Eurogold Limited

ACN 009 070 384

AUDITED FINANCIAL STATEMENTS

30 June 2013

CORPORATE DIRECTORY

Directors

Peter Gunzburg	Executive Chairman/Managing Director
Arthur Dew	Non-Executive Director
Carlisle Proctor	Non-Executive Director
Brett Montgomery	Non-Executive Director (resigned 29/11/12)
Neil MacLachlan	Non-Executive Director (resigned 23/10/12)

Company Secretary
Pauline Collinson

Principal Registered Office in Australia
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Subiaco   Western Australia 6008
Telephone: 08 93819550
Facsimile: 08 93817559
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 93232000
Facsimile: 08 93232033

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

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

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

ASX Code
EUG - Fully Paid Ordinary Shares

DIRECTORS' REPORT

Your directors submit their report for the year ended 30 June 2013.

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.

Peter Gunzburg - Executive Chairman B Com.

Mr Gunzburg has over 20 years experience as a stockbroker. He has a Commerce Degree from the University of Western Australia and has previously been a director of Resolute Limited, the Australian Stock Exchange Limited, Eyres Reed Limited and CIBC World Markets Australia Limited.

Mr Gunzburg is a Non-Executive Director of ASX listed entities Fleetwood Corporation Limited and Dragon Mining Limited and the Chairman of PieNetworks Limited.

Arthur Dew - Non-Executive Director B.A., L.L.B. (appointed 23 October 2012)

Mr Arthur Dew is a non-practising Barrister with a broad range of corporate and business experience and has served as a Director, and in some instances Chairman of the Board of Directors, of a number of publicly listed companies in Australia, Hong Kong and elsewhere.

He is Chairman and Non-Executive Director of Allied Group Limited; a Hong Kong listed company which is indirectly Eurogold’s largest shareholder. Mr Dew is also Chairman and Non-Executive Director of the Hong Kong listed companies, Allied Properties (H.K.) Limited and Allied Overseas Limited and is a Non-Executive Director of SHK Hong Kong Industries Limited. He is also a Non-Executive Director of ASX listed Tanami Gold NL (appointed 2 December 2011).

Carlisle C Procter – Non-Executive Director B.Ec, M.Ec, FFin, (appointed 29 November 2011)

Mr Carlisle Procter graduated from the University of Sydney with a Bachelor's Degree and a Master's Degree in Economics. He is a fellow of the Financial Services Institute of Australasia (FFin.). Based in Australia, Mr Procter worked in the Reserve Bank of Australia for over 30 years, holding various senior management positions. Since leaving the Reserve Bank, he has worked as a consultant to the International Monetary Fund and the Asian Development Bank and has also undertaken private consulting work in the Philippines, Indonesia and Papua New Guinea in the areas of bank supervision, anti-money laundering and corporate governance respectively. Mr Procter is currently a Non-Executive Director of Bank South Pacific Limited, a company listed on the Port Moresby Stock Exchange, and an independent Non-Executive Director of Sun Hung Kai & Co Limited and Allied Overseas Limited. Mr Procter is a Non-Executive Director of ASX listed Tanami Gold NL (appointed 9 December 2011).

Mark Wong – Alternate Director B.Bus, FCPA, FCCA, FCIS, FCSHK (appointed 7 December 2012)
Mr Mark Wong has a Master’s Degree in Business Administration and is a Fellow of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants, the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries. He is also an Executive Director of Allied Overseas Limited (AOL) and was appointed the Chief Executive Officer of AOL in November 2010. Mr Wong is also an Executive Director of each of Allied Properties (H.K.) Limited and SHK Hong Kong Industries Limited. He is also an Alternate Director for ASX listed Eurogold Limited.

Brett Montgomery - Non-Executive Director (resigned 29 November 2012)

Neil MacLachlan- Non-Executive Director (resigned 23 October 2012)

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 ("Eurogold") were:

	Ordinary Shares	Unlisted Options over Ordinary shares
Peter Gunzburg	4,207,067	500,000
Arthur Dew	Nil	Nil
Carlisle Procter	Nil	Nil

COMPANY SECRETARY

Pauline Collinson

Mrs Collinson has been employed by the Company for 21 years and has held an executive position for 12 years. She is also the Company Secretary of ASX listed Tanami Gold NL (appointed 18 July 2013).

PRINCIPAL ACTIVITIES

The principal activity of the consolidated group during the financial year was to hold strategic investment positions in companies within the resource sector and to evaluate opportunities within the resource sector. There were no significant changes in the nature of the consolidated groups' principal activities during the year.

OPERATING RESULTS

	2013 $	2012 $
Revenue	67,716	302,933
Loss from continuing operations	(10,515,219)	(10,447,529)

Included in the operating (loss) after taxation for the year ended 30 June 2012 are the following material items:

	2013 $	20112 $
- Movement on the fair value of investments classified as held for trading	(35,992)	(19,897)
- Gain on sale of equity investments	(4,030)	882,267
- Reversal of impairment/(impairment) of fixed assets	-	214,540
- Impairment of investment in associate	(10,274,032)	(8,756,497)
- Share of associates gains (losses)	618,095	(1,309,782)

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).

REVIEW AND RESULTS OF OPERATIONS AND PRINCIPAL ACTIVITIES

CORPORATE

In February 2012 the Company entered into a loan facility with the Allied Group of Hong Kong, the Company's largest shareholder.

The term of the loan expired on 7 February 2013 and the Company entered into a Variation of Loan Agreement to vary the facility amount to HK$8,200,000 (A$1,023,196) and extended the term for another 12 months. A renewal fee of A$50,000 was paid to AP Finance Limited in consideration of the Lender agreeing to the Variation. Outstanding interest for the 12 months was paid in full in February 2013.

Subsequent to year end the Company entered into a Second Variation of Loan Agreement with AP Finance Limited effective from 1 August, 2013 to increase the facility amount to HK$11,800,000 (A$1,700,000).

The term of the loan was extended to 31 December 2014. The interest rate of 12% per annum is calculated on the amount of the loan amount drawn-down daily from the drawn-down date. An A$60,000 renewal fee was paid to AP Finance Limited for agreeing to the variation.

On 20 August 2013 the Company drew down HK$1,440,000 (A$200,000) from the loan facility to cover its ongoing commitments.

At the date of this report, there have been no other matters or circumstances that have arisen since the end of the financial year which significantly, or may significantly effect:

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

Investment in Dragon Mining Limited (ASX:DRA)

As set out in its Preliminary Final Report lodged with ASX on 28 February 2013 Dragon Mining's (Dragon) focus in 2012 was the continuing development of the Company's mines to support future production at its production centres at Svartliden in northern Sweden, and Vammala in southern Finland, whilst advancing the highly prospective Kuusamo Mine Project and the exploration project in the Kuusamo Exploration Province in northern Finland. Key results at 31 December 2012 reported by Dragon Mining were:

a) Ore from production stopes being mined at Dragon's three operating mines;

b) Increased confidence in the Kuusamo Mine Project, with 83% of the updated Mineral Resource at the Juomasuo deposit classified in the Measured and Indicated category;

c) Significant progress towards completion of the Environmental Impact Assessment (EIA) in respect of the Kuusamo Mine Project; and

d) A range of excellent drill results from the Jokisivu and Orivesi Gold Mines with excellent results continuing to be reported from the Kuusamo Mine Project.

Further information about Dragon's activities and results can be found at www.asx.com.au or at Dragon's website at www.dragon-mining.com.au.

Resource Invest LLC Transaction

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

The Company received an initial payment of US$2,000,000 (A$2,254,767) from RIL and is entitled to receive a further US$3,000,000 no later than 30 days upon RIL meeting a key regulatory milestone relating to the advancement of the Saulyak Gold Project. This regulatory approval remains outstanding.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

At the date of this report, there have been no other matters or circumstances that have arisen since the end of the financial year which significantly, or may significantly effect:

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

FINANCIAL POSITION

The net assets of the consolidated entity at 30 June 2013 totalled $2,917,052 (2012: $15,105,632).

Total assets at 30 June 2013 totalled $4,226,139 (2012: $16,292,156). No amount has been recognised in respect of the contingent consideration of USD$3,000,000 to be received if RIL meet key regulatory milestones. The consolidated entity had cash reserves of $74,721 at 30 June 2013.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

Subsequent to year end the Company entered into a Second Variation of Loan Agreement with AP Finance Limited effective from 1 August, 2013 to increase the facility amount to HK$11,800,000 (A$1,700,000).

