



eldorado gold

# growth: value

>> a strategy  
map

2001 annual report

PART TWO OF TWO

Everything is in place for us to deliver value like no other gold company our size:  
Financial resources.  
Skilled management and operational expertise.  
A valuable producing mine.  
And two superior development projects in Turkey with combined resources totalling 7.8M ounces.

We know where we're going. And by 2008, we see ourselves producing 500,000 ounces of gold per year.

This strategy map explains the unfolding story of how we'll get there.

**TO OUR SHAREHOLDERS.** The previous five years have been difficult for the entire gold industry; however, during this period we have reduced our corporate bank debt from \$40 million in 1997 to \$15 million at year-end. We have achieved this in spite of falling gold prices and a general scarcity of investment capital in the industry. In this period we have grown our reserves to 4.1 million ounces at year-end.

As a result of our recent special warrant financing in February 2002, we have raised Cdn\$25 million and are in a stronger position financially. By the end of March 2002, we reduced our corporate bank debt to \$5.4 million. We continue to generate strong cash flow from our São Bento operation in Brazil, which contributed \$35 million in revenues last year. And we have a portfolio of wholly owned assets that offer excellent growth potential. Our vision is clear: Eldorado will evolve into

a mid-tier gold company based on long-lived assets that can deliver superior returns at current gold prices.

**WE'VE DEVELOPED A DETAILED STRATEGY TO BUILD VALUE**

We will achieve our vision by acting on the following three major components of our strategy map for growth:

**1 • IMPLEMENTING WORK PLANS FOR EACH OF OUR ASSETS.**

We've developed extensive action plans for each asset, articulating our goals and clearly stating how and when we will achieve them. This is laid out in detail in our operations section.

**2 • IDENTIFYING AND PURSUING EXTERNAL OPPORTUNITIES.**

We are continually evaluating opportunities to broaden our operating base

through acquisitions. It's just one component of our strategy to evolve into a mid-tier gold mining company producing 500,000 ounces of gold annually by 2008.

We are searching for opportunities that match both our geographical focus and our technical skills. The Brumal project is an excellent example of this. With its close proximity to São Bento, Brumal will enable us to use the existing mill at São Bento and benefit from the technical expertise and knowledge of our experienced team in Brazil.

**3 • DELIVERING VALUE TO OUR SHAREHOLDERS.**

The ultimate goal, of course, is to deliver value to our shareholders. Given our current valuation in the market, we expect our share price to appreciate in value as we achieve our defined milestones over the coming year.

This is our strategy map for attaining sustainable long-term growth. With our expertise, resources and action plans, I am confident that we can reach our destination of producing 500,000 ounces of gold per year by 2008.

Sincerely,



PAUL N. WRIGHT  
PRESIDENT & CHIEF EXECUTIVE OFFICER  
APRIL 25, 2002

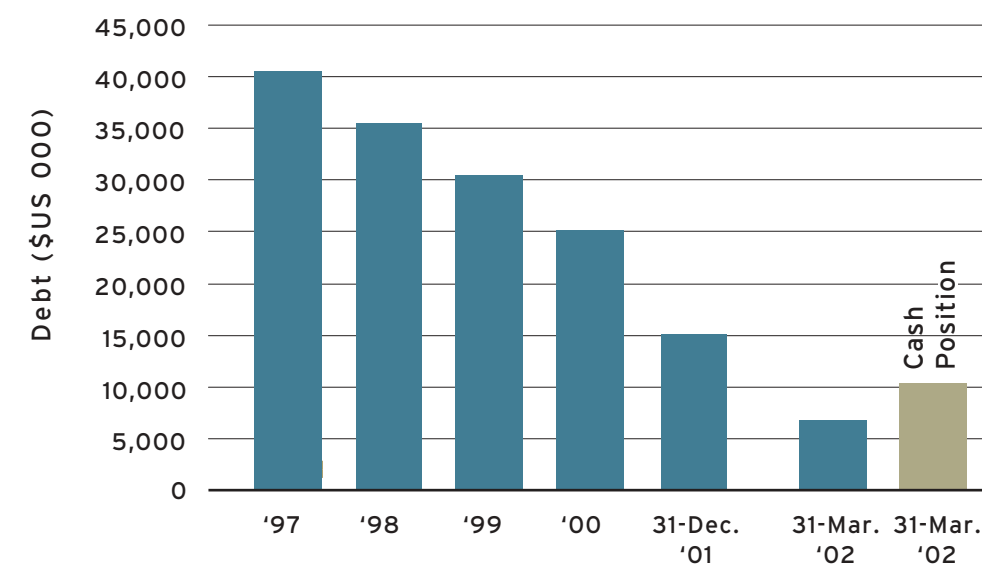
THIS IS OUR STRATEGY MAP - PART TWO OF OUR 2001 ANNUAL REPORT - EXPLAINING THE ROUTE WE ARE TAKING TO REACH OUR GOALS.

