



ELDORADO GOLD
C O R P O R A T I O N

June 30, 2001

**Second Quarter Report to Shareholders
Unaudited Financial Statements**

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Eldorado Gold Corporation
Consolidated Balance Sheets
Expressed in thousands of U.S. dollars

	June 30 2001 (unaudited)	June 30 2000 (unaudited)	December 31 2000
ASSETS			
Current Assets			
Cash	\$ 2,290	\$ 2,465	\$ 2,300
Restricted cash (Note 3)	-	5,913	7,053
Accounts receivable	3,758	3,793	4,944
Inventories	4,647	6,738	4,669
	<u>10,695</u>	<u>18,909</u>	<u>18,966</u>
Mine property, plant and equipment	68,991	78,346	70,627
Mineral properties and deferred development	30,127	28,407	29,442
Investments and advances	262	311	277
Future income taxes	-	751	203
Other assets and deferred charges	2,065	1,694	1,675
	<u>\$ 112,140</u>	<u>\$ 128,418</u>	<u>\$ 121,190</u>
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	\$ 6,802	\$ 8,525	\$ 6,553
Current portion of long term debt (Note 3)	5,008	8,751	7,331
	<u>11,810</u>	<u>17,276</u>	<u>13,884</u>
Provision for reclamation costs	3,467	5,627	3,467
Deferred gain	4,665	9,239	4,322
Future income taxes	177	207	193
Convertible debentures	2,156	2,690	2,427
Long term debt (Note 3)	12,871	20,338	18,006
	<u>35,146</u>	<u>55,377</u>	<u>42,299</u>
SHAREHOLDERS' EQUITY			
Share capital (Note 4)	316,373	310,530	310,527
Special warrants	-	-	5,840
Equity portion of convertible debentures	6,994	6,460	6,723
Deficit	(246,373)	(243,949)	(244,199)
	<u>76,994</u>	<u>73,041</u>	<u>78,891</u>
	<u>\$ 112,140</u>	<u>\$ 128,418</u>	<u>\$ 121,190</u>

Nature of operations (Note 1)
Subsequent events (Note 8)

Approved by the Board

/Hugh C. Morris/

Director

/Paul N. Wright/

Director

Eldorado Gold Corporation

Consolidated Statements of Operations and Deficit

Expressed in thousands of U.S. dollars except per share amounts

	Three months		Three months		Six months ended	
	Ended		Ended		June 30	
	June 30		June 30		June 30	
	2001		2000		2001	
	(unaudited)		(unaudited)		(unaudited)	
					2000	
					(unaudited)	
Revenue						
Gold sales	\$	8,812	\$	13,198	\$	18,144
Interest and other income		467		123		589
		<u>9,279</u>		<u>13,321</u>		<u>18,733</u>
						<u>28,026</u>
Expenses						
Operating costs		6,488		8,294		12,879
Depletion, depreciation and amortization		2,258		3,064		4,464
General and administrative		728		837		1,485
Exploration expense		229		139		365
Interest and financing costs		584		734		1,290
Reclamation		-		134		-
Foreign exchange loss (gain)		(76)		127		120
		<u>10,211</u>		<u>13,329</u>		<u>20,603</u>
						<u>26,799</u>
(Loss) profit before the undernoted items		<u>(932)</u>		<u>(8)</u>		<u>(1,870)</u>
						<u>1,227</u>
Gain on disposition of assets		-		-		89
						-
(Loss) profit before income taxes		<u>(932)</u>		<u>(8)</u>		<u>(1,781)</u>
						<u>1,227</u>
Taxes						
Current		(59)		(812)		81
Future		-		908		(203)
						<u>743</u>
Net (loss) income for the period	\$	<u>(991)</u>	\$	<u>88</u>	\$	<u>(1,903)</u>
						<u>1,092</u>
Deficit at the beginning of the period		(245,245)		(243,912)		(244,199)
Interest on equity portion of convertible debentures		(137)		(125)		(271)
Deficit at end of the period	\$	<u>(246,373)</u>	\$	<u>(243,949)</u>	\$	<u>(246,373)</u>
						<u>(243,949)</u>
Weighted average number of shares outstanding						
		<u>102,285,772</u>		<u>77,700,205</u>		<u>97,144,787</u>
						<u>76,027,986</u>
(Loss) Income per share - U.S.\$	\$	<u>(0.01)</u>	\$	<u>-</u>	\$	<u>(0.02)</u>
						<u>0.01</u>
(Loss) Income per share - CDN.\$	\$	<u>(0.01)</u>	\$	<u>-</u>	\$	<u>(0.03)</u>
						<u>0.02</u>

