

ELDORADO GOLD

DISCIPLINE DELIVERS



DISCIPLINE DELIVERS

Based in Vancouver, Eldorado Gold presents itself as a low-cost gold producer with a vision to create a long-term, profitable business with healthy margins using a disciplined approach to growth

WRITTEN BY: **JOHN O'HANLON**
RESEARCH BY: **JEFF ABBOTT**



Development works in the main 8,5km tunnel linking Stratoni to Olympias mine

Discipline is a great virtue in the challenging price environment the gold mining industry finds itself in today: the players who can keep operating through the lean times will be the ones best placed to take advantage of anticipated price rises. But though these struggled upward to the tune of some \$60 over the course of January – and western economies are showing signs of growth allied to greater confidence – prospects for 2014 remain uncertain. Investors know that, and they continue to set a premium on discipline.

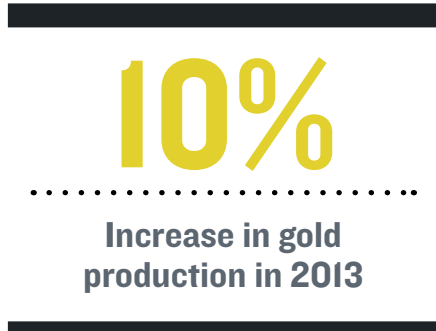
This disciplined approach is reflected nowhere better than in the cost of production. With that in mind it was an achievement for Eldorado's Chief Executive Officer Paul N Wright to be able to announce a ten percent increase in production over the course of 2013. Gold production for the year was 721,201 ounces. However at an average of \$494 an ounce, cash costs came within a whisker of the 2012 figure of \$483 and considerably better than the mid-year estimate of \$520 per ounce. It will be no surprise if that rises in 2014 to between \$550 and \$590 an ounce, but against a further six percent expected increase in gold production this year to between 730,000 and 800,000 ounces that rise should remain sustainable. The positive effect on cash flow of \$272.5 million saved last year, derived from reductions in capital expenditure, exploration and G&A costs will further impress the market.

Eldorado has seven operating mines and a pipeline of projects in different stages of construction, development and exploration. Though it also operates in Turkey, China and South America the company has a special focus on northern Greece, to which it was attracted by its solid infrastructure, well-educated labour force, reliable legal system and consolidated democratic institutions. Eldorado Gold has been present in Greece since 2008, when it acquired the Perama Hill project in Thrace, which is at an advanced stage of development with an environmental impact assessment (EIA) expected to be approved during the course of this year. Final

approval of the Perama Hill EIA was in fact expected in 2013, however with local elections taking place this year it is not now thought that the approval will be granted before then. Assuming a late 2014 construction start, Eldorado now expects

to be committing \$25 million, less than had been previously earmarked.

Perama Hill together with the Olympias and Skouries deposits that Eldorado Gold is currently advancing in Greece have the potential to make that country Europe's leading gold producer by 2016. With proven and probable reserves of approximately 8.6 million ounces of gold in Greece, Eldorado's operations are estimated to be able to generate more than €1.6 billion in direct taxes for the Greek State over the next 20 years. Having already spent more than €78 million in Greece since February 2012, Eldorado will invest





FREDERIKOS S.A is an engineering firm located in Kavala, North Greece.

FREDERIKOS S.A premises, covering an area of 6000 sq. meters, have the capability to produce high quality castings and demanding machine works. Field of expertise includes mining, oil, renewable energy and chemical industries.

Services and products include:

- turn key electromechanical projects
- casting of various ferrous non-ferrous parts
- construction and maintenance of industrial equipment
- construction of different types of pumps
- construction of crushers

T: 0030 2510316793
0030 2510316968
F: 00302510316967
E: info@frederikos.com
www.frederikos.com

more than €780 million over the next five years making the company's involvement in the economy a significant factor at a time when the currency and employment are under severe pressure.

The company's 95 percent owned Skouries gold-copper project is located 35 kilometres by road from the port of Stratoni port in a sparsely inhabited part of northern Greece. It is a copper-gold porphyry deposit with 3.6 million



The Olympias flotation plant

ounces of gold and 738,000 tonnes of copper in proven and probable reserves. Currently in development, this project will be fully