PART ONE - OUR FINANCIAL REVIEW - PROVIDES THE NUMBERS BEHIND THE STORY.

YOU CAN VIEW OUR FINANCIAL REVIEW ON-LINE AT [WWW.ELDORADOGOLD.COM](http://WWW.ELDORADOGOLD.COM) OR BY CALLING 604.687.4018 TO REQUEST A PRINTED COPY.

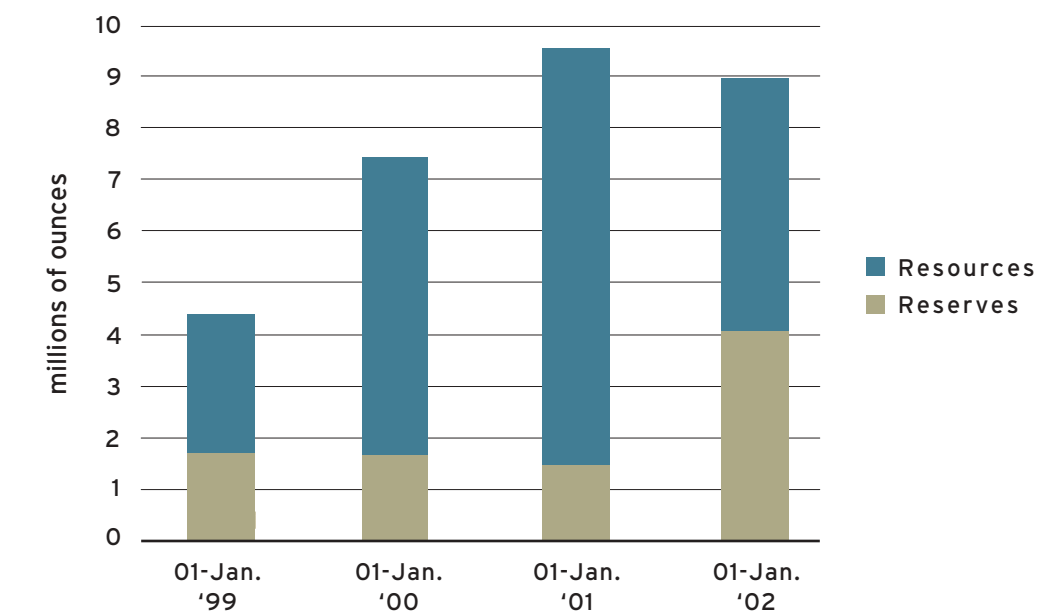
Eldorado is achieving sustainable growth from a solid base. The same disciplined approach that enabled us to reduce our debt in a difficult period for our industry is now guiding our current activities. We are moving forward and advancing our high-quality wholly owned projects - while delivering real financial returns to our shareholders.