The term of the loan was extended to 31 December 2014. The interest rate of 12% per annum is calculated on the amount of the loan amount drawn-down daily from the drawn-down date. An A$60,000 renewal fee was paid to AP Finance Limited for agreeing to the variation.

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At the date of this report, there have been no other matters or circumstances that have arisen since the end of the financial year which significantly, or may significantly effect:

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

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Strategy Going Forward

On 4 June 2013 the Company's securities were suspended from trading until such time as the Company has sufficient activities to warrant re-quotation.

Despite the best efforts of management to locate a suitable project and after reviewing numerous opportunities, the Company was not able to identify a project which it believed would deliver adequate value to its Shareholders. The challenging market conditions experienced during the year have severely affected share prices and the ability of market participants in the small-cap resources sector to raise funds. It is the view and experience of Eurogold's management that a correction in asset prices usually lags up to twelve months behind a similar correction in share prices. Accordingly, Eurogold is expecting that in mid to late 2013 there may be a significant number of assets which are re-priced and will form attractive buying opportunities.

The Company is continuing to search for a suitable acquisition to facilitate re-quotation and deliver value to Shareholders as well as exploring its options with respect to the disposal of its block of Dragon Mining shares.

DIVIDENDS

No dividend has been declared, provided for or paid in respect of the year ended 30 June 2013.

SHARE OPTIONS

Unissued shares

As at the date of this report there were 4,000,000 unissued ordinary shares under options. The options expire on 30 June 2014 and are exercisable at $1 each.

Shares issued as a result of the exercise of options

No options were exercised during the financial year and up to the date of the directors' report.

Options issued during the financial year

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

Option holders do not have any right, by virtue of the options, to participate in any share issue of the Company or any related body corporate.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company does not currently have any insurance for the indemnification of directors and officers.

INTERESTS IN CONTRACTS OR PROPOSED CONTRACTS WITH THE COMPANY

During the financial year, no director has had any interest in a contract or proposed contract with the Company being an interest the nature of which has been declared by the director in accordance with Section 300(11)(d) of the *Corporations Act 2001*.

DIRECTORS' MEETINGS

The following table sets out the number of meetings of the Company's directors held during the year ended 30 June 2013 and the number of meetings attended by each director.

	Directors' Meetings	
	No. of meetings held while in office	Meetings attended
Peter Gunzburg	2	2
Arthur Dew	1	1
Carlisle Procter	1	1
Brett Montgomery	1	1
Neil MacLachlan	1	1

REMUNERATION REPORT (AUDITED)

This Remuneration Report outlines the director and executive remuneration arrangements of the Company and the Group in accordance with the requirements of the *Corporations Act 2001* and its Regulations. For the purposes of this report Key Management Personnel (KMP) of the Group are defined as those persons having the authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

Key Management Personnel

Peter Gunzburg (Executive Chairman)
Arthur Dew (Non-Executive Director)
Carlisle Procter (Non-Executive Director)
Brett Montgomery (Non-Executive Director, resigned 29/11/2012)
Neil MacLachlan (Non-Executive Director, resigned 23/10/2012)
Pauline Collinson (Company Secretary)

Remuneration Policy

The Board recognises that the performance of the Company depends upon the quality of its Directors and Executives and to this end the Company is aware that it must attract, motivate and retain experienced Directors and Executives. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team. Such officers are given the opportunity to receive their base emolument in the form of salary and fringe benefits such as motor vehicle allowances.

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

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

The Company's Constitution and ASX Listing Rules specify that aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting of Shareholders. Approval by Shareholders was granted at a general meeting on 12 August 2008 to pay Non-Executive Directors an aggregate amount of $200,000 per annum. The Board considers fees paid to Non-Executive Directors of comparable companies when undertaking the annual review process. Each Non-Executive Director may also receive an equity based component where approval has been received from Shareholders in a general meeting.

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

The Company does not currently have a remuneration committee, the functions of which are carried out by the full board. The Company currently does not have a policy relating to executives for hedging their exposure to options awarded as part of their remuneration package. Remuneration for directors and executives are not linked to the performance of the economic entity however, to align all directors' interests with shareholder interests, directors and executives are encouraged to hold shares in the Company and may receive options. This effectively links directors' and executives performance to the share price performance and therefore to the interests of shareholders. For this reason there are no performance conditions prior to grant, but instead an incentive to increase the value to all shareholders.

Company Performance
The table below shows the performance of the Group as measured by the Group's share price and EPS over the last five years.

	2009	**2010**	**2011**	**2012**	**2013**
Share price 30 June	$0.19	$0.18	$0.20	$0.09	$0.03
EPS (cents per share)	7.25	(2.50)	(2.02)	(12.04)	(12.11)

Remuneration of directors and key management personnel

Directors' Remuneration

		Short Term Benefits									
		Salary And Fees	Annual Leave Accrued	Cash Bonus	Other	Post Employment Superannuation	Long Service Leave Accrued	Share based Payments Options	Total	Remuneration consisting of Options for the year %	% Performance related
P Gunzburg * **	2013	139,423	-	-	-	12,548	-	-	151,971	-	-
Chairman	2012	215,500	3,191	-	12,000	15,525	5,450	-	251,666	-	-
A Dew	2013	-	-	-	-	-	-	-	-	-	-
Non-Executive	2012	-	-	-	-	-	-	-	-	-	-
C Procter	2013	-	-	-	-	-	-	-	-	-	-
Non-Executive	2012	-	-	-	-	-	-	-	-	-	-
B Montgomery	2013	16,667	-	-	-	-	-	-	16,667	-	-
Non-Executive	2012	44,000	-	-	-	-	-	-	44,000	-	-
N MacLachlan	2013	-	-	-	-	-	-	-	-	-	-
Non-Executive	2012	40,000	-	-	-	-	-	-	40,000	-	-
Total	**2013**	**156,090**	**-**	**-**	**-**	**12,548**	**-**	**-**	**168,638**	**-**	
Total	**2013**	**299,500**	**3,191**	**-**	**12,000**	**15,525**	**5,450**	**-**	**335,666**	**-**	**-**

* *Other includes payments of a motor vehicle allowance of $12,000 (2012: $12,000) paid to P Gunzburg.*
*** Effective 1st November 2013 P Gunzburg's salary was reduced from $200,000 per annum to $50,000 per annum*

Executives Remuneration

		Short Term Benefits						
		Salary & Fees	Annual Leave Accrued	Cash Bonus	Post Employment Superannuation	Long Service Leave Accrued	Total	% Performance related
P Collinson	2013	92,307	-	-	8,307	1,677	102,291	-
Company Secretary	2012	83,076	330	-	7,476	2,180	93,062	-

Options Granted and Vested During the Year
There were no options granted, vested or exercised during the year.

** END OF REMUNERATION REPORT **

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

NON-AUDIT SERVICES
During the year ended 30 June 2013 no fees were paid to external auditors Ernst & Young for non audit services.

AUDITORS INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2013 has been received and can be found on page 9.

Signed in accordance with a resolution of the directors

Peter Gunzburg
Executive Chairman
27 September 2013

Building a better
working world

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Auditor's Independence Declaration to the Directors of Eurogold Limited

In relation to our audit of the financial report of Eurogold Limited for the financial year ended 30 June 2013, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

G H Meyerowitz
Partner
27 September 2013

GHM:MM:EUG:007

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Eurogold Limited is responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business and affairs of Eurogold Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

To ensure the Board is well equipped to discharge its responsibilities it has established guidelines for the nomination and selection of Directors and for the operation of the Board.

The Board and management are committed to corporate governance and to that extent they have adopted the second edition of the "Corporate Governance Principles and Recommendations" established by the ASX Corporate Governance Council and published by the ASX in August 2007.

Where there has been any variation from the recommendations it is because the Board believes that the Company is not as yet of a size, nor are its financial affairs of such complexity to justify some of those recommendations and as such those practices continue to be the subject of the scrutiny of the full Board.

Composition of the Board
The Board is comprised of three Directors, of which the Chairman and Managing Director is the only Executive Director. The ASX favour that the Chairman be an Independent Director, however as Mr Peter Gunzburg has been primarily concentrating on the Company's development over the past twelve years, has extensive knowledge of the capital markets in Australia and overseas and the Board believes that his role and status as an Executive and as Chairman is appropriate.

The skills, experience and expertise relevant to the position of each Director who is in office at the date of the annual report, their attendances at meetings and their term of office are detailed in the Directors' Report.

The majority of the Board are Independent Directors. The table below sets out the detail of the tenure of each Director at the date of this report.

