the terms of the release of its obligations to the bankers to the construction of the Baia Mare Project. Eurogold Limited was a security provider to the bankers. An associated company, Transgold S.A., must comply with its obligations, including the rehabilitation of the Meda dam-site, failing which the company's obligations (otherwise released by Deed of Release) will be reinstated. The directors believe that Transgold S.A. will be able to comply with its rehabilitation obligations.

Ukraine

Ukraine continues to display emerging market characteristics, and its legislation and business practices including taxation. Risks inherent in conducting business in an emerging market economy include, but are not limited to, volatile markets and uncertainties over the development of the tax and legal environment as well as difficulties associated with the consistent application of current laws and regulations.

28. IMPACT OF ADOPTING AASB EQUIVALENTS OF INTERNATIONAL REPORTING STANDARDS

Eurogold Limited is in the process of transitioning its accounting policies and financial reporting from current Australian Standards (AGAAP) to Australian equivalents of International Financial Reporting Standards (AIFRS) which will be applicable for the financial year ended 30 June 2006. Priority has been given to the preparation of an opening balance sheet in accordance with AIFRS at 1 July 2004 being the Company's transition date to AIFRS. This will form the basis of accounting for AIFRS in the future, and is required when the company prepares its first fully AIFRS compliant financial report for the year ended 30 June 2006.

Set out below are the key areas where accounting policies are expected to change on adoption of AIFRS and the Company's best estimate of the known or reliably estimated impact of the changes on total equity as at the date of transition (1 July 2004).

The figures disclosed are management's best estimates of the quantitative impact of the changes as at the date of preparing the 30 June 2005 financial report. The actual effects of the transition to AIFRS may differ from the estimates disclosed due to (a) ongoing work being undertaken by the Company, (b) potential amendments to AIFRS's and Interpretations thereof being issued by the standard-setters and IFRIC, and (c) emerging and accepting practice in the interpretation and application of AIFRS and UIG Interpretations.

Business Combinations

Under AASB 3, the purchase method of accounting must be applied where there is a business combination, however, not all acquisitions will qualify as a business combination, and as such the purchase method of accounting for these acquisitions will no longer be appropriate. In addition, the legal acquirer may not be the acquirer per se and the consolidated accounts may consequently reflect the fair values of the legal acquirer's assets and liabilities rather than the fair value of the assets and liabilities of the legal entity acquired.

On transition the Company will not re-open prior business combination transactions. There will be no adjustment required under AASB 3 in the Consolidated Entity or the Company at transition to AIFRS.

Equity Based Compensation Payments

Under AASB 2 "Share-based Payments", the Company will be required to determine the fair value of options issued to employees as remuneration at grant date and recognise an expense in the Statement of Financial Performance over the vesting period. This standard is not limited to options and also extends to other forms of equity-based remuneration. AASB 2 applies to all share-based payments issued after 7 November 2002 which have not vested as at 1 January 2005. This will result in a change to the current accounting policy under which no expenses are recognised in the statement of financial performance.

There will be no adjustment required under AASB 2 on transition to AIFRS as no equity based compensation payments have been made by the Company which were not vested as at 1 January 2005.

Income Taxes

Under the AASB 112 "Income Taxes", the Company will be required to use a balance sheet liability method, which focuses on the tax effects of transactions and other events that affect amounts recognised in either the Statement of Financial Position or a tax-based balance sheet.

The company is currently determining the financial impacts, if any, of the adoption of this standard.

Exploration and Evaluation of Mineral Resources

AASB 6 "Exploration for and Evaluation of Mineral Resources" will require the Company to apply "area of interest" accounting to its exploration and evaluation expenditures, effectively grandfathering the treatment currently used by the Company under AASB 1022 "Accounting for Extractive Industries". Under AASB 6, if facts and circumstances suggest that the carrying amount of any recognised exploration and evaluation assets may be impaired, the Company must perform impairment tests on those assets in accordance with AASB 136 "Impairment of Assets". Impairment of exploration and evaluation assets is to be assessed at a cash generating unit or group of cash generating unit's level provided this is no larger than an area of interest. Any impairment loss is to be recognised as an expense in accordance with AASB 136. The Company is of the view that no expenses were deferred which were incurred before title to tenements was deemed to have been granted. There is no expected impact from adopting AASB 6.

