

For Immediate Release

EUROPEAN GOLDFIELDS RECOMMENDS C\$2.5 BILLION FRIENDLY ACQUISITION BY ELDORADO GOLD

18 December 2011 – European Goldfields Limited (AIM: EGU / TSX: EGU) (“European Goldfields”) is pleased to announce that it has signed an agreement with Eldorado Gold Corporation (“Eldorado”) under which Eldorado proposes to acquire all of the issued and outstanding shares of European Goldfields via a plan of arrangement (“the Arrangement”) under the Yukon Business Corporations Act.

Consideration for the transaction will be Eldorado shares, with European Goldfields shareholders offered 0.85 Eldorado shares and C\$0.0001 in cash for each European Goldfields share they own. The transaction values European Goldfields at approximately C\$2.5 billion, based on the closing price of Eldorado on the TSX on December 16, 2011.

The European Goldfields Directors unanimously recommend that European Goldfields shareholders vote in favour of the proposed Arrangement, and each Director intends to vote all of the European Goldfields shares they own or control at the date of the Arrangement meeting in favour of the Arrangement, in the absence of a superior proposal.

Key Attributes of the Transaction

- Secures an immediate premium for European Goldfields shareholders which compares favourably to recent precedent gold transactions.
- Opportunity for sustainable re-valuation, driven by growth potential, transaction rationale and management track record.
- Potential to enhance and accelerate the development of European Goldfields’ projects through a dedicated Eldorado team with a track record of successfully permitting, developing and operating mines.
- Provides European Goldfields shareholders with continued exposure to European Goldfields’ current portfolio while diversifying European Goldfields from existing “single region” risk through exposure to Eldorado’s geographically diversified portfolio of producing low cost mines and near-term development projects worldwide, including providing immediate exposure to material gold production.
- Creates a combination with exposure in growth regions, including in the Aegean region, China and South America.
- Substantial increase in combined reserve base, with European Goldfields contributing its 9.2 million gold ounces to the entity.
- Creates a combined position as one of the lowest cost, highest growth global gold producers, with increased liquidity and a broader investor and analyst following.

- Combined current gold production of 650,000 ounces, growing to over 1.5 million ounces by 2015 through project pipeline and expansion opportunities.
- Provides increased leverage to record near term gold prices with no hedge program and exposure to Eldorado's gold price-linked dividend policy.

The exchange ratio of 0.85 Eldorado shares for each European Goldfields share represents a value of C\$13.08 per share based upon the closing price of Eldorado on the TSX on December 16, 2011 of C\$15.39.

This represents a premium of:

- 48.4% based on both companies' TSX closing share prices on December 5, 2011, the last dealing day before European Goldfields announced it had received preliminary approaches; and
- 56.5% based on both companies' 20-day TSX volume weighted average prices ending on December 5, 2011.

The exchange ratio also implies:

- a value of C\$14.78 per share based on Eldorado's TSX closing share prices on December 5, 2011, the last dealing day before European Goldfields announced it had received preliminary approaches; and
- a value of C\$15.60 based on Eldorado's 20-day TSX volume weighted average prices ending on December 5, 2011.

Mr. Martyn Konig, Executive Chairman & President of European Goldfields, added, *"Today's transaction offers excellent value to shareholders through an immediate premium, reduced execution risk, and future upside through participation in Eldorado, a leading gold growth story with a world-class asset portfolio and a compelling dividend policy. In addition, this is good news for Greece as Eldorado has the experience, local operating knowledge and track record to develop our assets in Greece efficiently and safely, supporting employment and contributing to the economic recovery of the country. After reviewing a number of proposals, with maximising shareholder value as a primary objective, the Board unanimously recommends shareholders vote in favour of the proposed transaction."*