Director	Role of Director	Date Appointed	Independent
Peter Gunzburg	Executive Chairman	24 September 2001	No
Arthur Dew	Non-Executive	23 October 2012	Yes
Carlisle Procter	Non-Executive	29 November 2013	Yes

When determining whether a Director is independent, the Board has determined that the Director must not be an executive and:

- is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- within the last three last years has not been employed in an executive capacity by the Company or another group member, or been a Director after ceasing to hold any such employment;
- within the last three years has not been a principal or employee of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided;
- is not a material supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with a significant supplier or customer;
- has no material contractual relationship with the Company or another group member other than as a Director of the Company;
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

Independent Directors' have the right to seek independent professional advice in the furtherance of their duties as Directors, at the Company's expense. Written approval must be obtained from the Chairman prior to incurring expense on behalf of the Company.

The Board and Board Nominations
The Company does not presently operate a Nomination Committee. The full Board (subject to members voting rights in general meeting) is responsible for selection of new members and has regard to a candidates experience and competence in areas such as mining, exploration, geology, finance and administration that can assist the Company in meeting its corporate objectives and plans.

Under the Company's Constitution:

- the maximum number of Directors on the Board is ten;
- a Director (other than the Managing Director) may not retain office for more than three years without submitting for re-election; and

- at the Annual General Meeting each year effectively one third of the Directors in office (other than the Managing Director) retire by rotation and must seek re-election by shareholders.

Code of Conduct
The Board acknowledges the need for the highest standards of corporate governance and ethical conduct by all Directors and employees and as such the Company's Code of Conduct applies to all Directors and employees of the Company. The Directors and senior executives have the responsibility to carry out their functions with a view to maximising financial performance of the Company along with decision making in conflict of interest situations and quality decision making for the benefit of shareholders.

Diversity Policy
The Board is committed to workplace diversity and recognises the benefits arising from employee and board diversity. Diversity includes, but is not limited to, gender, age, ethnicity and background and the Company is committed to ensure its workplace is free from all forms of discrimination and harassment.

Securities Trading Policy
The Company has adopted a Securities Trading Policy (which is driven by the Corporations Act 2001 requirements) that applies to all Directors, Executives (Key Personnel), Employees and Contractors ("Relevant Persons"). Under this policy and the Corporations Act 2001 Key Personnel and Relevant Persons are prohibited from trading in the Company's Securities while in possession of unpublished price sensitive information and must adhere to Close Out periods outlined in the Policy. Strict compliance with the Policy is mandatory for all Key Personnel and Relevant Persons.

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

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

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

Remuneration Committee and Policies
The Company has not as yet appointed a Remuneration Committee. All matters which might be dealt with by such a committee are subject to full scrutiny of Board meetings. This decision will be reviewed on a regular basis as the Company develops.

All compensation arrangements for Directors and Executives are determined and approved by the Board, after taking into account the current competitive rates prevailing in the market.

The amount of remuneration for all Directors including the full remuneration packages, comprising all monetary and non-monetary components of the Executive Directors and executives, are detailed in the Director's Report.

There are no schemes for retirement benefits other than statutory superannuation for Directors.

External Auditors
The auditors of the Company, Ernst & Young, have open access to the Board of Directors at all times.

Audit Committee
The Company presently does not have an Audit Committee as the directors believe that the Company is not of a size, nor are its financial affairs of such complexity to justify a separate Audit Committee. All matters which might be dealt with by such a committee are subject to full scrutiny of Board Meetings. This decision will be reviewed as the Company develops. Notwithstanding this, it is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information as well as non-financial considerations.

Managing Risks
The Board meets regularly to evaluate, control, review and implement the Company's operations and objectives.

Regular controls established by the Board include:

- detailed monthly financial reporting;
- delegation of authority to the Managing Director to ensure approval of expenditure obligations;
- implementation of operating plans, cash flows and budgets by management and Board monitoring of progress against projections; and
- procedures to allow Directors, and management in the furtherance of their duties, to seek independent professional advice via the utilisation of various external technical consultants.

The Board recognises the need to identify areas of significant business risk and to develop and implement strategies to mitigate these risks.

Commitment to Shareholders & Ethical Standards

The Board supports the highest standards of corporate governance and requires its members and the management and staff of the Company to act with integrity and objectivity in relation to:

- Compliance with laws and regulations affecting the Company's operations;
- The ASX's Corporate Governance Council's principles and recommendations including the Combined Code On Corporate Governance;
- Employment practices;
- Responsibilities to the community;
- Responsibilities to the individual;
- The environment;
- Conflict of interests;
- Confidentiality;
- Ensure that shareholders and the financial community are at all times fully informed in accordance with the spirit and letter of the ASX's continuous disclosure requirements;
- Corporate opportunities or opportunities arising from these for personal gain or to compete with the Company;
- Protection of and proper use of the Company's assets; and
- Active promotion of ethical behaviour.

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

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

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

Monitoring of the Board's Performance and Communication to Shareholders

In order to ensure that the Board continues to discharge its responsibilities in an appropriate manner, the performance of all Directors is constantly reviewed by the Chairman. The Company does not presently have an evaluation of the Board and all the Board members performed by an independent consultant however may do so once the Company develops.

The Board of Directors aims to ensure that the shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the Directors. Information is communicated to the shareholders through:

- the Annual Report which is distributed to all shareholders;
- the availability of the Company's Quarterly Report to shareholders so requesting;
- the Half-Yearly Report distributed to shareholders so requesting;
- adherence to continuous disclosure requirements;
- the Annual General Meeting and other meetings so called to obtain shareholder approval for Board action as appropriate; and
- the provision of the Company's website containing all of the above mentioned reports, corporate governance practices and policies and its constant update and maintenance.

Statement by the Managing Director, Financial Consultant and Company Secretary

The Executive Chairman, Financial Consultant and Company Secretary confirm to the board that the group's financial report presents a true and fair view in all material respects, of the financial condition and operational results of the Company and group. The financial report is founded on a sound system of risk management, internal compliance and control. Further, it is confirmed that the group's risk management and internal compliance is operating efficiently and effectively.

	Notes	Consolidated Group 2013 $	Consolidated Group 2012 $
Revenue	3	7,550	302,933
Other Income	3	60,166	882,267
Depreciation expense		(1,749)	(2,608)
Administration expenses		(352,605)	(490,733)
Employee benefits expense	3	(211,584)	(399,566)
Movement in the fair value of investments classified as held for trading		(35,992)	(19,897)
Share of profits/(losses) of Associates		618,095	(1,309,782)
Impairment of investment in associate		(10,274,032)	(8,756,497)
Reversal of impairment of fixed assets		-	214,540
Foreign exchange (loss)/gain		(156,216)	28,690
Interest expense		(118,852)	(150,000)
Loan drawdown fees		(50,000)	-
Loss before income tax expense		**(10,515,219)**	**(9,700,653)**
Income tax expense	4	-	(746,876)
Loss after income tax expense		**(10,515,219)**	**(10,447,529)**
Other comprehensive income			
Items that may be subsequently reclassified to operating result			
Net fair value gains/(losses) on available for sale financial assets		(84,688)	141,148
Reclassification on sale of available for sale financial assets		-	(2,490,144)
Income tax on items of other comprehensive income		-	746,876
Share of other comprehensive income of associate		(1,588,672)	553,492
Other comprehensive loss for the period, net of tax		**(1,673,360)**	**(1,048,628)**
Total comprehensive loss attributable to the member of Eurogold Limited		(12,188,579)	(11,496,157)
- basic and diluted loss per share (cents per share) for the year attributable to members of Eurogold Limited	21	(12.11)	(12.04)

The accompanying notes form part of these financial statements.

	Notes	Consolidated Group 2013 $	Consolidated Group 2012 $
Current Assets			
Cash and cash equivalents	18	74,721	564,573
Trade and other receivables	5	22,353	19,969
Investments classified as held for trading	6	131,653	172,145
Prepayments		26,663	19,648
		255,390	**776,335**
Asset held for sale	7	-	214,540
Total Current Assets		**255,390**	**990,875**
Non-Current Assets			
Available for sale investment	8	508,136	593,823
Plant and equipment	10	2,887	4,636
Investment in associate	9	3,459,726	14,703,822
Total Non-Current Assets		**3,970,749**	**15,301,281**
TOTAL ASSETS		**4,226,139**	**16,292,156**
Current Liabilities			
Trade and other payables	11	135,010	127,245
Interest bearing liabilities	12	1,155,800	1,000,000
Provisions	13	18,277	59,279
Total Current Liabilities		**1,309,087**	**1,186,524**
TOTAL LIABILITIES		**1,309,087**	**1,186,524**
NET ASSETS		**2,917,052**	**15,105,632**
SHAREHOLDERS' EQUITY			
Contributed equity	15	60,039,582	60,039,582
Reserves	16	(1,039,320)	634,041
Accumulated losses	17	(56,083,210)	(45,567,991)
TOTAL SHAREHOLDERS' EQUITY		**2,917,052**	**15,105,632**

The accompanying notes form part of these financial statements.

