

For Immediate Release

## RESULTS FOR 2009

**18 March 2010 – European Goldfields Limited (TSX / AIM: EGU)** (“European Goldfields” or the “Company”) today announces its results for the year ended 31 December 2009. The financial statements, as well as the accompanying management’s discussion and analysis, are available for review at <http://www.egoldfields.com/egoldfields/en/financials/annuals> and should be read in conjunction with this news release.

### Q4 and 2009 Highlights

#### Greece

- Preliminary Environmental Impact Study approved by Greek State
- Record Olympias gold sales
- Skouries basic engineering complete; project advances to detailed engineering
- All major capital development at Stratoni in place

#### Romania

- PUZ process significantly advanced with recent granting of final permit
- Basic engineering substantially complete
- Technical Report for construction permit application initiated
- Independent Consultant completes audit for Bank Finance

#### Exploration

- Group wide, 2010 exploration budget of US\$15 million
- Focus on adding resource ounces near to existing development projects
- Greece – geophysical survey confirms significant anomaly at Piavitsa extending 8 km
- Romania – surface work identifies new highly prospective epithermal and porphyry gold targets
- Turkey – high grade gold zone identified

#### Corporate

- Martyn Konig appointed as Executive Chairman & President
- Bruce Burrows and Fred Vinton appointed as Non-Executive Directors
- Strategic review determines management priorities; build out of technical team and progression of financing. Investor Relations and Treasury function established, rebranding of all corporate communications
- Added to S&P TSX Global Gold Index
- Further strengthened relationship and synergies with Aktor

#### Financial

- Sales of US\$62.7m in 2009
- Gross profit up 107% 2009 vs 2008
- Project investment of US\$47 million in 2009
- Strong balance sheet with working capital of US\$145 million

*Martyn Konig, Executive Chairman and President, commented:*

*“2009 saw significant progress in European Goldfields’ strategy of realising value from its 10 million ounces of gold reserves in Europe. The Board and management team has been strengthened in preparation for the Company’s transition into a mid-tier producer, with a focus on delivering key milestones and the de-risking of its substantial assets in Greece and Romania. With significant progress being made in the permitting process in both countries we are confident that 2010 will be the most important year yet for advancing European Goldfields’ development projects towards production.”*

European Goldfields will host a conference call on **Thursday 18 March 2010 at 11:00 a.m. ET / 3:00 pm (London, UK time)** to update investors and analysts on its results.

Participants may join the call by dialling one of the three following numbers, approximately 10 minutes before the start of the call.

**From North America:** (toll free) 1 888 935 4577

**From UK:** (toll free) 0800 028 1277

**From rest of world:** +44 (0)20 7806 1957

**Participant pass code:** 3174447

A **live audio webcast** of the call will be available on:

<http://mediaserve.buchanan.uk.com/2010/eg180310/registration.asp>

A **replay of the webcast** will be available on the same link from 5pm on Thursday 18 March 2010.

### SELECTED FINANCIAL DATA

	Year ended 31 December	
	2009	2008
<i>(in thousands of US dollars, except per share amounts)</i>	\$	\$
<b>Statement of profit and loss</b>		
Sales	62,712	60,044
Gross profit	11,670	5,647
(Loss)/Profit before income tax	(8,351)	(11,599)
Income taxes	(3,376)	16,639
(Loss)/Profit after income tax	(11,727)	5,040
Non-controlling interest	(56)	479
(Loss)/Profit for the period	(11,783)	5,519
(Loss)/Earnings per share	(0.07)	0.03
	31 December 2009	31 December 2008
<i>(in thousands of US dollars)</i>	\$	\$
<b>Balance sheet</b>		
Working capital	144,899	192,675
Total assets	744,100	766,095

European Goldfields' audited consolidated financial statements and management's discussion and analysis for the years ended 31 December 2009 and 2008 are filed on SEDAR at [www.sedar.com](http://www.sedar.com).