FREDERIKOS SA



FREDERIKOS SA, was established in 1972 . Today it is a modern unit able to provide high quality services by investing in cutting edge technologies and by having a comprehensive selection of equipment. The company is divided in two divisions; the machine shop and the foundry. The combination of the foundry and the machine shop gives the flexibility to fulfil difficult tasks and bring innovative ideas to life. FREDERIKOS SA philosophy is simple; "Treat all our clients with the dignity and courtesy they expect, from small business to the largest industry". This includes the exemplary customer service, combining lasting and effective support at all levels. FREDERIKOS SA has managed through the years, to build strong ties with partners like HELLAS GOLD (member of the EL DORADO GOLD family), AKTOR (the leading

construction company in Greece), ROKAS renewable (a subsidiary company of IBERDOLA, Spain's largest energy group), KAVALA OIL (the only oil extraction company in Greece) EL.FE(one of the largest fertilizer industries) and a long list of large and small industries throughout the Greek territory and abroad. FREDERIKOS SA is at the top of the industry and undertakes large projects. Quality is a prime importance in the engineering industry in general. FREDERIKOS S.A. highlights the quality control system by highly qualified staff performing inspections, disciplined quality control of all equipment, continuous training of staff, and the availability to quality control by our customers.

E. info@frederikos.com
www.frederikos.com



Mr. Roderick Trigwell | General Manager | rod@gedh.com
Mr. Adrian Vuvrea | Manager | vuvrea.adrian@genfor.com

www.genfor.com



Quality Drilling Services

- Reverse Circulation • Diamond Core • Grade Control • Blast Hole
- Open Hole Water Bore • Geotechnical • Horizontal Mud Rotary • Rab and Air Core • Underground



NEW PRECIOUS RESOURCE DISCOVERED

BE MINING

Click here to visit our
dedicated homepage
for the mining community

www.bus-ex.com/mining

BEST PRACTICE IN MINING



Olympias mine: a jumbo drilling machine and employees at work

operational in 2015 and is expected to be in operation for more than 25 years in total. In 2013 the project received its installation permit, while construction and underground development started under an experienced management team aided by around 400 employees. 2014 will see plant construction continuing, with work starting on the open pit and tailings dams.

Olympias is a replacement mixed sulphide body with 3.8 million ounces of gold, 57.7 million ounces of silver, 599,000 tonnes of lead, and 796,000 tonnes of zinc in proven and probable reserves. Olympias also contains 270,000 ounces of gold in tailings left over from earlier operations, and these are being re-processed. During 2014 the company will continue to process

“THE POSITIVE EFFECT ON CASH FLOW OF
\$272.5 MILLION SAVED LAST YEAR...
WILL FURTHER IMPRESS THE MARKET”

tailings as part of a mandated environmental clean-up. At this site, Eldorado is currently cleaning up over 2.4 million tons of tailings left by a previous operator. When complete, 30 hectares of the Olympias valley will be returned to a greenfield state and given back to the local community.

The Chalkidiki Peninsula where the mine is situated is an attractive part of northern Greece, peppered with ancient sites and an

attraction for tourists. Where areas are no longer needed for mining, Eldorado focuses on rehabilitation wherever it operates, but Greece is somehow uniquely precious, so rehabilitation is a very sensitive topic for the community. The area will be re-planted with native species grown in the company's own plant nursery – the largest in northern Greece and the company is already working with the Forestry and Natural

“AT OLYMPIAS ELDORADO IS CURRENTLY CLEANING UP OVER 2.4 MILLION TONNES OF TAILINGS LEFT BY A PREVIOUS OPERATOR”



Rehabilitation of Olympias tailings pond



Olympias flotation plant: employees at work

Environment Department of Aristotle University in Thessaloniki to conduct in-situ pilot planting tests

760,000 tonnes of tailings will be processed this year at a grade of 3.1 grammes per tonne (g/t). Additionally, \$60 million will be spent on continuing underground development to access the ore body as well as mining equipment, infrastructure, and the decline linking Olympias to the adjacent Straton Valley deposit. Last year 1.4 kilometres of this 8 kilometre linking tunnel was constructed. When completed it will pave the way to ore extraction from the underground mine at a rate of 400,000 tonnes per annum. 2013 also saw three kilometres of underground development and one kilometre of

underground rehabilitation at Olympias, as well as the announcement of a ten percent increase in measured and indicated reserves to 4.7 million ounces.

Looking to the future, Eldorado Gold as a group has ambitious growth targets, aiming to produce 1.7 million ounces of gold by 2016. This figure represents more than double its total gold production of 721,000 ounces for 2013 and equates to 160 percent growth over a five year period. Needless to say then that its operations in Greece will play a critical role in delivering this. **BE**

For more information about Eldorado Gold visit:
www.eldoradogold.com



ELDORADO GOLD

23A Vasilissis Sofias Avenue
Athens
Greece 10674

T 30 214 687 0000
www.eldoradogold.com

Produced by:

ACHIEVING BUSINESS EXCELLENCE ONLINE

BE BusinessExcellence

www.bus-ex.com