For the year ended 30 June 2013

Consolidated	Issued Capital	Accumulated Losses	Net Unrealised Gain Reserve	Foreign Currency Translation Reserve	Employee Benefit Reserve	Total Equity
Balance at beginning of year	60,039,582	(45,567,991)	34,869	553,492	45,680	**15,105,632**
Loss for the period	-	(10,515,219)	-	-	-	**(10,515,219)**
Other comprehensive income	-	-	(19,458)	(1,653,903)	-	**(1,673,361)**
Total comprehensive income/(loss) for the year	**-**	**-**	**(19,458)**	**(1,653,903)**	**-**	**(1,673,361)**
Balance at 30 June 2013	**60,039,582**	**(56,083,210)**	**15,411**	**(1,100,411)**	**45,680**	**2,917,052**

For the year ended 30 June 2012

Consolidated	Issued Capital	Accumulated Losses	Net Unrealised Gain Reserve	Foreign Currency Translation Reserve	Employee Benefit Reserve	Total Equity
Balance at beginning of year	60,039,582	(35,120,462)	1,636,989	-	45,680	**26,601,789**
Loss for the period	-	(10,447,529)	-	-	-	**(10,447,529)**
Other comprehensive income	-	-	(1,602,120)	553,492	-	**(1,048,628)**
Total comprehensive income/(loss) for the year	**-**	**(10,447,529)**	**(1,602,120)**	**553,492**	**-**	**(11,496,157)**
Balance at 30 June 2012	**60,039,582**	**(45,567,991)**	**34,869**	**553,492**	**45,680**	**15,105,632**

The accompanying notes form part of these financial statements.

	Notes	Consolidated Group 2013 $	Consolidated Group 2012 $
Cash Flows from Operating Activities			
Receipts from customers		-	275,678
Payments to suppliers and employees (GST inclusive)		(716,589)	(912,435)
Interest received		7,550	27,255
Interest paid		(59,503)	-
Tax payments		-	(93,739)
Net cash flows used in operating activities	18(b)	**(768,542)**	**(703,241)**
Cash Flows from Investing Activities			
Payments for plant and equipment		-	(4,561)
Proceeds from sale of listed investments		-	6,678,156
Payment for listed investments		-	(133,058)
Payment for shares in associates		(515)	(7,927,894)
Proceeds on sale of other held for sale assets		278,735	-
Sale of investment held for trading		470	793,897
Net cash flows from/(used in) investing activities		**278,690**	**(593,460)**
Cash Flows from Financing Activities			
Proceeds from issue of investments			-
Transaction costs on issue of shares			-
Loans Received		-	1,000,000
Financing fees		-	(100,000)
Net cash flows from financing activities		**-**	**900,000**
Net decrease in cash and cash equivalents		**(489,852)**	**(396,701)**
Cash and cash equivalents at the beginning of the financial year		564,573	961,274
Cash equivalents at the end of the financial year	18(a)	**74,721**	**564,573**

The accompanying notes form part of these financial statements.

1. CORPORATE INFORMATION

The financial report of Eurogold Limited (the Company) for the year ended 30 June 2012 was authorised for issue in accordance with a resolution of the directors on 27 September 2013.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB).

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

The financial report is prepared in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated.

(b) Going Concern

This report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The Group has incurred a net loss after tax for the year ended 30 June 2013 of $(10,515,219) (2012: $10,447,529) and experienced net cash outflows from operating activities of $(768,542) (2012: $703,214). As 30 June 2013 the Group had net assets of $2,917,052 (2012: $15,105,632) and net current liabilities of $1,053,697 (2012: net current liabilities of $195,649).

Subsequent to year end the Group entered into a Second Variation of Loan Agreement with AP Finance Limited effective from 1 August 2013 to increase the facility amount to HK$11,800,000 (A$1,700,000). The term of the loan was extended to 31 December 2014. On 20 August 2013 the Company drew down HK$1,440,000 (A$200,000) from the loan facility to cover its ongoing commitments.

The Group's cash flow forecasts for the twelve months ending 30 September 2014 indicate that the ability of the Group to continue as a going concern is reliant on securing additional working capital through further draw-downs of the Group's loan with AP Finance Limited and/or the realisation of its investments.

In consideration of the above matters, including the recent increase in the loan facility limit and the value of the Group's investments in listed companies at 30 June 2013, the directors have determined that it is reasonably foreseeable that the Group will continue as a going concern and that it is appropriate that the going concern method of accounting be adopted in the preparation of the financial statements. In the event that the Group is unable to continue as a going concern (due to inability to raise future funding requirements), it may be required to realise its assets at amounts different to those currently recognised, settle liabilities other than in the ordinary course of business and make provisions for other costs which may arise as a result of cessation or curtailment of normal business operations.

Accordingly, the financial statements do not include adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the group not continue as a going concern.

(c) Compliance Statement

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

(d) New Accounting Standards and Interpretations that are not yet mandatory

The accounting policies adopted are consistent with those of the previous financial year.
From 1 July 2012, the Group has adopted all the Accounting Standards and Interpretations, mandatory for annual period beginning on 1 July 2012, including:

Reference	Title	Application date of standard*	Application date for Group*
AASB 2011-9	**Amendments to Australian Accounting Standards -Presentation of Other Comprehensive Income** **[AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]** This standard requires entities to group items presented in other comprehensive income on the basis of whether they might be reclassified subsequently to profit or loss and those that will not.	1 July 2012	1 July 2012

The new Standards and Interpretations adopted did not impact the financial position or performance of the Group.

Australian Accounting Standards and Interpretations that have been recently issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ending 30 June 2013. These are outlined in the table below:

Reference		Title	Application date of standard*	Application date for Group*
AASB 10	*Consolidated Financial Statements*	AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 *Consolidated and Separate Financial Statements* dealing with the accounting for consolidated financial statements and UIG-112 *Consolidation - Special Purpose Entities.* The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. **Consequential amendments were also made to this and other standards via AASB**	1 Jan 2013	1 July 2013
AASB 11	*Joint Arrangements*	AASB 11 replaces AASB 131 *Interests in Joint Ventures* and UIG-113 *Jointly- controlled Entities - Non-monetary Contributions by Ventures*. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method. **Consequential amendments were also made to this and other standards via AASB 2011-7, AASB 2010-10 and amendments to AASB 128.**	1 January 2013	1 July 2013

Reference		Title	Application date of standard	Application date for Group*
AASB 12	*Disclosure of Interests in Other Entities*	AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates, structured entities and subsidiaries with non-controlling interests.	1 January 2013	1 July 2013
AASB 13	*Fair Value Measurement*	AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets. AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined. **Consequential amendments were also made to other standards via AASB 2011-8.**	1 January 2013	1 July 2013
Interpretation 20	*Stripping Costs in the Production Phase of a Surface Mine*	This interpretation applies to stripping costs incurred during the production phase of a surface mine. Production stripping costs are to be capitalised as part of an asset, if an entity can demonstrate that it is probable future economic benefits will be realised, the costs can be reliably measured and the entity can identify the component of an ore body for which access has been improved. This asset is to be called the "stripping activity asset". The stripping activity asset shall be depreciated or amortised on a systematic basis, over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity. The units of production method shall be applied unless another method is more appropriate. **Consequential amendments were also made to other standards via AASB 2011-12.**	1 January 2013	1 July 2013
AASB 2012-2	Amendments to Australian Accounting Standards - *Disclosures - Offsetting Financial Assets and Financial Liabilities*	AASB 2012-2 principally amends AASB 7 *Financial Instruments: Disclosures* to require disclosure of the effect or potential effect of netting arrangements. This includes rights of set-off associated with the entity's recognised financial assets and liabilities on the entity's financial position, when the offsetting criteria of AASB 132 are not all met.	1 January 2013	1 July 2013