1



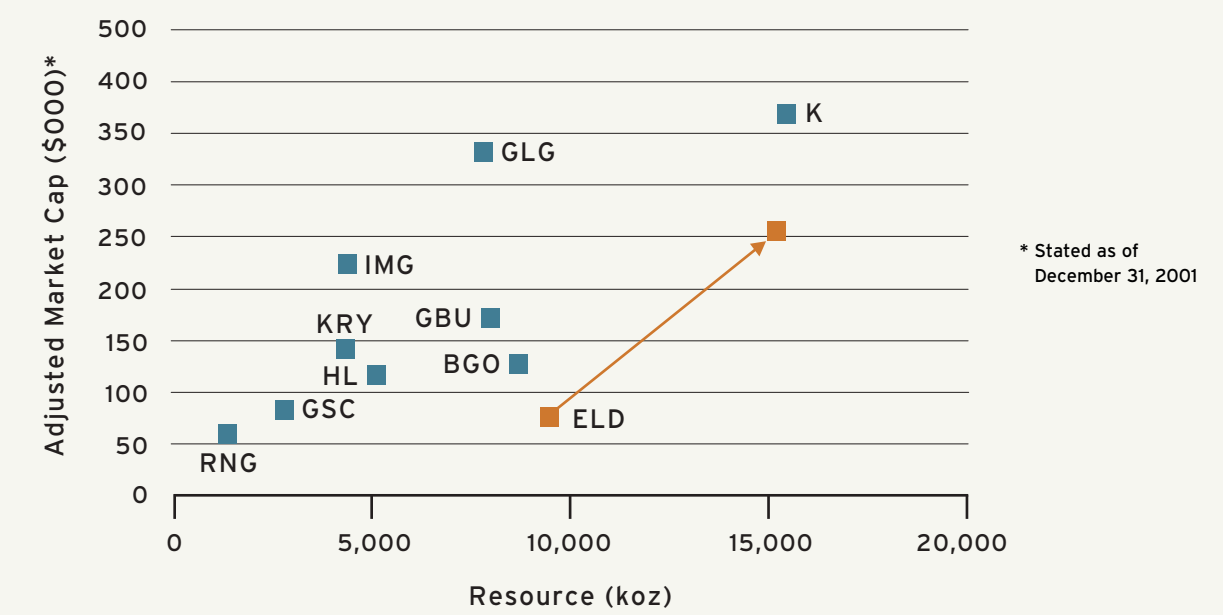
**DEBT REDUCTION.** In a time of depressed metal prices and a challenging industry environment, we reduced our corporate bank debt from \$40.0 million in 1997 to \$15.1 million by the end of 2001. A special warrant financing in February 2002 enabled us to reduce our debt even further – to \$5.4 million – and build up our cash reserves. The result? We have the financial flexibility to choose when and how we grow our company and increase production.

2



**RESOURCES AND RESERVES.** Over the past five years many mining companies have had a difficult time replacing their assets. Not Eldorado. From 1997 to 2001 we grew our reserves by 2.6 million ounces. By the end of 2001, we had resources of 8.9 million ounces in the measured, indicated and inferred categories, and reserves of 4.1 million ounces.

3



**MARKET CAPITALIZATION.** Our goal is to deliver value to our shareholders. And by comparing where Eldorado sits in relation to its peer companies (in terms of adjusted market capitalization to resource base), it's clear that we are presently undervalued in the market. With our high quality projects and disciplined and prudent approach, we believe Eldorado represents an excellent investment opportunity.

# TURKEY:

The future of our growth is Turkey. We are committed to taking a leading role in developing the tremendous mineral resources of this rapidly modernizing nation. Our projects at Kisladag and Efemçukuru offer significant potential for internally generated organic growth - helping us attain our target of producing 500,000 ounces of gold by 2008.



A drilling program at Kisladag (cross section A) will define the deposit boundaries and establish the validity of a larger target. We have identified higher-grade core mineralization at this site, forming in a zone that extends from the surface to drill-indicated depths of over 300 meters (cross section B). The porphyry-style deposit contains mineralization at various grades in concentric zones formed around a weakly mineralized intrusive (cross section C). At Efemçukuru, a well-defined high-grade epithermal vein structure hosts free-milling ore estimated to contain in excess of 1.1 million ounces of gold at 14 grams per tonne.

## Kisladag: The journey unfolds

**KISLADAG PREFEASIBILITY STUDY, PHASE I:**  
 Mine throughput: 3.4 MTPA  
 Phase I reserves: 1.8M ounces  
 Reserve life: 11.5 years  
 Average annual production: 103,600 ounces  
 Capital investment: \$29.6 M  
 Cash operating costs: \$149/oz.  
 IRR (after tax): 39% at \$300Au  
 NPV @ 8% (after tax): \$50M at \$275Au  
 \$36M at \$275Au

With a defined resource of 6.7 million ounces and a 10 to 12 million ounce target resource, Kisladag is an incredible asset in our portfolio. This major gold porphyry discovery is wholly owned by Eldorado, and we expect to complete a bankable feasibility study by 2003.