Mr. Paul N. Wright, President & CEO of Eldorado, stated, *"We are extremely pleased to have reached this mutually beneficial transaction with European Goldfields. Integration of European Goldfields' business with our own will provide Eldorado with the dominant gold mining business in the Aegean Region and the combined business will constitute the leading low cost, high growth intermediate gold producer globally. We are particularly pleased to be partnering with Aktor SA, Greece's largest construction company, to help ensure effective, safe and timely development of our operations in Greece."*

Summary of the transaction

On December 18, 2011, European Goldfields and Eldorado entered into an arrangement agreement setting out, among other things, the terms under which the proposed business combination transaction will be undertaken. Under the transaction, each common share of European Goldfields will be

exchanged for 0.85 Eldorado common shares. Each outstanding option of European Goldfields shall be exchanged for options of Eldorado that will entitle the holder to receive, upon the exercise thereof, Eldorado shares based upon the Exchange Ratio and otherwise on the same terms and conditions as in the original European Goldfields option. Pursuant to the transaction, Eldorado expects to issue approximately 156 million common shares. Following the completion of the transaction, the current Eldorado shareholders will hold approximately 78% of the combined company, while current shareholders of European Goldfields will hold approximately 22%, on a fully diluted basis.

The transaction will be carried out by way of a court-approved plan of arrangement and will require the approval of at least 66 ⅔% of the votes cast by the shareholders of European Goldfields at a special meeting of European Goldfields shareholders expected to take place in mid-February 2012. It is expected that the transaction will be exempt from the registration requirements of the U.S. Securities Act of 1993, as amended, pursuant to the court approval exemption afforded by section 3(a)(10) under that Act. The transaction is also subject to obtaining the approval of a majority of the votes cast by the shareholders of Eldorado at a special meeting of Eldorado shareholders expected to take place on the same date as the European Goldfields meeting. In addition to shareholder and court approvals, the transaction is subject to applicable regulatory approvals and the satisfaction of certain other closing conditions customary in transactions of this nature.

The Boards of Directors of each of European Goldfields and Eldorado have unanimously approved the transaction and are expected to provide written recommendations that holders of European Goldfields common shares and Eldorado common shares vote in favour of the transaction in the information circulars to be mailed in connection with their respective special meetings of shareholders. The financial advisors for European Goldfields, BMO Capital Markets and Lazard & Co., Limited, have provided opinions to the European Goldfields Special Committee and Board of Directors that, as of the date of such opinions and subject to the assumptions, limitations, and qualifications stated in such opinions, the consideration to be received by the European Goldfields shareholders under the transaction is fair, from a financial point of view, to the European Goldfields shareholders. Eldorado's financial advisors, GMP Securities L.P. and BoA Merrill Lynch, each provided fairness opinions to the Eldorado Board of Directors that the consideration to be paid by Eldorado under the transaction is fair, from a financial point of view, to Eldorado. European Goldfields' legal counsel is Stikeman Elliott LLP and Eldorado's legal counsel is Borden Ladner Gervais LLP.

Each of the directors and senior officers of Eldorado and European Goldfields have entered into voting support agreements and have agreed to vote in favour of the transaction.

The arrangement agreement provides that the Boards of Directors of each of European Goldfields and Eldorado may, under certain circumstances, terminate the agreement in favour of an unsolicited superior proposal, subject to payment of a termination payment of C\$75 million, in the case of Eldorado, and C\$75 million, in the case of European Goldfields, or an expense fee of up to C\$30 million upon the occurrence of certain other termination events, and subject to a right by Eldorado to match the superior proposal in question.

Further information regarding the transaction will be contained in an information circular that each of European Goldfields and Eldorado will prepare, file and mail in due course to their respective

shareholders in connection with the special meetings of each of the Eldorado and European Goldfields shareholders to be held to consider the transaction. All shareholders are urged to read the information circulars once they become available as they will contain additional important information concerning the transaction.

Details regarding these and other terms of the transaction are set out in the arrangement agreement, which is available on SEDAR at www.sedar.com.