Title		Reference	Application date of Standard*	Application date for Group*
AASB 2012-5	Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle	AASB 2012-5 makes amendments resulting from the 2009-2011 Annual Improvements Cycle. The standard addresses a range of improvements, including the following: ► Repeat application of AASB 1 is permitted (AASB 1) ► Clarification of the comparative information requirements when an entity provides a third balance sheet (AASB 101 *Presentation of Financial Statements*).	1 January 2013	1 July 2013
AASB 2012-9	Amendment to AASB 1048 arising from the withdrawal of Australian Interpretation 1039	AASB 2012-9 amends AASB 1048 *Interpretation of Standards* to evidence the withdrawal of Australian Interpretation 1039 *Substantive Enactment of Major Tax Bills in Australia.*	1 January 2013	1 July 2013
AASB 2011-4	Amendments to Australian Accounting Standards to *Remove Individual Key Management Personnel Disclosure Requirements* [AASB 124]	This amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies. It also removes the individual KMP disclosure requirements for all disclosing entities in relation to equity holdings, loans and other related party transactions.	1 July 2013**	1 July 2013
AASB 1053	*Application of Tiers of Australian Accounting Standards*	This standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements: (a) Tier 1: Australian Accounting Standards (b) Tier 2: Australian Accounting Standards - Reduced Disclosure Requirements Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements. The following entities apply Tier 1 requirements in preparing general purpose financial statements: (a) For-profit entities in the private sector that have public accountability (as defined in this standard) (b) The Australian Government and State, Territory and Local governments The following entities apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements: (a) For-profit private sector entities that do not have public accountability (b) All not-for-profit private sector entities	1 July 2013	1 July 2013

Reference		Title	Application date for Standard*	Application date for Group*
		(c) Public sector entities other than the Australian Government and State, Territory and Local governments. **Consequential amendments to other standards to implement the regime were introduced by AASB 2010-2, 2011-2, 2011-6, 2011-11, 2012-1, 2012-7 and 2012-11.**		
AASB 2012-3	Amendments to Australian Accounting Standards - *Offsetting Financial Assets and Financial Liabilities*	AASB 2012-3 adds application guidance to AASB 132 *Financial Instruments: Presentation* to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.	1 January 2014	1 July 2014
Interpretation 21	***Levies^***	This Interpretation confirms that a liability to pay a levy is only recognised when the activity that triggers the payment occurs. Applying the going concern assumption does not create a constructive obligation.	1 January 2014	1 July 2014
AASB 9	*Financial Instruments*	AASB 9 includes requirements for the classification and measurement of financial assets. It was **further amended by AASB 2010-7** to reflect amendments to the accounting for financial liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below. (a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. (b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. (c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.	1 Jan 2015	1 July 2015

Reference		Title	Application date for Standard*	Application date for Group*
		(d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: ► The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ► The remaining change is presented in profit or loss If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. **Further amendments were made by AASB 2012-6** which amends the mandatory effective date to annual reporting periods beginning on or after 1 January 2015. AASB 2012-6 also modifies the relief from restating prior periods by amending AASB 7 to require additional disclosures on transition to AASB 9 in some circumstances. **Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and 2010-10.**		

* Designates the beginning of the applicable annual reporting period unless otherwise stated.
** This standard cannot be early adopted. Revisions are currently being made to the Corporations Law to bring this disclosure into the Directors' Report.
^ The AASB have not yet issued the Australian equivalent of this Interpretation.

The potential effect of these Standards is yet to be fully determined. For Standards and Interpretations effective from 1 July 2013, it is not expected that the new Standards and Interpretations will significantly affect the Group's financial performance.

(e) Statement of Significant Accounting Policies

(i) Basis of Consolidation

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

The financial statements of controlled entities are prepared for the same reporting period as the parent entity, using consistent accounting policies.

Financial statements of foreign controlled entities presented in accordance with overseas accounting principles are, for consolidated purposes, adjusted where necessary to comply with group policy and Australian Accounting Standards. Adjustments are also made to bring into line any dissimilar accounting policies that may exist.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Controlled entities are consolidated from the date on which control is transferred to the consolidated entity and cease to be consolidated from the date on which control is transferred out of the consolidated entity.

(ii) Investment in associate

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

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

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

(iii) Revenue recognition

Revenue is recognised and measured at the amount received or receivables to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Rendering of Services

Revenue is recognised as the services are rendered in accordance with the terms and conditions of the contract.

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset) to the net carrying amount of the financial asset.

(iv) Income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of the assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary difference associated with investments in subsidiaries, deferred tax asset are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

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

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(v) *Goods and services tax*

Revenues, expenses and assets (other than receivables) are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the Cash Flow Statement on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(vi) *Plant and equipment*

Cost

Plant and equipment is stated at cost less any accumulated depreciation and any impairment losses.

The cost of an item of plant and equipment comprises:

- its purchase price, including import duties and non refundable purchase taxes, after deducting trade discounts and rebates;
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation

Depreciation is provided on a straight-line basis on all plant and equipment other than land. Major depreciation periods are:

	Life	Method
Plant & equipment	3 – 5 years	straight line

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If any indication of impairment exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the asset.

Derecognition
An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of comprehensive income in the period the item is derecognised.

(vii) *Impairment of non-financial assets*
At each reporting date, the consolidated entity assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the consolidated entity makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

As assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased.

(viii) *Trade and other receivables*
All trade and other receivables are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the receivable.

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

Allowance for doubtful debts are made based on an assessment made by directors on the recoverability of receivables.

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

(ix) *Investments and other financial assets*
Investments and financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are categorised as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale assets. The classification depends on the purpose for which the investments were acquired.

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

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

receive cash flows from the financial assets have expired or been transferred.

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

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

(ii) Held-to-maturity investments

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

(iii) Available-for-sale investments

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

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

(x) Leased assets

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the specific asset or assets and the arrangement conveys a right to use the asset.

Operating Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Payments made under operating leases are expensed in the statement of comprehensive income on a straight-line basis over the term of the lease.

(xi) Trade and other payables

Liabilities for trade creditors and other amounts are carried at amortised cost and represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year that are unpaid and arise when the consolidated entity becomes obliged to make future payments in respect of the purchase of these goods and services.

Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accruals basis.

(xii) Foreign currency translation

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

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date. All exchange differences in the consolidated financial report are taken to the statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the original transaction.

Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(xiii) *Employee benefits*

Liabilities arising in respect of wages and salaries, annual leave and any other employee entitlements due to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates expected to be paid when the liability is settled. All other employee entitlement liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the interest rates attaching to national government bonds that have terms to maturity approximating the terms of the related liability are used.

(xiv) *Provisions*

A provision is recognised when a legal or constructive obligation exists as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the consolidated entity expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(xv) *Cash and cash equivalents*

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

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

(xvi) *Issued Capital*

Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity, net of tax, as a reduction of the proceeds received.

(xvii) *Earnings Per Share*

Basic earnings per share (EPS) is calculated by dividing the net profit attributable to members of the Company for the reporting period, after excluding any costs of servicing equity (other than dividends on ordinary shares), by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue.

Diluted EPS is calculated by dividing the basic EPS earnings, adjusted by the after tax effect of financing costs associated with dilutive potential ordinary shares and other non-discretionary changes in revenues and expenses that would result from the dilution of potential ordinary shares, by the weighted average number of ordinary shares and dilutive potential ordinary shares of the Company adjusted for any bonus issue.

(xviii) *Interest-bearing loans and borrowings*

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised.

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

(i) *Significant accounting estimates and assumptions*

The carrying value of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are outlined below.

(ii) Impairment of plant and equipment
Plant and equipment is reviewed for impairment if there is any indication that the carrying amount may not be recoverable. Where a review for impairment is conducted, the recoverable amount is assessed by reference to the higher of 'value in use' (being the net present value of expected cash flows of the relevant cash generating unit) and 'fair value less costs to sell'.

Variations to the expected cash flows, and the timing thereof, could result in significant changes to any impairment losses recognised, if any, which could in turn impact future financial results.

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

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

(iv) Brinkley Mining PLC Functional Currency
Under the accounting standards, each entity within the group is required to determine its functional currency. As Brinkley does not represent a foreign operation and is an extension of the parent entity, it has been determined that its functional currency is Australian dollars.