Eldorado Gold Corporation
Consolidated Statements of Cash Flows
Expressed in thousands of U.S. dollars

	Three months Ended June 30 2001 (unaudited)	Three months Ended June 30 2000 (unaudited)	Six months ended June 30 2001 (unaudited)	2000 (unaudited)
Cash flows from operating activities				
Net (loss) income for the period	\$ (991)	\$ 88	\$ (1,903)	\$ 1,092
Items not affecting cash				
Depletion, depreciation and amortization	2,258	3,064	4,464	6,091
Reclamation	-	134	-	281
Future income taxes	-	597	203	762
Gain on disposition of mine property, plant and equipment	-	-	(89)	-
Interest on equity portion of convertible debentures	(137)	(125)	(271)	(250)
Amortization of hedging gain	(756)	(1,581)	(1,657)	(3,162)
Amortization of financing fees	193	-	193	-
Foreign exchange loss (gain)	(73)	8	86	(5)
Other	-	(33)	-	(54)
	494	2,152	1,026	4,755
Decrease (increase) in accounts receivable	624	126	1,186	(698)
Decrease (increase) in inventories	19	(226)	22	(69)
Increase (decrease) in accounts payable and accrued liabilities	(33)	342	249	(2,560)
Liquidation of hedges	-	-	2,000	-
	1,104	2,394	4,483	1,428
Cash flow from investing activities				
Mine property, plant and equipment	(1,401)	(1,147)	(2,765)	(2,290)
Proceeds from disposition of mine property, plant and equipment	-	-	215	-
Mineral properties and deferred development	(363)	(474)	(685)	(722)
Investments and advances	10	34	15	14
Reclamation costs incurred	-	-	-	12
Restricted cash	5,339	122	7,053	(2,644)
	3,585	(1,465)	3,833	(5,630)
Cash flow from financing activities				
Repayment of long term debt	(5,595)	(1,021)	(8,145)	(2,256)
Issue of common shares:				
Voting - for cash	6	(17)	6	5,665
Other assets and deferred charges	(87)	30	(85)	-
	(5,676)	(1,008)	(8,224)	3,409
Foreign exchange (loss) gain on cash held in foreign currency	81	(8)	(102)	5
Net Increase (decrease) in cash and cash equivalents	(906)	(87)	(10)	(788)
Cash and cash equivalents at beginning of the period	3,196	2,552	2,300	3,253
Cash and cash equivalents at end of the period	\$ 2,290	\$ 2,465	\$ 2,290	\$ 2,465
Supplemental cash flow information - (Note 7)				
Interest paid	\$ 551	\$ 654	\$ 1,098	\$ 1,504
Income tax paid	\$ 63	\$ 111	\$ 126	\$ 1,624

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2nd Quarter ended June 30, 2001 and 2000 (in thousands of U.S. dollars except per share amounts)

1. Nature of Operations

Eldorado Gold Corporation ("Eldorado", "the Company") is engaged in gold mining and related activities, including exploration, extraction, processing and reclamation. Gold, the primary product, is produced in Brazil. There was also production in Mexico until November 1, 2000. Exploration activities are carried on in Brazil and Turkey.

Need for additional working capital

Management estimates that the Company has sufficient working capital and anticipated cash flow to meet its planned normal operating expenditures and debt repayments for the remainder of 2001. The Company is preparing, for completion in the third quarter, a revised mine plan for São Bento that will enable the Company to more accurately extend its forecast beyond the end of 2001. The Company is also engaged in taking further action to strengthen its balance sheet. On that basis, the Company believes that it can continue as a going concern for the foreseeable future.

