European Goldfields Limited

Consolidated Financial Statements
(Unaudited)

First Quarter 2009

Disclosure of auditor review of interim consolidated financial statements

The interim consolidated financial statements of the Company for the three-month periods ended 31 March 2009 and 2008 have not been reviewed by the auditors of the Company.

European Goldfields Limited

Consolidated Balance Sheets
As at 31 March 2008 and 31 December 2008
(Unaudited – Prepared by Management)
(in thousands of US Dollars, except per share amounts)

	Note	31 March 2009 $ Unaudited	31 December 2008 $ Audited
Assets			
Current assets			
Cash and cash equivalents	12	153,995	170,296
Accounts receivable		20,184	20,057
Hedge contract	12	6,618	10,282
Current taxes receivable		3,653	3,820
Future tax assets		2,684	2,004
Prepaid expenses		1,512	1,414
Inventory	3	4,648	3,069
		193,294	210,942
Non current assets			
Plant and equipment	4	82,372	74,401
Deferred exploration and development costs	5		
Greek production stage mineral properties		26,039	26,652
Greek exploration stage mineral properties		404,237	403,907
		430,276	430,559
Romanian exploration stage mineral properties		46,291	45,187
Turkish exploration stage mineral properties		536	456
		477,103	476,202
Investment in associates	6	2,119	2,075
Future tax assets		2,318	2,475
		757,206	766,095
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	12	14,291	16,263
Current taxes payable		-	-
Future tax liabilities	7	2,250	3,496
		16,541	19,759
Non current liabilities			
Future tax liabilities	7	90,137	90,294
Asset retirement obligation	8	6,967	6,937
Deferred revenue	9	57,778	58,496
		154,882	155,727
Non-controlling interest		2,691	2,874
Shareholders' equity			
Capital stock	10	539,886	538,316
Contributed surplus	10	7,377	7,788
Accumulated other comprehensive income	10	41,130	43,676
Deficit		(5,301)	(2,045)
		583,092	587,735
		757,206	766,095

The accompanying notes are an integral part of these consolidated financial statements.

Approved by the Board of Directors

(s) Timothy Morgan-Wynne   (s) Jeffrey O'Leary

Timothy Morgan-Wynne, Director

Dr Jeffrey O'Leary, Director

European Goldfields Limited

Consolidated Statements of Profit and Loss
For the three-month periods ended 31 March 2009 and 2008
(Unaudited – Prepared by Management)
(in thousands of US Dollars, except per share amounts)

	Note	Three months ended 31 March 2009 $	31 March 2008 $
Income			
Sales		10,742	12,708
Cost of sales	3	(9,611)	(6,806)
Depletion of asset retirement obligation		(105)	(109)
Depreciation and depletion		(1,368)	(944)
Gross profit		(342)	4,849
Other income			
Hedge contract profit		2,417	-
Interest income		508	1,757
Foreign exchange (loss)/gain		(2,882)	2,674
Gain on change of interest in associate		86	-
Share of loss in equity investment		(26)	-
		103	4,431
Expenses			
Corporate administrative and overhead expenses		1,000	1,264
Equity-based compensation expense		428	468
Hellas Gold administrative and overhead expenses		1,148	2,057
Hellas Gold water treatment expenses (non-operating mines)		955	1,043
Accretion of asset retirement obligation	8	30	34
Amortisation		179	151
		(3,740)	(5,017)
(Loss)/Profit for the period before income taxes		(3,979)	4,263
Income taxes			
Current taxes		-	(752)
Future taxes		540	131
		540	(621)
(Loss)/Profit for the period before non-controlling interest		(3,439)	3,642
Non–controlling interest		183	(233)
(Loss)/Profit for the period		(3,256)	3,409
Earnings per share	19		
Basic		(0.02)	0.02
Diluted		(0.02)	0.02

Weighted average number of shares (in thousands)		
Basic	179,884	179,199
Diluted	179,884	180,903

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European Goldfields Limited

Consolidated Statements of Equity
As at 31 March 2009 and 2008
(Unaudited – Prepared by Management)
(in thousands of US Dollars, except per share amounts)

	Capital Stock $	Contributed Surplus $	Accumulated Other Comprehensive Income $	Deficit $	Total $
Balance – 31 December 2007	537,275	5,997	38,295	(7,564)	574,003
Equity based compensation expense	-	985	-	-	985
Share issue costs	(10)	-	-	-	(10)
Restricted share units vested	340	(340)	-	-	-
Share options exercised or exchanged	-	-	-	-	-
Change in fair value cash flow hedge	-	-	(451)	-	(451)
Profit for the period	-	-	-	3,409	3,409
	330	645	(451)	3,409	3,933
Balance – 31 March 2008	537,605	6,642	37,844	(4,155)	577,936
Equity based compensation expense	-	1,803	-	-	1,803
Restricted share units vested	633	(633)	-	-	-
Share options exercised or exchanged	78	(24)	-	-	54
Movement in cumulative translation adjustment	-	-	523	-	(523)
Change in fair value cash flow hedge	-	-	6,355	-	6,355
Profit for the period	-	-	-	2,110	2,110
	711	1,146	5,832	2,110	9,799
Balance – 31 December 2008	538,316	7,788	43,676	(2,045)	587,735
Equity based compensation expense	-	611	-	-	611
Restricted share units vested	630	(630)	-	-	-
Share options exercised or exchanged	950	(392)	-	-	558
Share issue cost	(10)	-	-	-	(10)
Movement in cumulative translation adjustment	-	-	(128)	-	(128)
Change in fair value cash flow hedge	-	-	(2,418)	-	(2,418)
Loss for the period	-	-	-	(3,256)	(3,256)
	1,570	(411)	(2,546)	(3,256)	(4,643)
Balance – 31 March 2009	539,886	7,377	41,130	(5,301)	583,092

The accompanying notes are an integral part of these consolidated financial statements.

