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(TSXV)

## **NEWS RELEASE**

For Immediate Release  
21-03

### **European Goldfields Completes C\$19.5million Private Placement**

Toronto, December 23, 2003 - European Goldfields Ltd. (the "Company") announces that, on December 12, 2003, it completed a private placement (the "Private Placement") to European and US institutional investors of convertible loans notes (the "Notes") in the aggregate principal amount of Cdn.\$19,528,400. The Notes will become due and payable on March 31, 2004 (the "Maturity Date") unless prior to that date the Company completes an acquisition of certain mineral exploration and mining assets in Greece, as described below (the "Greek Transaction") and admits its common shares to trading on the Alternative Investment Market of the London Stock Exchange plc (together, the "Conversion Events").

On occurrence of the Conversion Events, the Notes will automatically convert into common shares of the Company at a price of Cdn.\$2.35 per share. The holders of the Notes are also entitled to convert their Notes at any time prior to the Maturity Date into common shares of the Company, and may extend the Maturity Date at their option. The Notes are non-interest bearing unless the Conversion Events do not occur by the Maturity Date or certain other events of default occur, in which case they bear interest at a rate of 18% per annum thereafter. The Notes become due and payable upon the occurrence of certain events of default. The net Private Placement proceeds will be held in the Company's bank account pending satisfaction of certain conditions contained in an undertaking with the TSX Venture Exchange, including approval of the Greek Transaction and in accordance with the placing agreement between the Company and Canaccord Capital (Europe) Limited (the "Agent") pursuant to which the Agent as engaged to act as the Company's agent to use its best efforts to place the Notes. The Notes and any common shares issued on conversion of the Notes cannot be traded through the facilities of the TSX Venture Exchange or otherwise in Canada or to or for the benefit of a Canadian resident until April 12, 2004 without the consent of the Exchange and compliance with all applicable securities legislation.

In consideration of services rendered by the Agent in connection with the Private Placement, the Company has agreed to pay the Agent a cash commission equal to 6% of the aggregate gross funds raised, 50% of which will be payable on completion of the Greek Transaction, or on conversion of any Note prior to the Maturity Date. The Agent has also been issued broker warrants to purchase that number of common shares equal to 5% of the aggregate principal amount of the Notes at a price of Cdn.\$2.35 per share for a period of 18 months from the date of issuance of the Notes.

Without the consent of the Agent, the net proceeds of the Private Placement may only be used by the Company to acquire an interest in the Greek mineral exploration and mining assets described below or to repay the Note on the Maturity Date. This acquisition is subject to the approval of the TSX Venture Exchange.

The Company has entered into a memorandum of understanding (“MOU”) with Aktor S.A. acting on its own behalf and on behalf of other Greek entities (collectively the “Greek Partners”) and Global Mineral Resources Ltd. (“GMR”), a company controlled by Frank Timis, a major shareholder of the Company, outlining the general terms on which these entities will endeavour to acquire, develop and exploit interests in the Stratoni Mine, the Olympias Mine and the Skouries Mine and related assets (collectively, the “Greek Assets”). The MOU provides, among other things:

- For the incorporation of a Greek company (“Newco”) to hold the parties’ interests in the above assets;
- The investment by the Greek Partners of 6 million Euros to acquire a 70% interest in Newco;
- The investment by the Company of 18 million Euros to acquire a 30% interest in Newco;
- The grant to GMR of a right to acquire a 21% interest in Newco for 18 million Euros. If GMR exercises its right in full, the interests of the Greek Partners will be reduced to 49%.

Under the MOU, the conditions set out by the parties as amongst themselves as to the conditions under which they will acquire the Greek Assets include the following: (i) the Greek Assets are to be free of all encumbrances and any recourse from their prior owner and other claimants; (ii) all necessary permits and licenses for the acquisition of the Greek Assets will have been secured; and (ii) appropriate indemnities will have been obtained from the Government of Greece with respect to certain matters. Legislative approval will also be required with respect to the acquisition of the Greek Assets.

A Greek company, Hellas Gold S.A., has been incorporated by certain of the Greek Partners for the purpose of acquiring the Greek Assets. Hellas Gold S.A. has entered into an agreement with the Greek State to acquire the Greek Assets for 11 million Euros conditional upon ratification of the agreement by the Greek Parliament. There is no assurance when or if such ratification will be given.

The Company has also entered into an agreement with Baden Ventures Limited (“Baden”) to provide consulting services in connection with the acquisition of the Greek Assets and obtaining necessary approvals and consents. Baden will receive fees of up to US\$2.5 million payable in stages on achieving certain milestones relating to the acquisition of the Greek Assets. The Company has the right to terminate the agreement if it decides not to proceed with the acquisition or the milestones are not achieved within an agreed period.

The Company has not entered into definitive binding agreements relating to its investment in Hellas Gold S.A. The Company is currently negotiating the terms of the same and the provisions of the MOU summarized above may be subject to change as a result of those negotiations. The Company cannot confirm when or if these negotiations will be successfully concluded. To the extent that the Company needs additional funds in connection with its investment, the Company is considering its options with respect to any future funding required. If additional Funding is required, the Company cannot confirm when of it such funding will be raised.

This news release was prepared by the undersigned on behalf of the Company's Board of Directors, who take responsibility for its content.

*European Goldfields is a Canadian based resource company involved in the acquisition, exploration and development of mineral properties in Romania and the Balkans.*

On Behalf of the Board:

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website: *The company's website is undergoing changes. Please refer to [www.sedar.com](http://www.sedar.com) for review of the company's corporate documents.*

***The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this release and the information contained herein.***