However, there can be no assurance that the steps the Company is taking will be successful. The financial statements do not reflect adjustments in the carrying values of the assets and liabilities, the reported revenues and expenses, or the balance sheet classifications used, that would be necessary if the Company is not successful in strengthening its balance sheet.

Mineral properties and deferred development

The Company has not determined whether all its development properties contain ore reserves that are economically recoverable. The recoverability of the amount shown for mineral properties and deferred development is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing, licenses and permits to complete the exploration and development of its properties, and upon future profitable production or proceeds from the disposition of the properties. The amounts shown as mineral properties and deferred development represent net costs to date, less amounts amortized and/ or written off and do not necessarily represent present or future values.

2. Significant Accounting Policies

Basis of presentation

These financial statements do not conform in all respects to the requirements of generally accepted accounting principles for annual financial statements. These interim financial statements should be read in conjunction with the most recent annual financial statements of the company.

These financial statements follow the same accounting policies and methods of application as the most recent annual financial statements of the company.

Earnings (loss) per share

Earnings (loss) per share amounts are calculated using the weighted average number of shares outstanding during the six months ended of 97,144,787 (six months 2000 –76,027,986). Diluted earnings (loss) per share are not reported, as they are not materially different from the basic earnings per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2nd Quarter ended June 30, 2001 and 2000 (in thousands of U.S. dollars except per share amounts)

3. Long Term Debt and Restricted Cash

	June 30, 2001	June 30, 2000	December 31, 2000
Restricted Cash			
Reserve account	\$ -	\$ 3,312	\$ 1,305
Liquidity account	-	2,601	2,624
Escrow In-Trust Account	-	-	3,124
	<u>\$ -</u>	<u>\$ 5,913</u>	<u>\$ 7,053</u>
Long term debt			
Corporate loan facility	\$ 17,371	\$ 28,000	\$ 24,506
Equipment purchase loan	178	751	498
Energold Mining Ltd. loan	330	338	333
	<u>\$ 17,879</u>	<u>\$ 29,089</u>	<u>\$ 25,337</u>
Current portion	<u>(5,008)</u>	<u>(8,751)</u>	<u>(7,331)</u>
	<u>\$ 12,871</u>	<u>\$ 20,338</u>	<u>\$ 18,006</u>

Corporate loan

Commencing on March 31, 1999 the Company, as part of the Amended and Restated Credit Agreement (the "ARCA") with NM Rothschild & Sons Ltd. ("NM Rothschild"), agreed to the establishment of a Reserve account in which the Company agreed to deposit cash quarterly under certain circumstances. The purpose of this account is to serve as a reserve against future payments of principal, interest and other amounts due under the Loan Agreement. At June 30, 2001 the amount held in the Reserve account of \$1,310 was used to reduce the loan balance with NM Rothschild.

Effective March 1, 2000, the Company, as part of a Second Agreement and Amendment to the ARCA, agreed to the establishment of a Liquidity Account in which the Company agreed to deposit cash quarterly under certain circumstances. The purpose of this account is to serve as a reserve against future payments of principal, interest and other amounts due under the Loan Agreement. At June 30, 2001 the amount held in the Liquidity Account of \$4,012 was used to reduce the loan balance with NM Rothschild.

On June 29, 2001 the Company entered into an agreement ("the Sixth Amendment") with NM Rothschild where among other things the June 30, 2001 principal payment of \$1,000 was made from the Company's Reserve and Liquidity Accounts (the "Deposit Accounts"). The funds remaining in the Deposit Accounts were used to prepay the principal payment due on September 30, 2001 of \$1,500 and the remaining balance applied to the principal payment due on December 31, 2003. The Sixth Amendment also provides for an amendment to the fee payable by the Company upon payment of the loan in full (the "Backend Fee"). The Company will pay to Rothschild an amended Backend Fee in an amount of the sum of \$1,000 plus an amount calculated for the period commencing June 30, 2001 and ending on the final repayment date multiplied by the rate of 2.5% per annum on the daily average principal amount of loan outstanding during the period. The Company also agreed to hire a financial advisor to facilitate a corporate transaction.