Impairment of Assets

Under AASB 136 "Impairment of Assets", the recoverable amount of an asset is determined as the higher of net selling price and value of use. This will result in a change in the group's current accounting policy which determines the recoverable amount of an asset on the basis of undiscounted cash flows. Under the new policy impairment of assets may be recognised sooner and that the amount of write-downs may be greater. The Company is of the view that there is unlikely to be further impairment adjustments on transition to AIFRS.

Financial Instruments

The Consolidated Entity has decided to apply the exemption provided in AASB 1 "First-time adoption of Australian equivalents to International Financial Reporting Standards" which permits entities not to apply the requirements of AASB 132 "Financial Instruments: Presentation and Disclosures" and AASB 139 "Financial Instruments: Recognition and Measurement" for the financial year ended 30 June 2005. The standards will be applied from 1 July 2005. The Company is in the process of determining the impact that adopting the standards would have on the financial statements of the Consolidated Entity.

RECONCILIATION FROM AGAAP TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

For the purposes of the requirement under the Alternative Investment Market listing rules, set out below is a reconciliation of the net loss attributable to members for the year ended 30 June 2005 and equity as at 30 June 2005, between AGAAP and IFRS. The figures disclosed are management's best estimates of the quantitative impact of the changes as at the date of preparing the 30 June 2005 financial report.

The reconciliation to IFRS differs from the estimates disclosed in the financial information contained within Part 4 of the Admission Document due to the adoption of IFRS 6 "Exploration for and evaluation of mineral resources". Ongoing disclosure of differences arising between AGAAP and IFRS may change due both to potential amendments to IFRS's and Interpretations thereof being issued by the standard-setters and IFRIC and emerging and accepting practice in the interpretation and application of IFRS.

Net loss attributable to members of Eurogold Limited under Australian AGAAP	\$ (3,125,926)
Expected impact of adoption of IFRS	<u>-</u>
Net loss attributable to members of Eurogold Limited under IFRS	<u>\$(3,125,926)</u>
Equity attributable to members of Eurogold Limited under AGAAP	\$16,882,839
Expected impact of adoption of IFRS ¹	<u>2,011,136</u>
Equity attributable to members of Eurogold Limited under IFRS	<u>\$18,893,975</u>

This quantification does not include any adjustments relating to the adoption of IAS 12 "Income Taxes" as noted above.

¹ Impact of applying the equity concept method to the acquisition of the additional 25.04% in Saulyak Limited Liability Company. A corresponding increase in capitalised exploration, evaluation and development costs.

No material impacts are expected on the cashflows presented under AGAAP on adoption of AIFRS.

The impact of adopting the Australian Equivalents to International Financial Reporting Standards on 30 June 2005 financial standards is still being assessed with any impact being reflected in the 31 December 2005 half yearly report.

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

- 1) In the opinion of the directors:
 - (a) the financial statements and notes and the 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:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2005 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and 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.
- 2) 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 period ending 30 June 2005.

On behalf of the Board

P L Gunzburg
Executive Chairman

Perth, 30 September 2005

Independent audit report to members of Eurogold Limited

Scope

The financial report, remuneration disclosures and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Eurogold Limited (the company) and the consolidated entity, for the year ended 30 June 2005. The consolidated entity comprises both the company and the entities it controlled during that year.

The company has disclosed information about the remuneration of directors and executives ("remuneration disclosures"), as required by Accounting Standard 1046 *Director and Executive Disclosures by Disclosing Entities*, under the heading "remuneration report" in the directors' report, as permitted by the *Corporations Regulations 2001*. These remuneration disclosures are identified in the directors' report as being subject to audit. The remuneration report also contains information not subject to audit, which has been identified as such.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company and the consolidated entity, and that complies with Accounting Standards in Australia, in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The directors are also responsible for the remuneration disclosures contained in the directors' report.