(xx) *Share based payment transactions*

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

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

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

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

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

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

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

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

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

		Consolidated Group	
		2013	**2012**
3.	**REVENUE AND EXPENSES**	**$**	**$**
(i)	**Revenue and other income**		
	Revenue		
	Interest received	7,550	27,255
	Other	-	275,678
	Revenue	**7,550**	**302,933**
	Other income		
	Net gain on sale of investments	60,166	882,267
(ii)	**Employee benefits expense**		
	Salaries and wages	189,807	365,413
	Superannuation	17,221	23,002
	Provision for employee entitlements	4,556	11,151
		211,584	**399,566**

4. INCOME TAX

		2013	2012
(a)	Major components of income tax expense for the years ended 30 June 2013 and 2012 are:		
	Statement of comprehensive		
	Current income tax		
	Current income tax charge	-	-
	Deferred income tax		
	Relating to origination and reversal of temporary differences	-	746,876
	Income tax expense/(benefit) reported in the Statement of Comprehensive Income	**-**	**746,876**
(b)	Amounts charged or credited directly to equity		
	Deferred income tax related to items charged (credited) directly to equity		
	Gain/(loss) on available for sale investments	-	(746,876)
	Income tax reported in equity	-	(746,876)
(c)	A reconciliation of income tax expense applicable to accounting (loss) / profit before income tax at the statutory income tax rate to income tax expense at the Group's effective income tax rate for the years ended 30 June 2013 and 2012 is as follows:		
	Accounting profit / (loss) before tax	(10,515,219)	(9,700,653)
	At statutory income tax rate of 30% (2012: 30%)	(3,154,566)	(2,910,196)
	Other timing differences	(150,864)	203,132
	Deferred tax assets not brought to account	3,305,430	2,703,638
	Over provision for tax previous year		
	Difference in tax rates	-	3,426
	Deferred Tax Asset de-recognised	-	746,876
	Income tax expense / (benefit) reported in the Statement of Comprehensive Income	**-**	**746,876**
	Tax Losses		
	Unused tax losses for which no tax loss has been booked as a deferred tax asset	1,787,175	-
	Potential benefit at 30%	536,152	-

	Statement of Financial Position	
	2013 $	2012 $
(d) **Deferred income tax**		
Deferred income tax at 30 June relates to the following:		
CONSOLIDATED		
Deferred tax liabilities		
Available for sale asset	-	-
Deferred tax assets		
Provision for employee entitlements	5,483	17,784
Listed investments held for trading	29,954	17,807
Investment in associate	5,162,437	1,789,209
Accruals	7,500	7,500
Tax Losses (Australia)	641,221	418,001
Tax Losses (UK)	22,007	22,207
Unrealised losses on shares	585,959	496,190
	6,454,561	2,768,698
Net deferred tax asset	6,454,561	2,768,698
Timing differences not recognised	(6,454,561)	(2,768,698)
Deferred tax benefit recognised	-	-

Deferred tax assets have not been brought to account at 30 June 2013 (other than to offset deferred tax liabilities) because the directors do not believe it is appropriate to regard realisation of the future tax benefit as probable. These benefits will only be obtained if:

(i) the Consolidated Entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deduction for the loss to be realised;
(ii) the Consolidated Entity complies with the conditions for the deductibility imposed by law including the continuity of ownership and/or business tests; and
(iii) no changes in tax legislation adversely affect the Consolidated Entity in realising the benefit from the deduction for the loss.

	Consolidated Group	
	2013 $	2012 $
5. TRADE AND OTHER RECEIVABLES		
Current		
Other receivables	22,353	19,969
	22,353	**19,969**

Terms and conditions relating to the above financial instruments:
(i) There are no receivables that are aged past the payment terms, and all receivables are current.

6. INVESTMENTS CLASSIFIED AS HELD FOR TRADING

Shares in listed entities classified as held for trading	131,653	172,145
	131,653	**172,145**

Investments classified as held for trading consist of investments in ordinary shares. The fair value has been determined by Level 1 in accordance with the hierarchy disclosed in Note 28(c).

	Consolidated Group	
	2013	2012
	$	$

7. ASSET HELD FOR SALE

Land held for resale (1)	-	214,450
	-	**214,540**

(1) As part of the asset acquisition of Brinkley Mining Plc, land in rural South Africa with a value of $214,540 was recognised within the group. During the year ended 30 June 2013 this land has been disposed of and proceeds have been received.

8. AVAILABLE FOR SALE FINANCIAL ASSET

Shares in listed entities classified as available for sale (1)	508,136	593,823
	508,136	**593,832**

(1) Investments classified as held for trading consist of investments in ordinary shares. The fair value has been determined by Level 1 in accordance with the hierarchy disclosed in Note 28(c).

9. INVESTMENT IN ASSOCIATE

Listed		
Dragon Mining Limited	3,459,726	14,703,822
	3,459,726	**14,703,822**

At 30 June 2013 the group held a 24.34% (2012: 24.34%) interest in Dragon Mining Limited ("Dragon"). Significant influence is achieved as Mr Gunzburg is also a director of Dragon.

During the year the value of the investment has been impaired by $10,274,032.

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

Dragon Mining Limited		
Carrying value 30 June 2012	14,703,822	16,252,864
Cost of shares purchased during the year	513	7,963,745
Share of gain/(loss) after income tax	618,095	(1,309,782)
Share of other comprehensive income	(1,588,672)	553,492
Impairment of carrying value	(10,274,032)	(8,756,497)
Carrying value at 30 June 2013	**3,459,726**	**14,703,822**
Fair value of investment	**3,459,726**	**14,703,822**

The investment in the associate has been impaired and written down to its recoverable amount based on its fair value less cost to sell. At 30 June 2013, the equity accounted carrying value of the investment in Dragon was higher than the market value of $3,459,726. As such an impairment loss of $10,274,032 was recognised in the Statement of Comprehensive Income.

	Consolidated Group	
	2013 $	2012 $

b) Summarised financial information

The following table illustrates summarised financial information of Dragon Mining Limited:

	$000's	$000's
Extract from the associate's statement of financial position		
Current assets	33,190	31,525
Non-current assets	32,145	45,004
	65,335	76,529
Current liabilities	(16,584)	(16,794)
Non current liabilities	(8,150)	(7,855)
Net assets	40,601	51,880
Share of associate's net assets	**9,882**	**12,627**

Extract from the associate's statement of comprehensive income	**2013 $000**	**2012 $000**
Revenue	82,721	84,315
Expenses	(85,350)	(90,955)
Profit/ (Loss) for the period before taxation	(2,629)	(6,640)
Income tax expense	(2,351)	(3,579)
Profit/ (Loss) for the period after income tax	(4,980)	(10,219)
Adjustment for accounting policy differences*	7,524	3,735
	2,544	(6,484)
Share of associates profit / (loss) after income tax	**618**	**(1,310)**
Other comprehensive income	(6,527)	2,274
Share of associate's other comprehensive income	**(1,588)**	**553**

*Dragon Mining Limited's accounting policy is to expense exploration and evaluation expenditure as incurred, while the Group's accounting policy is to capitalise exploration and evaluation expenditure on qualifying areas of interest.

Contingent Asset and Liabilities in associate Dragon Mining Limited:

Svartliden Gold Mine, Sweden

In Dragon Mining's 30 June 2012 financial review it was reported that an environmental breach reported in 2008 concerning levels of arsenic and other metals contained in surface runoff and ground water which is pumped from the waste rock dump and mining area to a water storage facility, termed the Clarification Pond (formerly the Clear Water Dam), continues to be addressed. Additional corrective measures and improvements were implemented during 2011 to reduce the levels of metals contained in the water pumped to the Clarification Pond. Despite improvements to the water treatment processes, metal levels and amounts exceeded guidelines, necessitating further corrective measures and improvements to the water treatment processes. All levels and corrective measures are reported to the inspecting authority.

During 2009, the company which operates the Svartliden Gold Mine was reported by the inspecting authority for a breach of discharging water to a nearby stream which is prohibited under the operating license. The allegation is based on the Company's report of elevated levels of dissolved metals in the water collected and tested from the nearby stream. An internal review has confirmed that no discharge occurred. A police investigation commenced during 2011.

In July 2012 Dragon were advised that the Prosecutor had decided to prosecute Dragon Mining (Sweden) AB (DMS) at the District Court of Lycksele, on the basis that the Company was in breach of condition 5 and 6 of the operating permit between January 1, 2009 and 30 June 2011. Condition 5 states that no emissions are allowed to Svartlidbäcken (Svartlid stream). The Prosecutor claims that DMS has allowed higher concentrations of metals to emerge from the site. The Prosecutor was seeking a fine of 1,500,000 SEK (approximately A$215,000). In June 2013 the Court ruled that the company was not guilty and dismissed all charges. Subsequent to period end, the Prosecutor lodged an appeal against the acquittal of one of the minor charges. The Swedish Court of Appeal has not yet decided whether the appeal will be held.