European Goldfields Limited

Consolidated Statements of Cash Flows
For the three-month periods ended 31 March 2009 and 2008
(Unaudited – Prepared by Management)
(in thousands of US Dollars, except per share amounts)

	Note	Three months ended 31 March 2009 $	31 March 2008 $
Cash flows from operating activities			
(Loss)/Profit for the period		(3,256)	3,409
Foreign exchange loss/(gain)		3,146	(2,667)
Share of loss in equity investment		26	-
Gain on change of interest in associate		(86)	-
Amortisation		1,062	543
Equity based compensation expense		428	468
Accretion of asset retirement obligation	8	30	34
Current taxation		-	752
Future tax recognised		(540)	(131)
Non-controlling interest		(183)	233
Deferred revenue recognised		(718)	(354)
Depletion of mineral properties		786	659
		695	2,946
Net changes in non-cash working capital	13	(3,618)	(6,779)
		(2,923)	(3,833)
Cash flows from investing activities			
Deferred exploration and development costs – Romania		(885)	(1,603)
Plant and equipment – Greece		(8,953)	(7,147)
Deferred development costs – Greece		(519)	(769)
Deferred development costs – Turkey		(77)	-
Purchase of land		-	(339)
Purchase of equipment		(97)	(51)
Investment in associates		(143)	-
		(10,674)	(9,909)
Cash flows from financing activities			
Proceeds from exercise of share options		558	-
Deferred revenue		-	3,563
		558	3,563
Effect of foreign currency translation on cash		(3,262)	2,022
Decrease in cash and cash equivalents		(16,301)	(8,157)
Cash and cash equivalents – Beginning of period		170,296	218,839
Cash and cash equivalents – End of period		153,995	210,682

The accompanying notes are an integral part of these consolidated financial statements.

European Goldfields Limited

Consolidated Statements of Comprehensive Income
For the three-month periods ended 31 March 2009 and 2008
(Unaudited – Prepared by Management)
(in thousands of US Dollars, except per share amounts)

	Three months ended	
	31 March 2009 $	**31 March 2008 $**
(Loss)/Profit for the period	(3,256)	3,409
Other comprehensive income in the period		
Currency translation adjustment	(128)	-
Cash flow hedge adjustment	(2,418)	(451)
Comprehensive (loss)/income	(5,802)	2,958

The accompanying notes are an integral part of these consolidated financial statements.

1. Nature of operations

European Goldfields Limited (the "**Company**"), a company incorporated under the *Yukon Business Corporations Act*, is a resource company involved in the acquisition, exploration and development of mineral properties in Greece, Romania and South-East Europe.

The Company's common shares are listed on the AIM Market of the London Stock Exchange and on the Toronto Stock Exchange (TSX) under the symbol "EGU".

Greece – The Company holds a 95% interest in Hellas Gold S.A ("**Hellas Gold**"). Hellas Gold owns three major gold and base metal deposits in Northern Greece. The deposits are the polymetallic operation at Stratoni, the Olympias project which contain gold, zinc, lead and silver, and the Skouries copper/gold porphyry project. Hellas Gold commenced production at Stratoni in September 2005 and commenced selling an existing stockpile of gold concentrates from Olympias in July 2006. Hellas Gold is applying for permits to develop the Skouries and Olympias projects.

Romania – The Company owns 80% of the Certej gold/silver project in Romania. In July 2008, the National Agency of Mineral Resources approved the technical feasibility study in support of its permit application and issued a new mining permit for the Certej project.

The underlying value of the deferred exploration and development costs for mineral properties is dependent upon the existence and economic recovery of reserves in the future, and the ability to raise long-term financing to complete the development of the properties.

For the coming year, the Company believes it has adequate funds available to meet its corporate and administrative obligations and its planned expenditures on its mineral properties.

These consolidated financial statements have been prepared on a going concern basis, which assumes the Company will be able to realise assets and discharge liabilities in the normal course of business for the foreseeable future. These consolidated financial statements do not include the adjustments that would be necessary should the Company be unable to continue as a going concern.

2. Significant accounting policies

These interim consolidated financial statements have been prepared on the going concern basis in accordance with accounting principles generally accepted in Canada ("**Canadian GAAP**") using the same accounting policies as those disclosed in Note 2 to the Company's audited consolidated financial statements for the years ended 31 December 2008 and 2007.

These interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the years ended 31 December 2008 and 2007.