Audit approach

We conducted an independent audit of the financial report in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement and the remuneration disclosures comply with Accounting Standard AASB 1046 and the *Corporations Regulations 2001*. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows and whether the remuneration disclosures comply with Accounting Standard AASB 1046 and the *Corporations Regulations 2001*.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report and the remuneration disclosures; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report and the remuneration disclosures. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

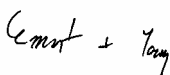
Independence

We are independent of the company and the consolidated entity and have met the independence requirements of Australian professional ethical pronouncements and 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. In addition to our audit of the financial report and the remuneration disclosures, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

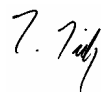
Audit opinion

In our opinion:

1. the financial report of Eurogold Limited is in accordance with:
 - (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of Eurogold Limited and the consolidated entity at 30 June 2005 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the *Corporations Regulations 2001*; and
 - (b) other mandatory financial reporting requirements in Australia.
2. the remuneration disclosures that are contained in the directors' report and identified as being subject to audit, comply with Accounting Standard AASB 1046 and the *Corporations Regulations 2001*.



Ernst & Young



V W Tidy
Partner
Perth
30 September 2005

ADDITIONAL ASX INFORMATION

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report is as follows. The information is as 20 October 2004.

SUBSTANTIAL SHAREHOLDERS (Holding more than 5%)

	Fully Paid Ordinary Shares	
	Ordinary Shares	Percentage
T Hoare Nominees Limited	43,188,100	19.84
Trovex Pty Ltd	20,196,085	9.28
National Nominees Limited	15,246,435	7.00
BBHISL Nominees Limited	14,285,715	6.56
Nefco Nominees Pty Ltd	12,799,383	5.88

TOP 20 SHAREHOLDERS

a) Fully Paid Ordinary Shares

	Quoted Shares	
	Number	Percentage
T Hoare Nominees Limited	43,188,100	19.84
Trovex Pty Ltd	20,196,085	9.28
National Nominees Limited	15,246,435	7.00
Chase Nominees Limited	14,337,248	6.59
BBHISL Nominees Limited	14,285,715	6.56
Nefco Nominees Pty Ltd	12,799,383	5.88
HSBC Custody Nominees (Australia) Limited	10,282,594	4.72
ANZ Nominees Limited <Cash Income A/C>	9,530,425	4.38
The Bank of New York (Nominees) Limited	9,285,714	4.27
BNY (OCS) Nominees Limited	5,826,186	2.68
Colbern Fiduciary Nominees Pty Ltd	4,000,000	1.84
Westpac Custodian Nominees Limited	3,826,000	1.76
HSBC Global Custody Nominee (UK) Limited	2,400,000	1.10
Worldwise Enterprises Pty Ltd	2,270,000	1.04
Topsfield Pty Ltd	1,800,000	0.83
Willbro Nominees Limited	1,780,000	0.82
Ibella Company Limited	1,509,000	0.69
Peloton Pty Ltd	1,442,700	0.66
Rivista Pty Ltd <Long Term Account>	1,387,344	0.64
Goldman Sachs Securities (Nominees) Limited	1,328,571	0.61
Paticoa Nominees Pty Ltd <Settlement Account>	1,062,452	0.49
Bouchi Pty Ltd	1,050,000	0.48
Total	178,833,952	82.16

b) Options

	Unquoted Facilitator Options	
	Number	Percentage
Alchemy Securities Pty Ltd	1,000,000	50
Durlacher Limited	1,000,000	50
Total	2,000,000	100

c) Options

	Unquoted Options	
	Number	Percentage
Alpha Minerals and Ukraine Resources (Indirectly held by C Barker in Eurogold Holdings (Bermuda) Limited and subject to a Put & Call Agreement for the conversion to 30,000,000 shares in Eurogold Limited)	30,000,000	100
Total	30,000,000	100

DISTRIBUTION OF SHAREHOLDERS

Holding Range	Ordinary Shares	Unquoted Options
1 – 1,000	44	
1,001 – 5,000	62	
5,001 – 10,000	55	
10,001 – 100,000	117	
100,001 and over	100	2
Total	378	2

As at 17 October 2005, there were 69 shareholders with less than marketable parcel.

CLASS OF SHARES AND VOTING RIGHTS

The voting rights attaching to the ordinary shares is each shareholder is entitled to one vote per ordinary share.

The consolidated entity does not have an audit committee as directors are involved in its day to day operations and therefore do not consider that an audit committee is necessary.

BOARD RESPONSIBILITIES

The board acts on behalf of the shareholders and is responsible for ensuring the efficient operation and administration of the company and is responsible for identifying areas of business risk and ensuring that these risks are adequately managed.

The board has procedures to allow directors, in the furthermore of their duties, to seek independent professional advice at the Company's expense.

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