## GREECE SUMMARY

### Permitting – Preliminary Environmental Impact Study Approved

In late September the then Ministry of Environment, Physical Planning and Public Works, completed the Preliminary Environmental Assessment and Evaluation based on the Preliminary Environmental Impact Study (“**PEIS**”) submitted by the Company’s 95%-owned subsidiary Hellas Gold SA, and issued a pre-approval of the construction and operation of the Project (the “**Pre-Approval**”) in the province of Halkidiki, in North-Eastern Greece.

The “Project”, consists of:

- The development of mining and processing at the Skouries project.
- The next stages of the Olympias project, namely the mining and processing of ore and metallurgical treatment of the concentrate, to produce gold dore on site.
- Continuation of operations at the Mavres Petres deposit of the Stratoni Mine.
- The expansion of existing port facilities at Stratoni in service of the above projects’ operations.

This Pre-Approval of the Project successfully concludes the major stage of assessment by the authorities and will lead to the preparation and submission of the Environmental Impact Study (“**EIS**”) and supporting studies required by Greek and European Legislation. The EIS will be based on terms of reference as now defined by the Pre-Approval. The EIS will be submitted to the relevant authorities for review and the normal European Union public consultation requirements in the near future. The Company is confident that the extensive detail of the successful Pre-Approval process will in turn now optimise approval of the EIS.

### Completion of sales of gold concentrates

Hellas Gold has now completed the sale of the Olympias pyrite gold concentrate stockpile. Sales of gold concentrates during the year were as follows:

Sales	2009	2008
Gold concentrate (dry tonnes)	114,882	63,533

Sales of Olympias gold concentrate will resume once Hellas Gold receives the permits to process 2.4Mt of stockpiled tailings arising from the previous operations at Olympias and when plant rehabilitation is completed. Reprocessed tailings will produce approximately 350,000 tonnes of concentrates (containing 238,000 oz of gold) over approximately a three year period. Subsequently, the resumption of underground primary mining operations at Olympias will produce more gold bearing pyrite concentrates for sale. The Company has submitted an Environmental Impact Study (“**EIS**”) to allow the early processing of these existing tailings and allow the rehabilitation of a significant area of the Olympias valley. It is planned that this re-processing will commence in parallel with refurbishment of underground infrastructure to recommence primary mining production.

Since Olympias already benefits from extensive mining and plant infrastructure including a concentrator plant, a shaft and a decline, the project can be brought back into efficient operation quickly and at relatively modest cost. Hellas Gold has commenced engineering work to rehabilitate the Concentrator starting with a structural review. Scott Wilson Mining Consultants has completed an initial underground mine refurbishment study which is being optimised. Life of mine schedules, plant refurbishment plans and cost studies for the Olympias project are under technical and financial review with a view to accelerating the construction of the gold doré plant.

### Development Projects

During 2009, Outotec completed the fabrication of the SAG and ball mills, motors and thickeners, which represents the bulk of the process plant for the Skouries project. Process equipment is held at a storage facility in Thessaloniki which has been approved by Outotec. With the majority of the process plant fabricated the Company is in a position to minimise the build time upon receipt of final permits. The Greek engineering group ENOIA has issued the Basic Engineering package to schedule.



## **Basic engineering substantially complete**

The Basic Engineering (“**BE**”) contract for the Certej project process plant and associated infrastructure awarded to Aker Solutions Engineering & Construction was completed in September 2009. The BE covers the entire process plant engineering, encompassing all three main areas of processing: the concentrator area, the Albion section and gold-silver doré production by CIL. Xstrata Technology, who are the owners of the Albion Process, were part of the BE team leading the design of the Albion section of the plant. The capital and operating costs calculated deviated little from previously estimated in-house calculations developed from the 2008 Cost & Definition study, also conducted by Aker Solutions. Basic design continues on the civil engineering and infrastructure components of the project. This includes geotechnical investigations with the assistance of Golder Associates UK (“**Golder**”) for the TMF, dumps and pump tests carried out by Golder’s PasteTec™ division on tailings which will allow the detailed design of the tailings pumping and delivery system.

## **Technical Report in preparation for Construction Permit application initiated**

The Romanian contractor Cepromin has been appointed to prepare the Technical Report, which involves advancing the BE level studies. This work is due for completion in 2010, which together with the environmental permits will be required for issuing the Construction Permit.