Goodwill and intangible assets – In February 2008, the Canadian Institute of Chartered Accountants ("CICA") issued Section 3064 Goodwill and intangible assets, replacing Section 3062, Goodwill and other intangible assets. It establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The Company adopted the new standards on 01 January 2009. The adoption of this new Section had no impact on the consolidated financial statements.

3. Inventory

This balance comprises the following:

	31 March 2009 $	31 December 2008 $
Ore mined	678	397
Metal concentrates	1,915	767
Material and supplies	2,055	1,905
	4,648	3,069

As at 31 March 2009, the value of total inventory carried at net realisable value amounted to $1,754 (2008 – $767), which includes a write-down of $314 (2008 – $953)

The components of cost of sales were as follows:

	31 March 2009 $	31 March 2008 $
Mining cost	5,639	6,245
Direct labour	1,075	1,140
Indirect labour	204	233
Other overhead costs	1,510	1,712
Change in gross inventories	(1,558)	(3,288)
Freight charges	2,427	764
Write down of inventory to net realisable value	314	-
	9,611	6,806

4. Plant and equipment

Cost – 2009	Plant and equipment $	Vehicles $	Mine development, land and buildings	Leasehold improvements $	Total $
At 31 December 2008	46,354	2,062	35,422	316	84,154
Additions	8,292	104	600	-	8,996
Disposals	-	-	-	-	-
At 31 March 2009	54,646	2,166	36,022	316	93,150
Accumulated amortisation – 2009					
At 31 December 2008	4,688	1,284	3,684	117	9,753
Provision for the year	368	43	606	8	1,025
Disposals	-	-	-	-	-
At 31 March 2009	5,036	1,327	4,290	125	10,778
Net book value at 31 March 2009	49,610	839	31,732	191	82,372

During 2009, the net book value amount of plant and equipment not amortised amounted to $51,363 (2008 – $43,095)

5. Deferred exploration and development costs

Greek mineral properties:

	Stratoni $	Olympias $	Skouries $	Other exploration $	Total $
Balance – 31 December 2008	26,652	237,362	166,292	253	430,559
Deferred development costs	101	94	383	6	584
Depletion of mineral properties	(714)	(153)	-	-	(867)
	(613)	(59)	383	6	(283)
Balance – 31 March 2009	26,039	237,303	166,675	259	430,276

The Stratoni, Skouries and Olympias properties are held by the Company's 95% owned subsidiary, Hellas Gold. In September 2005, the Stratoni property commenced production.

Romanian mineral properties:

	Certej $	Other exploration $	Total $
Balance – 31 December 2008	38,832	6,355	45,187
Exploration	666	78	744
Project management	6	-	6
Project overhead	321	14	335
Amortisation	16	3	19
	1,009	95	1,104
Balance – 31 March 2009	39,841	6,450	46,291

The Certej exploitation licence and the Baita-Craciunesti exploration licence are held by the Company's 80% owned subsidiary, Deva Gold. Minvest S.A. (a Romanian state owned mining company), together with three private Romanian companies, hold the remaining 20% interest in Deva Gold. The Company is required to fund 100% of all costs related to the exploration and development of these properties. As a result, the Company is entitled to the refund of such costs (plus interest) out of future cash flows generated by Deva Gold, prior to any dividends being distributed to shareholders. The Voia and Cainel exploration licences are held by the Company's wholly-owned subsidiary, European Goldfields Deva SRL.

As at the 31 March 2009, the following cost had been incurred on the remaining Romanian mineral properties:

	31 March 2009 $	31 December 2008 $
Baita- Craciunesti	3,325	3,312
Voia	1,749	1,741
Magura Tebii	138	136
Cainel	1,238	1,166
	6,450	6,355

Turkish Mineral Properties

	Ardala	Other exploration	Total
	$	$	$
Balance – 31 December 2008	449	7	456
Exploration	7	4	11
Project overhead	38	16	54
Permit acquisition	11	4	15
Amortisation	-	-	-
	56	24	80
Balance – 31 March 2009	505	31	536

The Turkish licences are held by a Joint Venture ("JV") through a Turkish Company Pontid Madencilik. Currently the Company has a 51% interest in all the properties within the JV and the Company will fund 100% of all costs related to the development of these properties. Ownership of these properties may be increased to 80% by funding to completion of a Bankable Feasibility Study. Any new concessions within the JV funded to a Bankable Feasibility Study will be 90% owned by the Company. The owner of the remaining 49% of the properties is Ariana Resources plc.

6. Investment in associates

	31 March 2009	31 December 2008
	$	$
Balance – Beginning of period	2,075	-
Shares acquired	143	2,692
Share of loss	(26)	(105)
Cumulative translation adjustment	(149)	(517)
Equity-based compensation expense	-	5
Share issue cost	(10)	-
Gain on change of interest in associate	86	-
Balance – End of period	2,119	2,075

In January 2008, Hellas Gold acquired a 50% share of Greek Nurseries SA for a consideration of $834 (€530).