**WHAT HAPPENED IN 2001**  
 In May we released a positive pre-feasibility study of the first phase of the Kisladag project. Conducted by Kilborn Engineering Pacific, the study describes the Phase I development of a 6.7 million ounce resource and a 3.4 million tonne per annum operation for an open pit heap leach mine. The study shows that Kisladag offers solid economic performance with moderate capital requirements.

In November, we released an addendum to this study, also prepared by Kilborn. This addendum takes into account changes in economic conditions in Turkey and opportunities identified in the prefeasibility study to reduce capital and operating costs. Initial capital costs are projected to be \$29.6 million and cash operating costs are \$149 per ounce.

In April 2002, we reported reserves of 2.8 million ounces based on our Life of Mine plan using Phase I operating parameters.

**WHAT'S NEXT FOR KISLADAG**  
 We have set out an intensive work schedule for 2002 in order to bring this project to a full feasibility study in early 2003. As part of this work, a drilling program that began in March 2002 will test the validity of a target in excess of the presently defined 6.7 million ounce resource. Further plans include completing the Phase III metallurgical testing and taking the steps

needed to complete the Environmental Impact Assessment and major permitting by September 2003.

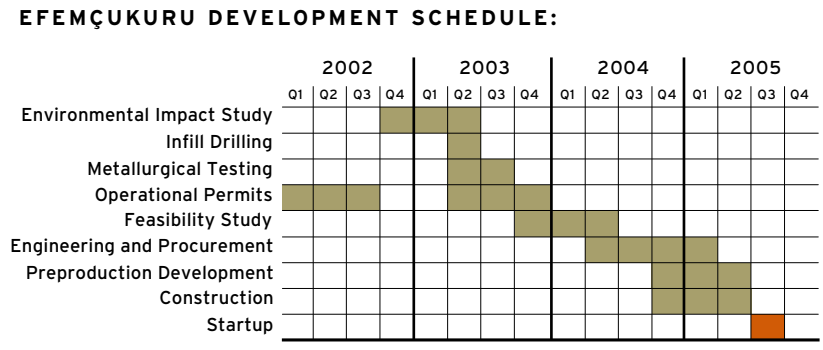
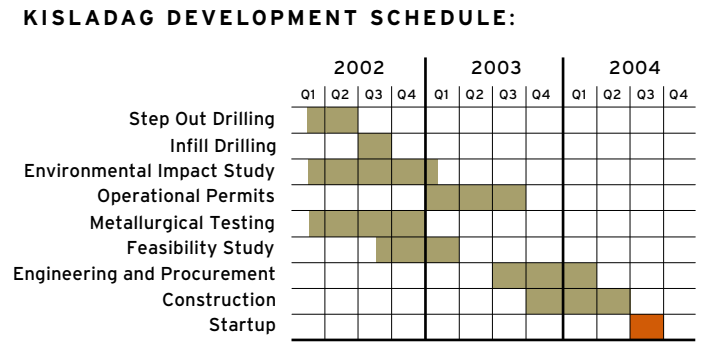
The Kisladag project has received strong support at the local, provincial and central levels of government. In fact, over the past few years, the environment in Turkey has become much more favourable to the development of the country's natural resources. The Ovaçik Mine in Izmir Province opened in 2001 and represents the first gold mine in Turkey in modern times.

## Efemçukuru: Moving ahead

The prefeasibility study completed for Efemçukuru in 1999 outlined the strong economic potential of this project, which is capable of generating an excellent rate of return from its 1.1 million ounce deposit.

The prefeasibility study defined a mine capable of producing 90,000 ounces of gold per year. The project will consist of an 800 tonne per day underground mine with an onsite flotation and gravity plant. Initial capital costs are estimated at \$49.0 million and cash operating costs are expected to be around \$149 per ounce.

By the middle of 2003 we plan to complete an environmental impact study, which will help us advance this project through a bankable feasibility study.