An audit has also been completed by an independent Technical Consultant which was required in order to obtain bank finance. This audit looked at every material aspect of the project and has confirmed the validity of the Company’s technical approach to the project.

## **Project Finance**

European Goldfields commissioned an Independent Consultant to undertake an audit for the Bank Financing of Certej which is now complete and will form the basis for the conclusion of a project finance facility. Negotiations with a group of financing institutions are well advanced: a detailed term sheet has been agreed along with the roles for each institution within the facility. The Company will make further announcements as financing milestones are achieved.

## **Exploration summary**

The Board of Directors has approved a group wide, results driven exploration budget of US\$15 million for 2010.

## **Greece**

The Stratoni project, the Olympias and Skouries development projects and three drill-ready exploration targets are hosted within European Goldfields’ 317 km<sup>2</sup> Greek Licence Area. The total 2010 exploration budget for Greece is US\$9.2 million and an aggressive drilling and exploration plan has been developed with the aim of defining new massive sulphide and porphyry style resources in the indicated and inferred categories.

Results of an airborne geophysics survey have significantly increased the number and extent of conductive anomalies identified within the Licence Area. Some of these anomalies are already known to host mineralisation and others are currently untested. The EM survey had already successfully confirmed an anomaly extending eight kilometres of strike at the Pivitsa massive sulphide target; two kilometres of this strike length have massive sulphide drill intercepts which correspond exactly with the EM anomaly. To put this new exploration target in context, the massive sulphide mineral reserves at Olympias have a strike length which totals two kilometres. This historic drilling has indicated that the grade, mineralogy and geometry of the Pivitsa mineralisation is similar to that at Olympias.

In addition, the magnetic component of the survey has already identified a 17 kilometre by six kilometre belt of porphyry intrusives over which a three dimensional model has been completed defining two other major targets, Fisoka and Tsikara. Follow-up reconnaissance mapping on the ground has confirmed the presence of porphyry style mineralisation. Historic drill results at Fisoka show mineralisation but Tsikara is a virgin target. The identification of open pittable porphyry style copper and gold resources has the potential to defer the underground development costs of the Skouries project.

## **Romania**

In Romania a results driven exploration programme has been designed with a total cost of some US\$4.4 million with the aim of testing current targets and delineating early project stage resources.

Along the volcanic belt which hosts the Certej project, surface work including extensive soil sampling, geophysical surveys and re-interpretation of existing data has outlined a series of epithermal gold targets proximal to the Certej deposit and the historic Brad mines.

In addition porphyry style mineralised targets have been identified around the Deva porphyry which historically produced some 20Mt at 0.8% Cu and with the gold grade unrecorded.

## **Turkey**

An exploration budget of US\$2.2 million covering a results driven programme of drilling, trenching and continued surface exploration and licence acquisition has been approved for Turkey.

Mapping and sampling has confirmed that porphyry mineralisation continues to the south of the previously recognised outcrops, and this additional extension increases the size potential of the porphyry system. A high-grade gold zone has also been identified at some three km to the southwest of the Ardala porphyry. Trenching has returned bedrock intercepts of between 6 and 46 metres at grades of between 2.8 and 9.6 g/t gold (using a 0.5g/t gold lower cut-off and no upper cut-off grade) over a 360m strike length with mineralisation open to the south.

The Company continues to consolidate ground to the south of the Ardala licence and has finalised an agreement with Aldridge Minerals Inc (“**Aldridge**”) for the joint development of Aldridge’s Derinkoy properties, which covers an area of 40 km<sup>2</sup> adjacent to the Company’s Ardala Licences. The Company continues to look for new opportunities in Turkey and the exploration team has conducted a number of exploration site visits to various portfolios, properties and deposits, both within the Ariana JV area of interest and elsewhere in Turkey.

## **CORPORATE UPDATE**

### **Board Changes**

The Company is pleased to announce that it has appointed Alfred Merton Vinton to its Board of Directors. The appointment of Mr. Vinton as our third Independent Non-Executive Director will add valuable industry experience and insight to the Board.