In May 2008, the Company subscribed for 20.13% of the issued share capital of Ariana through a $1,858 (£929) private placement of shares. The difference between the cost of the investment of $1,830 and the underlying net book value of Ariana is $132 at the date of acquisition. This excess represents additional fair value assigned to mineral properties of Ariana and will be depleted upon commencement of mining operations of Ariana. In January 2009, the Company acquired further shares in Ariana so that at 31 March 2009, the company held 19.87% of the issued share capital.

7. Future tax liability

The following table reflects future income tax liabilities:

	31 March 2009 $	31 December 2008 $
Mineral properties	84,997	85,167
Plant and equipment	896	882
Exploration and development expenditure	2,683	2,709
Accrued expenses & other	716	663
Inventory	35	-
Retirement obligation	810	873
Hedge contract	2,250	3,496
	92,387	93,790
Less: Current portion	(2,250)	(3,496)
Future income tax liabilities recognised	90,137	90,294

The tax liability arises as a result of the increase in value placed on the mineral properties held by Hellas Gold on acquisition by the Company. This future tax liability will reverse as the corresponding mineral properties are amortised.

8. Asset retirement obligation

Management has estimated the total future asset retirement obligation based on the Company's net ownership interest in the Olympias, Skouries and Stratoni mines and facilities. This includes all estimated costs to dismantle, remove, reclaim and abandon the facilities at the Stratoni property, and the estimated time period during which these costs will be incurred in the future. The following table reconciles the asset retirement obligation as at 31 March 2009 and 31 December 2008:

	31 March 2009 $	31 December 2008 $
Asset retirement obligation – Beginning of period	6,937	6,805
Accretion expense	30	132
Asset retirement obligation – End of period	6,967	6,937

As at 31 March 2009, the undiscounted amount of estimated cash flows required to settle the obligation is $7,805 (31 December 2008 – $7,805). The estimated cash flow has been discounted using a credit adjusted risk free rate of 5.04% (31 December 2008 – 5.04%). The expected period until settlement is six years.

9. Deferred revenue

In April 2007, Hellas Gold agreed to sell to Silver Wheaton (Caymans) Ltd. ("**Silver Wheaton**") all of the silver metal to be produced from ore extracted during the mine-life within an area of some 7 km² around its zinc-lead-silver Stratoni mine in northern Greece (the "**Silver Wheaton Transaction**"). The sale was made in consideration of a prepayment to Hellas Gold of $57.5 million in cash, plus a fee per ounce of payable silver to be delivered to Silver Wheaton of the lesser of $3.90 (subject to an inflationary adjustment beginning after year three) and the prevailing market price per ounce. The current Stratoni proven and probable silver reserve contains approximately 12 million ounces of silver.

In April 2007, Hellas Gold entered in an agreement with MRI Trading AG for the sale of 25,000 wet metric tonnes of gold bearing pyrite concentrate. Hellas Gold received a prepayment of $2.18 million in cash. A further agreement with MRI Trading AG was entered into in March 2008, for the sale of a further 23,372 dry metric tonnes, for which Hellas Gold received a prepayment of $3.56 million in cash. The remaining balances relating to MRI prepayments were transferred to current liabilities reflecting the repayment of these amounts to MRI in February 2009. In September 2007, Hellas Gold entered into an agreement with a subsidiary of Celtic Resources Holdings Plc for the sale of 50,000 wet metric tonnes of gold bearing pyrite concentrate, for which Hellas Gold received a prepayment of $4.71 million in cash.

The following table reconciles movements on deferred revenue associated with the MRI and Celtic Resources prepayments, and the Silver Wheaton Transaction:

	31 March 2009 $	31 December 2008 $
Deferred revenue – Beginning of period	58,496	65,344
Additions	-	3,564
Revenue recognised	(718)	(6,399)
Transferred to current liabilities	-	(4,013)
Deferred revenue – End of period	57,778	58,496

For the three-month period ended 31 March 2009, Hellas Gold delivered concentrate containing 183,504 ounces (31 December 2008 – 1,038,762 ounces) of silver for credit to Silver Wheaton.

10. Capital stock

Authorised:
- Unlimited number of common shares, without par value
- Unlimited number of preferred shares, issuable in series, without par value

Issued and outstanding (common shares – all fully paid):

	Number of Shares	Amount $
Balance – 31 December 2008	179,382,381	538,316
Restricted share units vested	175,000	630
Share options exercised or exchanged	250,000	950
Share issue costs	-	(10)
	425,000	1,570
Balance – 31 March 2009	179,807,381	539,886

Contributed surplus:

	31 March 2009 $	31 December 2008 $
Equity based compensation expense	6,799	7,210
Broker warrants	578	578
	7,377	7,788

Accumulated other comprehensive income

The components of accumulated other comprehensive income were as follows:

	31 March 2009 $	31 December 2008 $
Cumulative translation adjustment	36,762	36,890
Fair value of cash flow hedge (net of tax)	4,368	6,786
	41,130	43,676

11. Share options, restricted share units and deferred phantom units

Share Option Plan

The Company operates a Share Option Plan (together with its predecessor, the "**Share Option Plan**") authorising the directors to grant options with a maximum term of 5 years, to acquire common shares of the Company to the directors, officers, employees and consultants of the Company and its subsidiaries, on terms that the Board of Directors may determine, within the limitations of the Share Option Plan. The maximum number of common shares of the company which may be reserved for issuance for all purposes under the Share Option Plan shall not exceed 15% of the common shares issued and outstanding from time to time (26,971,107 shares as at 31 March 2009).