Environmentally committed; socially responsible

At Eldorado, we are working to ensure that all our activities are conducted in an environmentally safe and socially responsible manner. We make all decisions with an eye to the "triple bottom line" - not just looking at the financial impact of our operations but also their potential effects on the environment and surrounding communities.

Mining is vital to the economic and social development of many communities worldwide. As a mining company, we try to maximize the positive impacts of development - the benefits in

terms of infrastructure, employment and strengthening local communities - while minimizing any potential environmental impacts.

Building strong partnerships with surrounding communities enhances our sensitivity to the effects of our projects on local people. No matter what country we're operating in, we build and operate using the highest international standards. Environmental impacts are also minimized through our use of the most up-to-date methods and technologies.

The result is our extremely successful record of environmental performance. Our reputation is recognized and respected by local communities and government agencies in the countries where we operate, and we will continue to adopt the best practices in our industry to ensure environmental, social and financial sustainability.

**BRAZIL**  
 We had an excellent safety record this year, with only two lost-time accidents and a lost-time injury index of 1.15 per million hours

worked, the lowest since Eldorado acquired São Bento in 1996.

Inspectors from the Environmental Agency and the Ministry of Labor audited the mine, and we were congratulated for our monitoring reporting system, which is considered a standard for other mining companies in the country.

This year we also completed the revegetation program at two abandoned open pits.

In anticipation of a new mine project at Brumal, representatives from São Bento met with the mayor of Santa Barbara and the

town council to explain the benefits of the potential mine. The local authorities are very supportive of this project.

In 2001, we supported the local community through Christmas food baskets for all employees, tree cuttings for children on Tree Day and by donating tiles to repair roofs destroyed in a hailstorm on October 31st.

**TURKEY**  
 Our projects in Turkey are in the developmental phase. As such, our environmental activities consist of gathering environmental baseline

## São Bento: Our starting point

Brazil's fourth-largest gold mine, São Bento has been a strong producing asset in our portfolio since we first acquired it in 1996. Thanks to an exceptional Brazilian management team, the mine has improved efficiencies, reduced operating costs and increased production.

**WHAT HAPPENED IN 2001**  
 In 2001, São Bento produced 102,841 ounces, down from 112,950 ounces the year before. This reduced gold production resulted primarily from energy restrictions imposed by the Brazilian government in response to severe drought conditions in 2001. Eldorado was required to reduce power consumption at the mine by 20 percent, which caused gold production to decline. On March 1, 2002, the Brazilian government lifted all energy restrictions, and we are anticipating gold production of 105,000 ounces in 2002 at a cash cost of \$185 per ounce.

Total cash costs for São Bento increased to \$221 per ounce from \$201 per ounce in 2000. The increase in total cash costs resulted primarily from losses on currency hedging contracts, which were closed in July 2001.

In 2001, the Company resolved settlement with its insurer regarding the repair of its #2 Autoclave.

In December, we received the final payment for the repair of the mine's #2 Autoclave, covering the total repair costs. We also received full business interruption coverage through the repair period. Repairs began in December 2001 and were successfully completed in March 2002.

**WHAT'S NEXT FOR SÃO BENTO**  
 We are undertaking an exploration and development drilling program in 2002 that will total 9,600 meters in an effort to extend and upgrade the resource.