Mr. Vinton (aged 71) is Deputy Chairman of The Unipart Group of Companies. He is also a director of Dinamia SCR S.A, GP Investments Ltd, and Hochschild Mining plc, as well as a number of Latin American and European investment funds. From 1995–2009 he was Chairman of Electra Partners, the well-known private equity firm. Prior to 1995, he had served as Chief Executive of Quilvest Ltd, Chief Operating Officer of N M Rothschilds, and for 25 years worked for J P Morgan, latterly as Senior Vice President responsible for the bank’s business in the UK and Scandinavia. See Appendix A at the end of this section for further information on Mr. Vinton’s current and past directorships.

Mr. Vinton is a highly respected and well known industry executive whose appointment will augment the Board’s commercial and operational experience. Mr. Vinton has already joined the Company’s Audit, Compensation and Nominating and Corporate Governance Committees.

In addition the Company is pleased to announce the appointment of Varshan Gokool as Vice President, Treasurer. Mr. Gokool brings corporate banking, trading and industry experience to the management team. Prior to joining European Goldfields, Mr. Gokool was Treasurer at Katanga Mining Limited where he was responsible for the treasury activities of the Company which included the arrangement of funding for its Kamoto Copper Project in the Democratic Republic of Congo. Mr. Gokool is a graduate of the University of Cape Town with a B.Bus.Sci (Finance), and is a CFA Charterholder.

## **European Goldfields added to S&P/TSX Global Gold Index**

The Company is pleased to announce that, as a result of Standard & Poor's Canadian index changes following the quarterly S&P/TSX Composite Index review, European Goldfields has been added to the S&P Global Gold Index. The change will be effective on Monday, March 22, 2010.

## **Positive update on legal proceedings**

As reported previously in June 2005, certain residents of Stratoniki village submitted a request for the annulment of the Greek government's joint ministerial decision approving the EIS for the Stratoni mine (the "**JMD Approval**"). In November 2005, the same petitioners submitted a request for the annulment of the decision of the Minister of Development approving the technical study for the exploitation of the Mavres Petres mine that forms part of the Stratoni complex (the "**MOD Approval**"). The JMD Approval and the MOD Approval are necessary for the continued operation of the Stratoni mine. In both cases the petitioners alleged a lack of legal basis for the approvals and potential harm to the environment and their properties. The Greek government, supported by the Company, the Association of Extractive Companies, and two workers' unions, has taken a position that the approvals are valid. In December 2005, the petitioners requested an injunction to stop work on the Stratoni project pending the hearing of the requests for annulment, but the court rejected the request. A hearing on both requests for annulment was held in late 2009 and the Company is now pleased to confirm that the Council of State has published its judgement to reject both requests for annulment in all respects.

## **Long term incentive plan**

European Goldfields is currently finalising a Long Term Incentive Plan ("**LTIP**") for employees. As benefits under the LTIP will not take effect for some time the Board has agreed to approve a Special Grant of RSUs and Share Options to inter alia Messrs Rachovides and Morgan-Wynne being Directors and Officers of the Company and to Messrs Forward and Dimitriadis being Officers of the Company. The Company is examining longer term options such as an Employee Benefit Trust in the context of developing the LTIP plan. Details of the Special Grant will be finalised and the grant will be actually made once the Company has decided upon these arrangements and this is expected by 31 March 2010. Options issued under the Special Grant will be priced at \$6.03 reflecting the stipulations of the Company's Option Plan at the time of Board approval. Further details will be disclosed at the time the Special Grant is actually made.

## **Outlook and Strategy**

The Company initiated a Strategic Review in November 2009 which was completed in January 2010. The review focused on assessing the Company's key resource requirements – personnel, infrastructure and finance – in order to prepare for the next phase of the Company's development as it moves towards becoming a mid-tier producer. As a consequence of this review, the Company has already established a new Investor Relations and Treasury function and further key hires will be made in the near future. European Goldfields has been through a rebranding process and the new website and communication materials better support the Company's intention to reposition itself in the market. We have already expanded our positive research coverage by brokers in the UK and North America and are in the process of further broadening our exposure.