An optionee under the Share Option Plan may elect to dispose of its rights under all or part of its options (the **"Exchanged Rights"**) in exchange for the following number of common shares of the Company (or at the Company's option for cash) in settlement thereof (the **"Settlement Common Shares"**):

$$\text{Number of Settlement Common Shares} = \text{Number of Optioned Shares issuable on exercise of the Exchanged Rights} \times \frac{(\text{Current Price} - \text{Exercise Price})}{\text{Current Price}}$$

As at 31 March 2009, the following share options were outstanding:

Expiry date	Number of Options	Exercise price C$
2009	360,000	3.07
2009	75,000	3.15
2009	250,000	4.20
2010	359,999	2.00
2011	66,666	3.25
2011	600,000	3.85
2011	150,000	4.10
2012	250,000	5.66
2012	150,000	5.71
2012	270,000	5.87
2013	50,000	1.99
2013	360,000	3.54
2013	135,000	5.07
2013	165,000	6.80
	3,241,665	4.10

During the three-month period ended 31 March 2009, share options were granted, exercised, exchanged and cancelled as follows:

	Number of Options	Weighted average exercise price C$
Balance – 31 December 2008	3,491,665	4.01
Options granted	-	-
Options exchanged for shares	(250,000)	2.80
Options forfeited	-	-
Balance – 31 March 2009	3,241,665	4.10

Of the 3,241,665 (2008 – 3,171,665) share options outstanding as at 31 March 2009, 2,310,001 (2008 – 2,053,332) were fully vested and had a weighted average exercise price of C$3.77 (2008 – C$3.24) per share.The share options outstanding as at 31 March 2009, had a weighted average remaining contractual life of 2.44 years (2008 – 2.83 years)

The weighted average grant date fair value of the Nil share options granted during the period ended 31 March 2009 (2008 – 165,000) was C$ Nil (2008 – C$ 353). For outstanding share options which were not fully vested during the three-month period ended 31 March 2009, the Company incurred a total equity-based compensation cost of $294 (2008 – $313) of which $221 (2008 – $279) has been recognised as an expense in the income statement and $73 (2008 - $34) has been capitalised to deferred exploration and development costs.

The fair value of the share options granted has been estimated at the date of grant using a Black-Scholes option pricing model with the following assumptions: weighted average risk free interest rate of Nil (2008 – 2.95%); volatility factor of the expected market price of the Company's shares of Nil (2008 – 32.68% – 48.94%); and a weighted average expected life of the share options of Nil years (2008 – 1.68–3.68 years).

Restricted Share Unit Plan

The Company operates a Restricted Share Unit Plan (the "**RSU Plan**") authorising the directors, based on recommendations received from the Compensation Committee, to grant Restricted Share Units ("**RSUs**") to designated directors, officers, employees and consultants. The RSUs are "phantom" shares that rise and fall in value based on the value of the Company's common shares and are redeemed for actual common shares on the vesting dates determined by the Board of Directors when the RSUs are granted. The RSUs vest on the dates below however upon a change of control of the Company they would typically become 100% vested. The maximum number of common shares of the Company which may be reserved for issuance for all purposes under the RSU Plan shall not exceed 2.5% of the common shares issued and outstanding from time to time (4,495,185 shares as at 31 March 2009).

As at 31 March 2009, the following RSUs were outstanding:

Vesting date	Number of RSUs	Grant date fair value of underlying shares C$
30 June 2009	30,000	5.74
30 June 2009*	100,000	2.74
04 January 2010	242,390	2.65
04 January 2011	242,389	2.65
	614,779	2.82

* Or earlier if certain operational milestones are achieved.

During the three-month period ended 31 March 2009, RSUs were granted, vested and cancelled as follows:

	Number of RSUs	Weighted average grant date fair value of underlying shares C$
Balance – 31 December 2008	205,000	4.09
RSUs granted	584,779	2.67
RSUs vested	(175,000)	3.80
RSUs forfeited	-	-
Balance – 31 March 2009	614,779	2.82

The weighted average grant date fair value of underlying shares of the 584,779 RSUs granted during the period ended 31 March 2009 (2008 – 190,000) was C$1,559 (2008 – C$699). For outstanding RSUs which were not fully vested during the period ended 31 March 2009, the Company incurred a total equity-based compensation cost of $318 (2008 – $672) of which $118 (2008 – $190) has been recognised as an expense in the income statement and $200 (2008 – $482) has been capitalised to deferred exploration and development costs.

Deferred Phantom Unit Plan

The Company operates a Deferred Phantom Unit plan (the "**DPU Plan**") authorising the directors based on recommendation by the Human Capital Management Committee to grant Deferred Phantom Units ("**DPUs**") to independent eligible directors. The DPU are units which gives rise to a right to receive a cash payment the value of which, on a particular date should be the market value of the equivalent number of shares at that date. The market value at 31 March, 2009 has been included in current liabilities.

