



**EUROGOLD**

**L I M I T E D**

(ACN 009 070 384)

26 February 2007

ASX & AIM Symbol "EUG"

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**PROPOSED SALE OF GOLD ASSETS TO DRAGON MINING LIMITED**

On 21 December 2006 Eurogold announced that it had entered into an agreement for the sale of its Saulyak Gold Project in the Ukraine to Dragon Mining NL ("Dragon") subject to certain conditions precedent, including Dragon completing legal and financial due diligence.

On 31 January 2007 Eurogold announced that during the quarter ending 31 December 2006 Saulyak LLC had received a "temporary mine closure" order from the Ministry of Environmental Protection of the Ukraine. Eurogold considers that the reasons for the order are tenuous and has appealed against the order. Eurogold remains confident that the order will be lifted. In the meantime, Dragon has indicated to Eurogold that it will rely on the order to say that the due diligence condition precedents have not been satisfied. As a consequence the parties have agreed to extend the completion date and are negotiating to reach an alternative arrangement at a lesser price. These discussions are confidential and incomplete. The terms of the sale agreement and loan agreement have otherwise not changed.

Eurogold has also begun discussions with another party concerning the sale of the Saulyak Project. These discussions are also confidential and incomplete.

Eurogold will continue to keep the market informed and, in particular, will provide details when negotiations are completed.

**PETER GUNZBURG**

Executive Chairman