A major part of the Strategic Review was to prepare a highly detailed technical roadmap and resourcing plan which will be implemented as we further progress with permitting. In addition, the Company continues to advance discussions on the financing of its project portfolio with initial focus on Certej.

There is considerable potential to significantly add to the Company's gold resource inventory during 2010. The Company already benefits from an unusually high level of reserves and a high resource to reserve conversion ratio. However, the broader potential around its current operational and development assets is currently untested and newly identified drill ready targets present the opportunity to fast track the Company's US\$15 million 2010 exploration program with a view to increasing resource ounces.

The management of European Goldfields continues to demonstrate its ability to deliver on permitting, further derisking a globally significant gold reserve base and adding shareholder value. As the Company nears the conclusion of the permitting process for its development stage projects, management's priority will be to fully

realise the potential of its current assets. This demonstration of permitting ability will be brought to bear on any new opportunities presented by the exploration programme or by acquisition.

## **Appendix A**

Mr. Vinton currently holds the following directorships:

Emergent Asset Management Ltd  
UGC Ltd  
Applerigg Ltd (Formerly Sand Aire)  
NAMS1 Private Equity International Ltd  
Dinamia, SCR S.A.  
American Museum in Britain  
GP Investments Ltd  
MBA Latin America Opportunity Fund  
EQMC Europe Development Capital Fund PLC  
MBA Multistrategy Investment Fund  
Hochschild Mining plc

Previous directorships held during the last 5 years:

Sand Aire Private Equity  
Amerindo Internet Fund  
Lambert Howarth Group plc  
Patagonia Argentine Recovery Fund  
EP Private Equity

Save as set out above, there is no information in relation to Mr. Vinton's appointment required pursuant to Schedule 2 paragraph (g) of the AIM rules for Companies.

## **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 Stratonis operation, a high grade lead/zinc/silver mine in North-Eastern Greece and the sale of gold concentrates from Olympias. European Goldfields will evolve into a mid-tier producer through responsible 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.

For further information please see the Company's new website at [www.egoldfields.com](http://www.egoldfields.com)

## **For further information please contact:**

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## **Resources & reserves parameters**

For additional information on the resource and reserve estimates quoted in this news release, please refer to the Company's Resources & Reserves Declaration at [www.egoldfields.com/egoldfields/en/operations/projects/state](http://www.egoldfields.com/egoldfields/en/operations/projects/state) Patrick Forward, General Manager, Exploration of the Company, was the Qualified Person under Canadian National Instrument 43-101 responsible for reviewing the disclosure of resource and reserve estimates quoted in this news release.

## **Forward-looking statements**

Certain statements and information contained in this document, including any information as to the Company's future financial or operating performance and other statements that express management's expectations or estimates of future performance, constitute forward-looking information under provisions of Canadian provincial securities laws. When used in this document, the words "anticipate", "expect", "will", "intend", "estimate", "forecast", "planned" and similar expressions are intended to identify forward-looking statements or information. Forward-looking statements include, but are not limited to, the estimation of mineral reserves and resources, the timing and amount of estimated future production, costs and timing of development of new deposits, permitting time lines and expectations regarding metal recovery rates. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management, are inherently subject to significant business, economic and competitive uncertainties and contingencies.

The Company cautions the reader that such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual financial results, performance or achievements of the Company to be materially different from its estimated future results, performance or achievements expressed or implied by those forward-looking statements and the forward-looking statements are not guarantees of future performance. These risks, uncertainties and other factors include, but are not limited to: changes in the price of gold, base metals or certain other commodities (such as fuel and electricity) and currencies; uncertainty of mineral reserves, resources, grades and recovery estimates; uncertainty of future production, capital expenditures and other costs; currency fluctuations; financing and additional capital requirements; the successful and timely permitting of the Company's Skouries, Olympias and Certej projects; legislative, political, social or economic developments in the jurisdictions in which the Company carries on business; operating or technical difficulties in connection with mining or development activities; the speculative nature of gold and base metals exploration and development, including the risks of diminishing quantities or grades of reserves; the risks normally involved in the exploration, development and mining business; and risks associated with internal control over financial reporting. 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 2008, filed on SEDAR at [www.sedar.com](http://www.sedar.com). 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.