As at 31 March 2009, the following DPUs were outstanding:

Grant date	**Number of DPUs**	**Grant date Fair Value of DPUs C$**
05 December 2008	406,500	1.86
23 March 2009	9,276	3.63
	415,776	1.90

During the three-month period ended 31 March 2009, DPUs were granted and forfeited as follows:

	Number of DPUs	**Fair Value of DPUs C$**
Balance – 31 December 2008	406,500	3.24
DPUs granted and vested	9,276	3.63
DPUs forfeited	-	-
Balance – 31 March 2009	415,776	3.35

Of the 9,276 (2008 – Nil) DPU's granted during the period, 9,276 (2008 – Nil) were fully vested.

The weighted average grant date fair value cost of the 9,276 DPU's granted during the three-month period ended 31 March 2009 (2008 – Nil) was $27 (2008 – Nil). The weighted average fair value cost of the 415,776 DPU's as at the 31 March 2009, based on the period end share price, amounted to C$3.35 (2008 – Nil).

12. Financial instruments and financial risk management

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities, embedded derivatives and hedge contracts.

Short-term financial assets are amounts that are expected to be settled within one year. The carrying amounts in the consolidated balance sheets approximate fair value because of the short term nature of these instruments.

The embedded derivatives are classified as a short term financial asset.

The carrying amounts for the financial instruments as at 31 March 2009 and 31 December 2008, are as follows:

	31 March 2009 $	31 December 2008 $
Financial Assets:		
Held for trading, measured at fair value		
Cash and cash equivalents	153,995	170,296
Loans and receivables, measured at amortised cost		
Accounts receivable	20,184	20,057
Financial Liabilities		
Other liabilities, measured at amortised costs		
Accounts payable, accrued liabilities and income taxes payable	14,291	16,263
Derivative Financial instruments, measured at fair value		
Designated as cash flow hedge		
Hedge contract	6,618	10,282

***Credit risk* –** Credit risk represents the financial loss the Company would suffer if the Company's counterparties to a financial instrument, in owing an amount to the Company, fail to meet or discharge their obligation to the Company.

Financial instruments that potentially subject the Company to concentration of credit risk consist of cash and cash equivalents, accounts receivable and hedging contracts. The cash equivalents consist mainly of short-term investments, such as money market deposits. The Company does not invest in asset-backed commercial papers and has deposited the cash equivalents only with the largest banks within a particular region or with top rated institutions.

As at 31 March 2009, cash and cash equivalent comprises the following:

	31 March 2009 $	31 December 2008 $
Interest bearing bank accounts	125,707	123,297
Term deposits	28,288	46,999
	153,995	170,296

The Company has accounts receivable from trading counterparties to whom concentrate products are sold. Where traders are chosen as counterparties, only the larger and most financially secure metal trading groups are dealt with. The company may also transact agreements with trading groups who have direct interests in smelting capacity, or direct to the smelters themselves.

Of the total trade receivable as at 31 March 2009, 4 (31 December 2008 – 3) customers represented 94% (31 December 2008 – 90%) of the total. The Company does not anticipate any loss for non-performance.

As at 31 March 2009, the accounts receivable comprises the following:

	31 March 2009 $	31 December 2008 $
Trade receivables	4,365	4,986
Valued added taxes recoverable	13,503	11,780
Other accounts receivable	2,316	3,291
	20,184	20,057

As at 31 March 2009, the Company considers its accounts receivable excluding Value Added Taxes recoverable and other accounts receivable to be aged as follows:

Ageing	31 March 2009 $	31 December 2008 $
Current	-	1,807
Past due (1-30 days)	2,115	2,632
Past due (31-60 days)	1,487	417
Past due (more than 60 days)	763	130
	4,365	4,986

Interest rate risk – The Company is exposed to interest rate risk arising from fluctuations in interest rates on its cash equivalents. The Company seeks to maximise returns on cash equivalents, without risking capital values. The Company's objectives of managing its cash and cash equivalents are to ensure sufficient funds are maintained on hand at all times to meet day to day requirements and to place any amounts which are considered in excess of day to day requirements on short-term deposits with the Company's banks so they earn interest. Upon placing amounts of cash and cash equivalents on short-term deposits, the Company uses top rated institutions and ensures that access to the amounts can be gained at short notice. During the three-month period ended 31 March 2009, the Company earned interest income of $508 (2008 – $1,757) on cash and cash equivalents, based on rates of returns between 0.25% and 2.50% (2008 – 2.15% and 5.20%)

Currency risk – The Company is exposed to currency risk on accounts receivable, accounts payable and cash holdings that are denominated in a currency other than the functional currencies of the individual entities in the group. As at the 31 March 2009, the Company held the equivalent of $8,755 (31 December 2008 - $30,246) in net assets denominated foreign currencies. These balances are primarily made up of Euro and to a lesser extent Pound Sterling.

For the three-month period ended 31 March 2009 the Company recorded a foreign exchange loss of $2,882 (and a gain of $2,674 in 2008), mainly due to the translation of its Euro balances in its subsidiaries, with the Euro weakening against the US Dollar. The gain in 2008 had arisen due to the translation of its Euro balances in its subsidiaries, with the Euro strengthening against the US Dollar.