	Consolidated Group	
	2013	**2012**
	$	**$**

10. PROPERTY, PLANT AND EQUIPMENT

	2013 $	2012 $
Plant and Equipment - at cost	26,802	26,802
Accumulated depreciation	(23,915)	(22,166)
	2,887	**4,636**
Net carrying amount at end of year	**2,887**	**4,636**

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

	2013 $	2012 $
Plant and equipment		
Net carrying amount at beginning of year	4,636	2,683
Additions	-	4,561
Depreciation expense	(1,749)	(2,608)
Net Carrying amount at end of year	**2,887**	**4,636**

11. PAYABLES AND ACCRUALS

	2013 $	2012 $
Sundry accruals	135,010	127,245
	135,010	**127,245**

Trade and other payables are generally unsecured, interest free and on 30 day terms.

12. LOAN PAYABLE

	2013 $	2012 $
Loan payable	1,155,800	1,000,000
	1,155,800	**1,000,000**

As a consequence of the Dragon rights issue conducted in 2012 Eurogold entered into a loan facility with the Allied Group of Hong Kong, the Company's largest shareholder, to accept an offer of finance to cater for any shortfall in the Dragon issue which might exceed Eurogold's cash reserves.

The term of the loan expired on 7 February 2013 and the Company entered into a Variation of Loan Agreement to vary the facility amount to HK$8,200,000 (A$1,023,196) and extended the term for a further 12 months. A renewal fee of A$50,000 was paid to AP Finance Limited on 18 February 2013 in consideration of the Lender agreeing to the Variation. Outstanding interest for the 12 months was paid in full in February 2013.

A second variation to the loan facility was entered into on 5 August 2013 to increase the loan amount to HK$11,800,000 (A$1,700,000) and extended the term to 31 December 2014. A renewal fee of A$60,000 was charged. The Company has drawn down HK$1,440,000 (A$200,000) on the increased facility.

13. PROVISIONS

	2013 $	2012 $
Annual Leave	5,701	21,129
Long Service Leave	12,576	38,150
	18,277	**59,279**

14. INCOME TAX PAYABLE

	2013 $	2012 $
Income Tax Payable	-	-
	-	**-**

15. CONTRIBUTED EQUITY

	Consolidated Group 2013 $	2012 $
Issued and paid up capital		
Ordinary shares fully paid	60,039,582	60,039,582
	60,039,582	60,039,582

a) Movements in fully paid ordinary shares on issue:

	Number of Shares	Total $
Balance at 1 July 2012	86,805,402	86,805,402
Shares issued	-	-
Balance at 30 June 2013	86,805,402	86,805,402

(b) Terms and conditions of contributed equity

Ordinary Shares
Ordinary shares have the right to receive dividends as declared and, in the event of the winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

(c) Share based payment plans

Recognised Share Based Payment Expenses
The expense recognised for employee services received during the year for equity–settled share based payment transactions was $NIL (2012: $NIL).

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

Summary of Options Granted Under Share Based Payment Plan

(i) The opening balance of options on issue was 4,000,000
(ii) No options were issued, forfeited, expired or exercised during the financial year ended 30 June 2013 (2012: Nil).
(iii) Each option has an expiry date of 30 June 2014.

Exercise Price
Options are exercisable at $1.00.

(d) Capital management

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

16. RESERVES

	Consolidated Group 2013 $	2012 $
Employee Benefit reserve	45,680	45,680
Foreign Currency Translation Reserve	(1,100,411)	553,492
Net unrealised gain reserve	15,411	34,869
	(1,039,320)	634,041
Employee Benefit		
Balance at beginning of year	45,680	45,680
Value of options granted and expensed	-	-
Balance at the end of the year	**45,680**	**45,680**
Foreign Currency Translation Reserve		
Balance at beginning of year	553,492	-
Share of foreign currency translation reserve of associate	(1,653,903)	553,492
Balance at the end of the year	**(1,100,411)**	**553,492**

16. RESERVES (CONT)	**Consolidated Group 2013 $**	**2012 $**
Net Unrealised Gain on available for sale investments		
Balance at beginning of year	34,869	1,636,989
Net unrealised gain transferred to statement of comprehensive income	(84,689)	(2,348,996)
Tax effect transferred to statement of comprehensive income	-	746,876
Share of net unrealised gain reserve of associate	65,231	-
Balance at end of year	**15,411**	**34,869**

* The Employee benefit reserve is used to record the value of share based payments made to employees.
** The Net Unrealised Gain reserve is used to record the movements in the fair value of available for sale investments.

17. ACCUMULATED LOSSES	**Consolidated Group 2013 $**	**20112 $**
Balance at the beginning of the year	(45,567,991)	(35,120,462)
Net loss attributable to members	(10,515,219)	(10,447,529)
	(56,083,210)	**(45,567,991)**

18. CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents in the Statement of Financial Position

	2013	2012
Cash balances comprises		
Cash at bank	**74,721**	**564,573**

(b) Reconciliation of the net loss after tax to the net cash flows from operations

	2013	2012
Net income/(loss) after income tax	(10,515,219)	(10,447,529)
Non cash adjustments		
Depreciation	1,749	2,608
Share of associate's loss/(profit)	(618,095)	1,309,782
Gain on sale of investments	(60,166)	(135,391)
Fair value adjustment on investments classified as held for trading	35,992	19,897
Impairment in investment in associate	10,274,032	8,756,497
Impairment in fixed assets	-	(214,540)
Foreign exchange gain/(loss)	-	(28,690)
Changes in Assets & Liabilities:		
Receivables	(2,383)	8,560
Prepayments	(7,015)	4,210
Payables	163,565	103,943
Provisions	(41,002)	11,151
Provision for taxation	-	(93,739)
Net cash used in operating activities	**(768,542)**	**(703,241)**

19. EXPENDITURE COMMITMENTS

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

20. SEGMENT INFORMATION

For management purposes, the Group is organised into one main operating segment, which invests in equity securities. All the Group's activities are interconnected and all significant operating decisions are based on analysis of the Group as one segment. The financial results of the segment are the equivalent of the financial statements as a whole. All revenues and non-current assets are considered to be derived and held in one geographical area being Australia.

21. LOSS PER SHARE

Basic earnings per share amounts are calculated by dividing net income/loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net income/loss attributable to ordinary equity holders of the parent adjusted for the weighted average number of ordinary shares and dilutive potential ordinary shares of the Company adjusted by any bonus issue.

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

	Consolidated Group 2013	Consolidated Group 2012
Net Loss used in calculating basic and diluted EPS	(10,515,219)	(10,447,529)
Weighted average number of ordinary shares for basic earnings per share	86,805,402	86,805,402
Effect of dilution:		
Share options (i)	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution	**86,805,402**	**86,805,402**
Basic and diluted loss per share (cents per share) for the year attributable to members of Eurogold Limited	(12.11)	(12.04)

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

22. DIRECTORS & KEY MANAGEMENT PERSONNEL

(a) Details of Key Management Personnel

(i) 2013

P L Gunzburg	Executive Chairman	
A Dew	Director (Non-Executive)	(appointed 23 October 2012)
C Procter	Director (Non-Executive)	(appointed 29 November 2012)
B Montgomery	Director (Non-Executive)	(resigned 29 November 2012)
N MacLachlan	Director (Non-Executive)	(resigned 23 October 2012)
P Collinson	Company Secretary	

(ii) 2012

P L Gunzburg	Executive Chairman	
B Montgomery	Director (Non-Executive)	(resigned 29 November 2012)
N T MacLachlan	Director (Non-Executive)	(resigned 23 October 2012)
P Collinson	Company Secretary	

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

At 30 June 2013 the interests of the directors in the shares and options of Eurogold Limited were:

Ordinary Shares	**Balance 30 June 2012**	**Granted as Remuneration**	**On exercise of options**	**Net change other**	**Balance 30 June 2013**
Peter Gunzburg	4,207,067	-	-	-	4,207,067
Arthur Dew	-	-	-	-	-
Carlisle Procter	-	-	-	-	-
Brett Montgomery *	-	-	-	-	-
Neil MacLachlan **	896,145	-	-	-	-
Pauline Collinson	-	-	-	-	-

* B Montgomery resigned 29/11/2012 ** N MacLachlan resigned 23/10/2012

Options	**Balance 30 June 2012**	**Expiration of Options**	**Balance 30 June 2013**	**% Vested**
Peter Gunzburg	500,000		500,000	100%
Arthur Dew	-	-	-	-
Carlisle Procter	-	-	-	-
B Montgomery	-	-	-	-
Neil MacLachlan	-	-	-	-
Pauline Collinson	-	-	-	-

* B Montgomery resigned 29/11/2012 ** N MacLachlan resigned 23/10/2012

(c) Employment Contracts

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

(d) Compensation by Category: Key Management Personnel

	Consolidated Group	
	2013	**2012**
	$	**$**
Short-Term employee benefits	248,397	398,097
Post Employment	20,855	23,001
Long-Term employee benefits	1,677	7,630
	270,929	**428,728**

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

Options granted to Key Management Personnel

The Company currently has an Options Scheme in place however during the year no options were under the scheme.