The repayment schedule on the NM Rothschild corporate facility is as follows:

	July 1- Dec. 31 2001	2002	2003
Loan repayment	\$ 1,500	\$ 6,000	\$ 9,871

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2nd Quarter ended June 30, 2001 and 2000 (in thousands of U.S. dollars except per share amounts)

4. Share Capital

Eldorado's authorized share capital consists of an unlimited number of voting and non-voting common shares with no par value. The details of the common shares issued and outstanding are as follows:

2001	Shares Issued	Amount
Shares at beginning of the year	84,040,314	\$ 310,527
Shares for cash consideration	18,245,458	5,846
Shares at June 30, 2001	<u>102,285,772</u>	<u>\$ 316,373</u>

On November 24, 2000 the Company completed a private placement of 18,245,458 Special Warrants at a price of Cdn\$.55 per Special Warrant to raise gross proceeds of Cdn\$10,035 (US\$6,520). Net proceeds received after payment of expenses related to the offering were US\$5,846. On January 23, 2001 these warrants were converted to shares in the Company for no additional consideration.

5. Hedging Commitments (See note 8)

Gold hedging

At June 30, 2001, Eldorado's hedging program consisted of the following flat forward and spot deferred gold contracts.

	2001	2002	2003	2004
Forward gold sales contracts (ounces)	57,333	111,600	111,600	46,000
Average price (\$/oz.)	292	297	297	288
Deferred gain (\$/oz.)	16	22	11	-
Total (\$oz.)	<u>308</u>	<u>319</u>	<u>308</u>	<u>288</u>

The positions held by Eldorado were in the form of flat forward or spot deferred contracts including 326,533 ounces of flat forward contracts, to be delivered at a rate of 9,300 ounces per month, at a price of \$296.60.

There were 46,000 ounces of spot deferred contracts priced in the range of \$269 to \$291. These spot deferred contracts can be rolled forward or deferred to later delivery dates if the spot price at the time of maturity is higher than the contract price. Spot deferred contracts are a forward sale that will accrue contango (interest) until the intended delivery date of the contract. The average price per ounce reflects the estimated cumulative net value of contango earned to the designated delivery dates. If contracts are rolled forward then for accounting purposes the profit or loss is recorded at the time the contract was first scheduled to be matched to production.

The mark-to-market value of the Company's hedge position at June 30, 2001 was \$4,000 at a spot price of \$270.50 per ounce, using a contango rate of 3.00%.

NM Rothschild currently accounts for 100% of the Company's hedge positions and is also the Company's senior secured lender. The Company would not face any margin calls unless the gold price rose above \$324 per ounce, assuming a contango of 3.00%.

On July 2, 2001 the Company liquidated a portion of its gold hedge. Following this liquidation the Company would not face margin calls unless the gold price rose above \$412 per ounce, assuming a contango of 3.25%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2nd Quarter ended June 30, 2001 and 2000 (in thousands of U.S. dollars except per share amounts)

Currency hedging

June 30, 2001

Brazilian Real forward purchases	
Commitments outstanding	BRL12,400,000
Average Exchange Rate (BRL/USD)	2.0220

At June 30, 2001, Eldorado had outstanding commitments to purchase the above Brazilian Reals ("BRL") at fixed exchange rates for forward delivery. The mark-to-market value of the Company's Real hedge position at June 30, 2001 was a loss of \$776 at an exchange rate of 2.315.

On July 2, 2001 the Company liquidated its Brazilian Real hedge position.

6. Segmented Information

All of Eldorado's operations are related to the gold mining industry. In 2000 Eldorado had two producing mines, São Bento for the complete year and La Colorada for the first 10 months of the year, with mining and exploration assets located in North America, South America and Turkey. Hedging revenues have been proportionally allocated to the mines based upon their gold production.