The Company publishes its consolidated financial statements in US dollars and as a result, it is also subject to foreign exchange translation risk in respect of assets and liabilities nominated in Euros in its foreign operations.

Liquidity risk – Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due.

The Company manages its liquidity risk by ensuring there is sufficient capital to meet short and long term business requirements after taking into account cash flows from operations and holdings of cash and cash equivalents. The Company believes that these sources will be sufficient to cover the likely short to medium term requirements. Senior management is also actively involved in the review and approval of planned expenditures by regularly monitoring cash flows from operations and anticipated investing and financing activities.

The Company does not have any borrowing or debt facilities and settles its obligations out of cash and cash equivalents. The ability to do this relies on the Company collecting its accounts receivable in a timely manner and maintaining cash on hand.

Financial liabilities consist of trade payables, accrued liabilities and income taxes payable. As at 31 March 2009, the Company’s trade payables and accrued liabilities amounted to $14,291 (2008 – $16,263), all which fall due for payment within 12 months of the balance sheet date. The average credit period taken during the year ended 31 March 2009 was 30 days (30 days – 31 December 2008).

Commodity price risk – The value of the Company’s mineral resource properties is related to the prices of gold, copper, zinc, lead and silver and outlook for these commodities.

Gold prices historically have fluctuated widely and are affected by numerous factors outside of the company’s control, including, but not limited to, industrial and retail demand, central bank lending, forward sales by producers and speculators, levels of worldwide production, short-term changes in supply and demand because of speculative investing activities, macro-economic and political variables, and certain other factors related specifically to gold. Base metal prices have historically tended to be driven more by the demand and supply fundamentals for each metal. However, levels of speculative activity in the base metals market have increased in recent years.

The long term profitability of the Company’s operations is highly correlated to the market price of its commodities and in particular gold. To the extent that these prices increase, asset values increase and cash flows improve; conversely, declines in metal prices directly impact value and cash flows. A protracted period of depressed prices could impair the Company’s operations and development opportunities, and significantly erode shareholder value.

The Company has completed a sensitivity analysis to estimate the impact on net profit of a 5% change in foreign exchange rates, a 1% change in interest rates and a 10% change in commodity prices during the years ended 31 March 2009 and 2008. The results of the sensitivity analysis can be seen in the following table:

Impact on (Loss)/Profit (+/-)	**31 March 2009 $**	**31 March 2008 $**
Change of - 5 % US$: € foreign exchange rate	988	1,612
Change of + 5 % US$: € foreign exchange rate	(893)	(1,464)
Change of +/- 1% in interest rates	691	600
Change of +/- 10% in commodities prices	830	593

Limitations of sensitivity analysis – The above table demonstrates the effect of either a change in foreign exchange rates or interest rates in isolation. In reality, there is a correlation between the two factors. Additionally, the financial position of the Company may vary at the time that a change in either of these factors occurs, causing the impact on the Company's results to differ from that shown above.

Hedging and specific commitments – The Company enters into financial transactions in the normal course of business and in line with Board guidelines for the purpose of hedging and managing its expected exposure to commodity prices. There are a number of financial institutions which offer metal hedging services. As with cash deposits, the Company deals with highly rated banks and in addition, those institutions who have demonstrated long term commitment to the mining sector. The Company has one counterparty relating to the remaining lead hedge contracts. If this counterparty were unable to honour its obligations under the hedge contracts, the Company would be exposed up to the entire value of the hedge stated in the accounts and would be exposed to the difference between the hedge and the then current market price at the date of the settlement of the hedged item. The hedges below are treated as cash flow hedges in accordance with CICA 3865: Hedges.

Lead hedging contracts – As at 31 March 2009, the Company had entered into forward hedging arrangements over tonnes of lead, using options to provide a minimum: maximum price exposure. The hedging contracts are put/call option collar contracts with maturity dates between 02 January 2009 and 05 January 2010 where the fair value amounted to $6,618 (2008 - $10,282), established by reference to market prices for lead.

	31 March 2009 $
Lead tonnes	5,400
US dollar price ($/tonne) - Put	2,500
US dollar contract amount ($'000) - Put	13,500
US dollar price ($/tonne) - Call	3,500
US dollar contract amount ($'000) - Call	18,900

13. Supplementary cash flow information

	31 March 2009 $	31 March 2008 $
Changes in non-cash operating accounts:		
Accounts receivable and prepaid expenses	(58)	(9,595)
Inventory	(1,497)	(3,252)
Accounts payable and accrued liabilities	(2,063)	6,068
	(3,618)	(6,779)
Supplemental disclosure of non-cash transactions:		
Equity based compensation issued for non-cash consideration	611	985
Exercise or exchange of share options – Transfer from contributed surplus to share capital	392	-
Vesting of restricted share units	630	340

14. Capital Risk Management

The Company's objectives when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to ensure sufficient resources are available to meet day to day operating requirements.

The Company's Board of Directors takes full responsibility for managing the Company's capital and does so through quarterly board meetings, review of financial information, and regular communication with Officers and senior management.

In order to maximise ongoing development efforts, the company does not pay out dividends.

The Company's investment policy is to invest its cash in high-grade investment securities with varying terms and maturity, selected with regards to the expected timing of expenditures from continuing operations.