(e) Loans to Key Management Personnel

There are no loans between the entity and KMP.

23. AUDITORS' REMUNERATION

	Consolidated	
	2013	**2012**
	$	**$**
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	**38,500**	**38,500**

24. RELATED PARTY DISCLOSURES

Other related party transactions

(a) **Wholly Owned Group Transactions**
Details of interests in controlled entities are set out in Note 25. Details of dealings are set out below.

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

(c) **Transactions with Other Related Parties**

The Company rents office space on an arms-length basis from Dragon Mining Limited.

25. CONTROLLED ENTITIES

Parent Entity	Country of Incorporation	Equity Interest held by consolidated entity %	
		2013	2012
Parent Entity:			
Eurogold Limited	Australia	100.0	100.0
Controlled entities of Eurogold Limited:			
Eurogold Holdings (Bermuda) Limited (i)	Bermuda	100.0	100.0
Eurogold (Bermuda) Limited (i)	Bermuda	100.0	100.0
Esmeralda Mining Limited (i)	Cyprus	100.0	100.0
Brinkley Mining PLC (i)	UK	100.0	100.0

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

26. EVENTS SUBSEQUENT TO BALANCE DATE

Subsequent to year end the Company entered into a Second Variation of Loan Agreement with AP Finance Limited effective from 1 August, 2013 to increase the facility amount to HK$11,800,000 (A$1,700,000).

The term of the loan was extended to 31 December 2014. The interest rate of 12% per annum is calculated on the amount of the loan amount drawn-down daily from the drawn-down date. An A$60,000 renewal fee was paid to AP Finance Limited for agreeing to the variation.

On 20 August 2013 the Company drew down HK$1,440,000 (A$200,000) from the loan facility to cover its ongoing commitments.

At the date of this report, there have been no other matters or circumstances that have arisen since the end of the financial year which significantly, or may significantly effect:

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

27. PARENT ENTITY – EUROGOLD LIMITED

Information relating to Eurogold Ltd:	2013 $	2012 $
Current assets	240,585	770,076
Total assets	4,204,136	25,893,510
Current liabilities	1,287,082	1,155,417
Non current liabilities	-	-
Total liabilities	1,287,082	1,155,417
Issued capital	60,039,582	60,039,582
Accumulated losses	(57,118,390)	(35,382,038)
Reserves	(4,138)	80,549
Total shareholders' equity	2,917,054	24,738,093
(Loss)/profit of the parent entity	(834,482)	(561,528)
Total comprehensive loss of the parent entity	(84,638)	(2,163,648)

Refer to note 29 for disclosure of contingent asset and liabilities of the parent entity.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Financial Risk Management Objectives & Policies

The Group's principal financial instruments comprise cash, available for sale and trading assets and short term borrowings.

The main purpose of these financial instruments is to raise finance for the Group operations. The Group has various other financial assets and liabilities such as receivables and payables, which arise directly from its operations.

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

The Executive Chairman is responsible for managing the risks associated with the Group's financial investments and reporting to the board of directors.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the financial statements.

(b) Interest Rate Risk - Consolidated

The consolidated entity's exposure to interest rate risks and the effective interest rates of financial assets (excluding investments in controlled entities and associates) and financial liabilities are as follows:

Financial Instrument	Floating Interest Rate		Non-Interest Bearing		Fixed Interest Rate		Total		Weighted Average Effective Interest Rate	
	2013 $	2012 $	2013 $	2012 $	2013 $	2012 $	2013 $	2012 $	2013	2012
(i) Financial Assets										
Cash assets	74,721	564,573	-	-	-	-	74,721	564,573		2.50
Receivables	-	-	22,353	19,969		-	22,233	19,969		-
Total financial assets	**74,721**	**564,573**	**22,353**	**19,969**		**-**	**96,954**	**584,542**		
(ii) Financial Liabilities										
Payables	-	-	135,010	127,245	1,155,800	1,000,000	1,290,899	1,127,245		5.0
Total financial liabilities	**-**	**-**	**135,010**	**127,245**	**1,155,800**	**1,000,000**	**1,290,810**	**1,127,245**		

The effect of a 1% increase in interest rates on the cash assets would be to decrease the loss after tax by $747 (2012: $5,646) and increase equity by $747 (2012: $5,646). The effect of a 1% decrease in interest rates on the cash assets would be to increase the loss after tax by $747 (2012: $5,646) and decrease equity by $747 (2012: $5,646).

c) Fair values

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

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

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

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

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

Investments classified as held for trading and held for sale consist of investments in ordinary shares. Fair value of the investments has been determined as described in Level 1 above.

(d) Credit Risk Exposures

The consolidated entity's maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the carrying amount, net of any allowance for doubtful debts, of those assets as indicated in the statement of financial position.

Concentration of Credit Risk

The consolidated entity is not materially exposed to any individual overseas country or individual customer.
The company only banks with reputable financial institutes with good credit ratings.

(e) Liquidity Risk

The consolidated entity's objective is to maintain consistency of funding via the raising of equity or short term loans as and when required. The contractual maturity analysis of trade payables of $127,245 is set out in note 11 and $1,000,000 interest bearing liabilities as set out in note 12. Refer to note 29 in reference to the royalty payment guaranteed by the Company.

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

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

At 30 June 2013 had share prices moved, as illustrated in the table below, post tax, profit and equity would have been impacted as follows:

	Carrying Value	**Share Price Movement +5%**		**Share Price Movement -5%**	
		Profit	**Equity**	**Profit**	**Equity**
Shares in listed entities held for trading *	131,653	6,583	-	(6,583)	-
Shares in listed entities held available for sale*	508,136	-	25,407	-	(25,407)
Total	**639,789**	**6,583**	**25,407**	**(6,583)**	**(25,407)**

* All investments reflect unadjusted quoted prices in an active market and are classified as level 1

29. CONTINGENT ASSET AND LIABILITIES

a) On 10 July 2007 the Group disposed of its Ukrainian gold mining assets for US$5,000,000. US$3,000,000 of this amount remains outstanding and will only be received upon the purchaser meeting a regulatory milestone relating to the advancement of the Saulyak Gold Project. With the sale of its Ukrainian gold mining assets the Group is no longer exposed to operating in the Ukraine other than in relation to the receipt of US$3,000,000 which is still due in relation to the sale of assets.

b) The Company has guaranteed the payment of a royalty by Saulyak Limited Liability Company based on gold output from the Saulyak Gold Project which was disposed of by the Company on 10 July 2007. The royalty is up to 2% net smelter royalty per ounce of gold produced form the Saulyak Gold Project payable only in respect of ounces of gold produced over 750,000 ounces in total. Gold production from the Saulyak Gold Project has not yet commenced with the current owners of the project yet to secure a mining licence. At the time of the sale of the project by the Company total reserves identified at the project were not in excess of 750,000 ounces.

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

The Directors' of the Company declare that:

1) In the opinion of the directors:

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

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

   (c) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2012 and of their performance for the year ended on that date;

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

3) Subject to the matters set out in Note 2(b), in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

4) This declaration has been made after receiving the declarations required to be made to the Directors' in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2013.

This declaration is made in accordance with a resolution of the Board of Directors signed on 27 September 2013.

Peter Gunzburg
Executive Chairman
27 September 2013

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Independent auditor's report to the member of Eurogold Limited

Report on the financial report

We have audited the accompanying financial report of Eurogold Limited, which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Opinion

In our opinion:

a. the financial report of Eurogold Limited is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date;

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Eurogold Limited for the year ended 30 June 2013, complies with section 300A of the *Corporations Act 2001*.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualification to the audit opinion expressed above, attention is drawn to the following matter. As a result of matters described in Note 2(b) – Going Concern to the financial report, there is material uncertainty whether the group will be able to continue as a going concern and realise its assets and extinguish its liabilities in the normal course of operations and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the group not continue as a going concern.

Ernst & Young

G H Meyerowitz
Partner
Perth
27 September 2013

GHM:MM:EUG:006