Qatar Holding Financing Transaction

European Goldfields intends to adjourn the Special Meeting of Shareholders scheduled for 22 December 2011, which was called to approve the financing transaction with Qatar Holding (the "Financing") until after the Eldorado and European Goldfields shareholders vote on the Arrangement.

Conference Call

In connection with this news release, European Goldfields and Eldorado will hold separate conference calls and audio webcasts on December 19th, 2011 at 8 a.m. GMT and at 10 a.m. Eastern Time respectively, both of which will be followed by a question-and-answer session. Presentations to accompany these calls will be available on the respective websites 15 minutes in advance of each call. To access the calls, please dial:

European Goldfields – 8am GMT

Canada & USA Toll Free: 1866 223 0481
Callers from the UK: +44 (0)1452 54 10 77
Passcode: 37523496

Replay (available up to 14 days after the call):

North American toll-free: 1866 247 4222
Callers from the UK: +44 (0) 1452 55 00 00
Replay passcode: 37523496

Eldorado – 10am Eastern Time

Local and international: (416) 340-2216
North American toll-free: (866) 226-1792

Replay (available up to 14 days after the call):

Local and international: (905) 694-9447
North American toll-free: (800) 408-3053
Replay passcode: 2138217

The audio webcasts for each company will be archived on our respective websites at www.egoldfields.com and www.eldoradogold.com.

An interview with Tim Morgan-Wynne, Executive Vice-President and Chief Financial Officer of European Goldfields, regarding the transaction is available at www.egoldfields.com.

About European Goldfields

European Goldfields is a developer-producer with globally significant gold reserves located within the European Union. The Company generates cash flow from its 95% owned Stratoni operation, a high grade lead/zinc/silver mine in North-Eastern Greece. European Goldfields is expected to evolve through development of its project pipeline of gold and base metal deposits at Skouries and Olympias in Greece and Certej in Romania. The Company plans future growth through development of its highly prospective exploration portfolio in Greece, Romania and Turkey.

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CAUTIONARY NOTE CONCERNING FORWARD-LOOKING STATEMENTS

Certain of the statements made herein may contain forward-looking statements or information under applicable Canadian securities laws. Forward-looking statements or information herein include, but are not limited, to statements or information with respect to: (i) European Goldfields' agreement with Eldorado and the anticipated benefits; (ii) the combined company's expected growth profile; (iii) the anticipated market capitalization of the combined company; (iv) the combined company's access to financing; (v) the value and payment of the combined company's dividends; (vi) the combined company being the dominant gold mining business in the Aegean region; (vii) the profitability of the combined company; and (viii) the completion of the Arrangement.

Forward-looking statements and forward-looking information by their nature are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or information. We have made certain assumptions about the forward-looking statements and information, including, assumptions about the price of commodities, the estimated reserve, resources and production of the combined entity and the impact on the integration of the business on our operations and financial position. Even though our management believes that the assumptions made and the expectations

represented by such statements or information are reasonable, there can be no assurance that the forward-looking statement or information will prove to be accurate. Furthermore, should one or more of the risks, uncertainties or other factors materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements or information. These risks, uncertainties and other factors include, among others, the following: the ability to conclude a transaction, commodity price volatility; discrepancies between actual and estimated production, mineral reserves and resources and metallurgical recoveries; mining operational and development risk; business integration risks; litigation risks; regulatory restrictions, including environmental regulatory restrictions and liability; risks of sovereign investment; currency fluctuations; speculative nature of gold exploration; global economic climate; dilution; share price volatility; competition; loss of key employees; additional funding requirements; and defective title to mineral claims or property. For a more detailed discussion of such risks and material factors or assumptions underlying these forward-looking statements, see the Company's Annual Information Form for the year ended 31 December 2010, filed on SEDAR at www.sedar.com. There can be no assurance that forward-looking statements or information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, you should not place undue reliance on the forward-looking statements or information contained herein. The Company does not intend, and does not assume any obligation, to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required by law.

For further information please see the Company's website at www.egoldfields.com