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The Manager
Company Announcements
Australian Securities Exchange Limited
Level 10, 20 Bond Street
SYDNEY NSW 2000

**SUBJECT: ENVIROGOLD COMMENCES CONSTRUCTION OF THE LAS LAGUNAS
GOLD PROCESSING PROJECT, DOMINICAN REPUBLIC**

Las Lagunas Gold Processing Project, Dominican Republic

Mr Brian Johnson, Executive Chairman of EnviroGold Limited (ASX Code "EVG"), advises that the Company has commenced construction of its Las Lagunas Gold Processing Project in the Dominican Republic.

A review of fixed-price bids received for civil works, structural steel, tankwork, piping and mechanical equipment, together with estimates for outstanding electrical work, has confirmed construction costs for the Albion and Carbon-in-Leach ("CIL") process plants and associated oxygen plant, will be around US\$3.0 million under the current construction budget.

Mr Johnson said that this saving would be partly offset by the Company's decision to increase the level of expatriate supervision during the construction phase through the recruitment of three highly experienced Canadian engineers with the responsibility for Construction Management, Project Administration, and Electrical Engineering.

EnviroGold's Procurement Manager and Mechanical Supervisor will transfer from Australia to the Dominican Republic early next year.

Mr Johnson said that after two years of frustrating delays, it was gratifying to see the project finally underway and he was confident construction would be completed as planned in December 2010, with the first gold pour scheduled for January/February 2011.

The Company will forward-sell 50% of its gold production for the first four years of operation to underpin future profits.

The project, which involves gold and silver extraction from a JORC Inferred Resource of 5.1mt tonnes of high grade mine tailings (3.8g/t Au) is expected to produce 434,000 oz Au and 3,966,000 oz Ag over its 6.7 year project life, at an operating cost of around US\$325 per oz Au.

After deducting Government royalties and profit share, EnviroGold expects to make an average after-tax profit of around \$20 million per year at a US\$900 per oz Au gold price and an exchange rate of A\$1.00 = US\$0.75, increasing to approximately \$30 million per year at a US\$1,000 per oz Au gold price.

Mr Johnson said that shareholders and potential investors who were understandably wary of the reliability of production and profit forecasts relating to the reprocessing of mine tailings from previous operations, should appreciate the following in relation to the Las Lagunas tailings:

- the tailings resulted from inefficient gold recovery when the major Pueblo Viejo mine attempted to process refractory ore without changing its installed technology, which was suitable only for previously mined oxide ore;
- the tailings were deposited in a purpose-built dam between 1992 and 1999 for later processing with appropriate technology;
- the tailings deposit is a 5.1mt JORC Inferred Resource of tailings grading 3.8g/t Au and 38.6g/t Ag ;
- the dam contains 621,000 oz Au and 6,378,000 oz Ag;
- the Inferred Resource reconciles with the mine's metallurgical records;
- testwork at Xstrata's Albion pilot plant in Brisbane demonstrated expected recovery of 434,000 oz Au and 3,966,000 oz Ag over a 6.7 year project life.

Santo Domingo Headquarters

The Company is now focussing on establishing its headquarters for Latin American operations in Santo Domingo, the Capital of the Dominican Republic in the Caribbean.

It is intended to develop a senior executive team with technical, commercial and Spanish language skills, to drive a Company expansion in Venezuela, Ecuador and the Dominican Republic, all of which are gold rich countries.

EnviroGold's Sydney office will be maintained on a low-level, low-cost basis responsible primarily for technical and financial control, and corporate matters.

El Callao Gold Processing Project, Venezuela

Sampling and metallurgical testwork of high grade refractory ore (reported by Minerven as 10g/t Au) and mine tailings (reported by Minerven as 1.5g/t Au) controlled by the Venezuelan Government-owned mining company, CVG Minerven, will commence later this month.

The testwork is aimed at determining the suitability of the Albion process for the oxidation of Minerven's ore.

EnviroGold and Minerven are working toward establishing a 50:50 joint venture to install an Albion Process plant coupled with a standard CIL plant, with the capacity to extract 100,000 oz Au per year from Minerven's ore and tailings.

It is planned to complete a preliminary feasibility study and commercial negotiations with Minerven by mid 2010, and a Bankable Feasibility Study six months later.

Ideally, EnviroGold's construction management team will move to the Venezuelan project from the Dominican Republic immediately after the completion of commissioning of the Las Lagunas project in early 2011.

Azuay Gold Mining Project, Ecuador

EnviroGold will commence a drilling program on its 65% owned Pinglio and Papercorp gold mines in Ecuador prior to the end of this month and expects to establish a JORC compliant Inferred Resource for the properties by mid 2010, in advance of moving to a Feasibility Study for the proposed mining project.

EnviroGold and its local partners are planning an underground mining operation to produce around 100,000 oz Au per year which will not involve an Albion oxidation plant as the ore is predominantly free milling, with the balance amenable to gold extraction through a CIL plant.

Future Direction

EnviroGold will concentrate on expanding gold production in Latin America in the short to medium term with its business model evolving with two distinct arms:

- gold and silver production from the processing of refractory ore and mine tailings utilising the Albion process technology (Las Lagunas and El Callao projects);
- gold and silver production from the mining of oxide or sulphidic ore using traditional gravity, CIL, or heap leaching technology (Azuay project).

EnviroGold is finding increasing interest in the Company's use and promotion of Xstrata Technology's Albion Process from environmental agencies, mining authorities, and owners of refractory gold deposits throughout Latin America.

The process removes toxic sulphur, arsenic, and other impurities in the oxidation of refractory ore and significantly reduces the prospect of acid mine drainage to surface and underground water.

The Company expects this interest to translate to business opportunities.

With the commencement of construction at Las Lagunas, the Company will now pursue both mining and processing opportunities in the Dominican Republic through acquisitions or joint ventures with existing concession holders in the gold rich region surrounding its project.

Mr Johnson said he expected EnviroGold to achieve strong growth from its Santo Domingo base over the next few years, and to be producing over 250,000 oz Au per year within that timeframe, of which approximately 150,000 oz Au would be attributable to the Company.

Yours sincerely

EnviroGold Limited



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The information in this report that relates to Indicated Resources is based on information compiled by Rick Adams, BSc MAusIMM MAIG, Director Geological Resource Services who is a consultant to EnviroGold Limited. Mr Adams is a Member of The Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Adams consents to the inclusion in the report of the matters based on information in the form and context in which it appears.