The Company expects its current capital resources will be sufficient to carry out its plans and operations through its current operating period.

The Company is not subject to externally imposed capital requirements and there has been no change in the overall capital risk management as at 31 March 2009.

Capital under management was as follows:

	31 March 2009 $	31 December 2008 $
Capital stock	539,886	538,316
Contributed surplus	7,377	7,788
Accumulated other comprehensive income	41,130	43,676
Deficit	(5,301)	(2,045)
	583,092	587,735

15. Commitments

The Company has spending commitments of $180 per year (plus service charges and value added tax) for a term of ten years under the lease for its office in London, England, which commenced in April 2004. The rent will be reviewed on the fifth anniversary of the commencement of the term to reflect any increase in rents in the market.

Hellas Gold has spending commitments of $138 (€104) per year for a term of 9 years under the lease for its office in Athens, Greece, which commenced in December 2007. The rent will be reviewed on the second anniversary of the commencement of the term to reflect any increase in rents in the market.

As at 31 March 2009, Hellas Gold had entered into off-take agreements pursuant to which Hellas Gold agreed to sell 40,592 dmt of zinc concentrates and 128,419 dmt of gold concentrates until the financial year's ending 2012.

During 2007, Hellas Gold entered into purchase agreements with Outotec Minerals OY for long-lead time equipment for the Skouries project with a cost of $45,872 (€34,470) which is to be paid by the end of 2009. As at 31 March 2009, $23,876 (€17,941) of the commitment had been paid. Hellas Gold has pledged $13,920 in support of a letter of credit issued on behalf of Outotec Minerals OY through Nordea Bank of Finland.

16. Transactions with related parties

During the three-month period ended 31 March 2009, Hellas Gold incurred costs of $9,384 (2008 – $8,497) for management, technical and engineering services received from a related party, Aktor S.A., a 5% shareholder in Hellas Gold. As at 31 March 2009, Hellas Gold had accounts payable of $9,044 (2008 – $10,385) to Aktor S.A. These expenses were contracted in the normal course of operations and are recorded at the exchange amount agreed by the parties.

17. Segmented information

The Company has one operating segment: the acquisition, exploration and development of precious and base metal mineral resources properties located in Greece, Romania and Turkey.

Geographic segmentation of plant and equipment and deferred exploration and development costs and operating liabilities is as follows:

	31 March 2009 $	31 December 2008 $
Revenue		
Canada	-	-
Greece	10,742	60,044
Romania	-	-
Turkey	-	-
United Kingdom	-	-
	10,742	60,044
Plant and equipment and deferred exploration and development costs		
Canada	-	-
Greece	509,541	501,852
Romania	49,063	47,946
Turkey	577	496
United Kingdom	294	309
	559,475	550,603
Operating liabilities		
Canada	1,447	1,503
Greece	12,335	14,084
Romania	258	252
Turkey	-	80
United Kingdom	251	344
	14,291	16,263

18. Pension plans and other post-retirement benefits

The Company's subsidiary, European Goldfields (Services) Limited, maintains a defined contribution pension plan for its employees. The defined contribution pension plan provides pension benefits based on accumulated employee and Company contributions. Company contributions to these plans are a set percentage of employees' annual income and may be subject to certain vesting requirements. The cost of defined contribution benefits is expensed as earned by employees.

As at 31 March 2009, the Company recognised the following costs:

	31 March 2009 $	31 March 2008 $
Defined contribution plans	44	73

19. Earnings per share

The calculation of the basic and diluted earnings per share attributable to holders of the Company's common shares is based as follows:

	31 March 2009 $	**31 March 2008 $**
(Loss)/Earnings	(3,256)	3,409
Effect of dilutive potential common shares	-	-
Diluted earnings	(3,256)	3,409
Weighted average number of common shares for the purpose of basic earnings per share	179,884	179,199
Incremental shares – Share options	-	1,704
Weighted average number of common shares for the purpose of diluted earnings per share	179,884	180,903

20. Reclassification of comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

21. Legal proceedings

In June 2005, certain residents of Stratoniki village submitted a request for the annulment of the Greek government's joint ministerial decision approving the environmental impact study 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 will be held shortly. The management of the Company believes that both requests for annulment are unfounded and unlikely to succeed.

22. New accounting pronouncements.

Business Combination, Consolidated Financial Statements and non controlling interest – In January 2009, the CICA issued Handbook Sections 1582 – Business Combinations, 1601 – Consolidated Financial Statements and 1602 – Non-controlling Interests which replace CICA Handbook Sections 1581 – Business Combinations and 1600 – Consolidated Financial Statements. Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under International Financial Reporting Standards. Section 1582 is applicable for the Company's business combinations with acquisition dates on or after January 1, 2011. Early adoption of this Section is permitted. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. Section 1601 is applicable for the Company's interim and annual consolidated financial statements for its fiscal year beginning January 1, 2011. Early adoption of this Section is permitted. If the Company chooses to early adopt any one of these Sections, the other two sections must also be adopted at the same time.

International Financial Reporting Standards ("IFRS) - In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for public accountable companies to use IFRS, replacing Canada's own GAAP. The transition date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010.