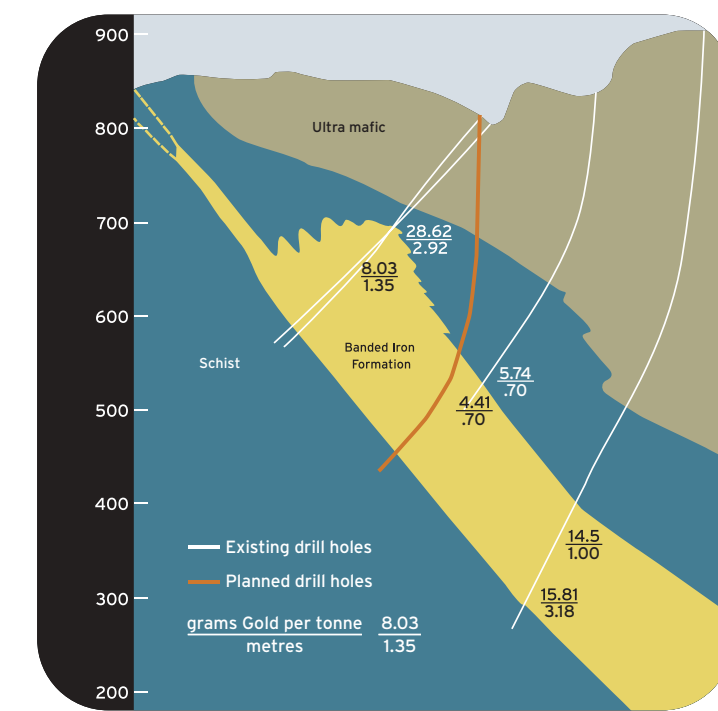
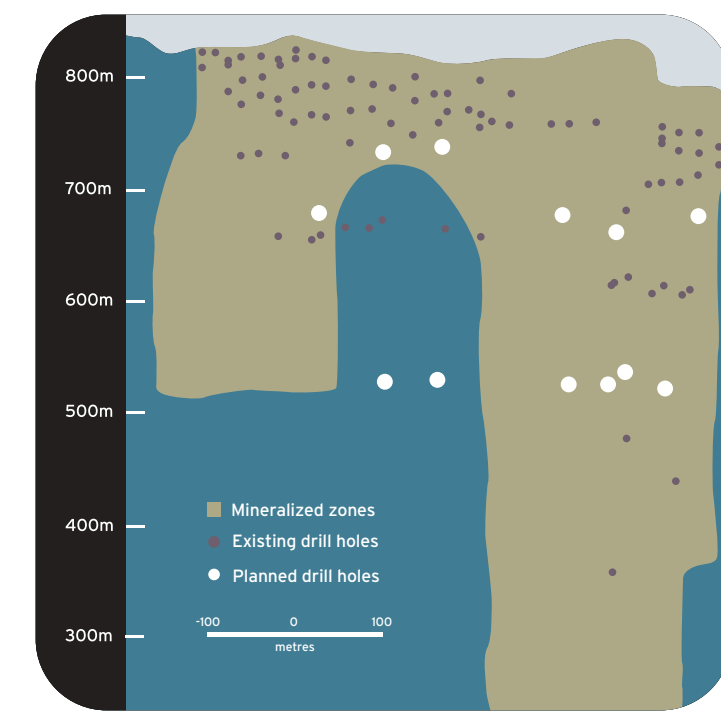
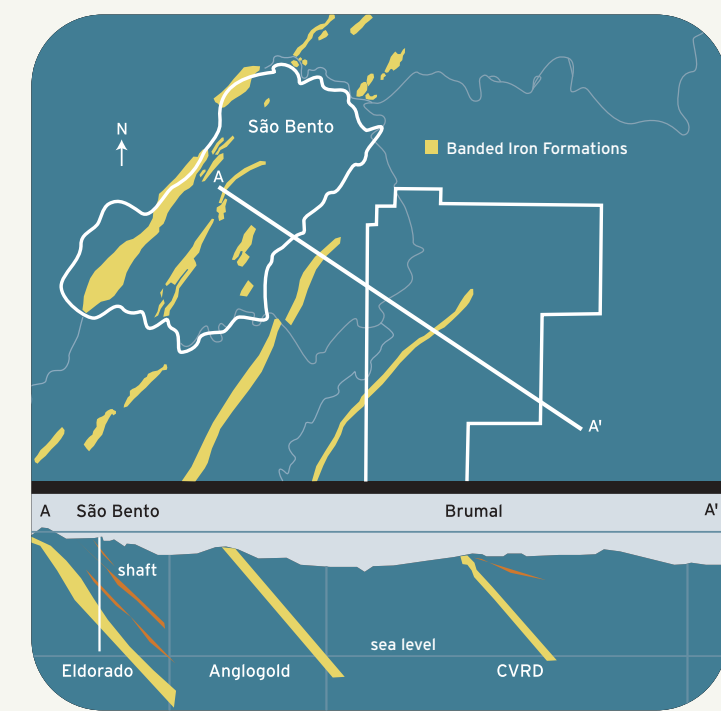
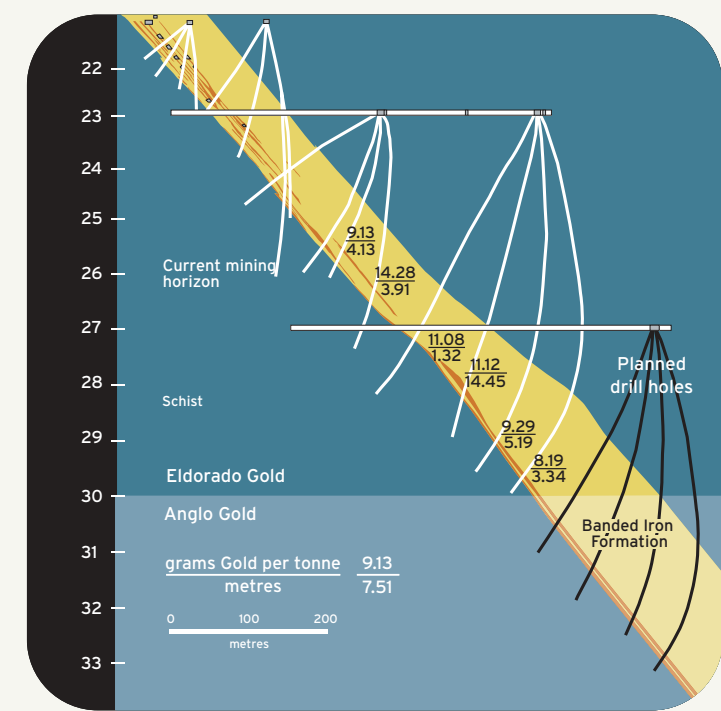
## Brumal: A new destination

Brumal is a highly prospective property located just five kilometers from São Bento. This exciting new project offers the opportunity to leverage the skills and expertise of our team at São Bento, use excess milling capacity at São Bento to treat Brumal ore, and add incremental production volumes.

Our geologists believe that Brumal, with mineralization geologically similar to the ores mined at São Bento, could be as prospective as São Bento was 15 years ago.

On March 1, 2002, we signed an Option Agreement to allow Eldorado to acquire 100 percent of the Brumal property. A first-phase drilling program began in March 2002 to confirm the continuity of mineralization associated with previously drill-tested zones. The target resource is 250,000 - 500,000 ounces. Follow-up drilling will be planned to further define the lateral and depth extension of mineralization and will complete in-fill drilling necessary for resource estimation.

São Bento's banded iron formation continues to host gold mineralization at depth, and our drilling programs will test the downdip extension to upgrade the resource and extend the life of this mine (cross section A). At Brumal, previous exploration identified gold mineralization in a banded iron formation similar to that found at São Bento, located 3.5 km northwest (plan and section B). Our exploration activities at Brumal will establish the continuity of the mineralization and further define the resource (sections C and D).



# BRAZIL:

The foundation of our growth is Brazil. Our São Bento mine is a substantial producing asset with considerable growth potential. By pursuing exploration opportunities at São Bento, Brumal and elsewhere in Brazil, we are working to increase gold production and enhance our ability to generate cash over the long term.

data on meteorological conditions and air and water quality. At Kisladag, we are preparing to conduct ground water monitoring and modeling in accordance with recommendations made by the Ministry of Environment. We have initiated an Environmental Impact Assessment study for the Kisladag project while continuing to carry on our community development programs. In 2001 a substantial reforestation project was completed in the immediate area. In addition, construction of a water distribution system was completed, providing, for the first time, potable water to local villages.





<b>Eldorado Gold Corporation</b>	TSX: <b>ELD</b>
920 Guinness Tower	Tel: 604.687.4018 • Fax: 604.687.4026
1055 West Hastings Street	E-mail: <a href="mailto:info@eldoradogold.com">info@eldoradogold.com</a>
Vancouver, British Columbia	
Canada V6E 2E9	<a href="http://www.eldoradogold.com">www.eldoradogold.com</a>