	Three months		Six months	
	ended June 30, 2001	ended June 30, 2000	ended June 30, 2001	ended June 30, 2000
Gold sales				
São Bento Mine	\$ 8,812	\$ 9,121	\$ 18,144	\$ 19,850
La Colorada Mine	-	4,077	-	7,932
	8,812	13,198	18,144	27,782
Operating costs				
São Bento Mine	6,488	4,667	12,879	10,230
La Colorada Mine	-	3,627	-	7,026
	6,488	8,294	12,879	17,256
Depletion, depreciation and amortization				
São Bento Mine	2,103	1,954	4,207	3,907
La Colorada Mine	-	1,017	-	2,000
	2,103	2,971	4,207	5,907
Corporate expenses, net of interest and other income	(924)	(1,668)	(2,563)	(2,894)
Exploration expense	(229)	(139)	(365)	(217)
Gain on disposition of assets	-	-	89	-
Reclamation	-	(134)	-	(281)
	(932)	(8)	(1,781)	1,227
(Loss) profit before income taxes				
Taxes				
Current	(59)	(812)	81	(878)
Future	-	908	(203)	743
Net (loss) income for the period	\$ (991)	\$ 88	\$ (1,903)	\$ 1,092

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2nd Quarter ended June 30, 2001 and 2000 (in thousands of U.S. dollars except per share amounts)

6. Segmented Information (continued)

	Three months ended		Six months ended	
	June 30 2001	June 30 2000	June 30 2001	June 30 2000
Revenues by geographic area				
North America	\$ 65	\$ 4,147	\$ 174	\$ 8,094
South America	9,214	9,165	18,558	19,915
Turkey	-	9	1	17
Australia	-	-	-	-
	\$ 9,279	\$ 13,321	\$ 18,733	\$ 28,026
Net (loss) income by geographic area				
North America	\$ (1,284)	\$ (1,930)	\$ (2,724)	\$ (3,968)
South America	460	2,066	1,010	5,179
Turkey	(158)	(47)	(202)	(133)
Australia	(9)	(1)	13	14
	\$ (991)	\$ 88	\$ (1,903)	\$ 1,092

	Six months ended		
	June 30 2001	June 30 2000	December 31 2000
Segment assets			
Sao Bento Mine	\$ 78,206	\$ 80,572	\$ 79,650
La Colorada Mine	-	9,338	-
La Trinidad Mine	-	299	-
Total assets for reportable segments	78,206	90,209	79,650
Mineral properties and deferred development	30,127	28,407	29,442
Other	3,807	9,802	12,098
	\$ 112,140	\$ 128,418	\$ 121,190
Assets by geographic area			
North America	\$ 3,257	\$ 18,635	\$ 11,308
South America	78,405	80,828	79,877
Turkey	30,477	28,953	30,004
Australia	1	2	1
	\$ 112,140	\$ 128,418	\$ 121,190

7. Supplementary Cash Flow Information

	2001	2000
Financing activities		
Long term debt backend fees accrual	\$ (494)	\$ -
Increase in long term debt	494	-
	\$ -	\$ -

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2nd Quarter ended June 30, 2001 and 2000 (in thousands of U.S. dollars except per share amounts)

8. Subsequent Events

As at July 2, 2001, the Company closed out its gold hedging contracts maturing after December 31, 2001, restructured its gold hedging contracts due July 31, 2001 to December 31, 2001 and closed out all Brazilian Real hedging contracts. The net funds from the Hedge Contracts liquidation will be applied as prepayment of the Corporate loan facility reducing the Company's debt by a further \$1,200 by year end.

In July, the Company reached agreement with its insurers for final settlement of the Company's claim for repair of the São Bento autoclave that failed in September 1998. The settlement is comprised of two elements. Two staged payments totaling US\$6.4 million will effect the repair of the autoclave to full re-insurable standards. Secondly, ongoing payments will fund business interruption losses for the period of the repair. The Company believes these funds will be adequate to fully repair the autoclave.

Management Discussion and Analysis

2nd Quarter ended June 30, 2001 and 2000 (in thousands of U.S. dollars except per share amounts)

PRODUCTION HIGHLIGHTS

	First Quarter 2001	Second Quarter 2001	Second Quarter 2000	First Six Months 2001	First Six Months 2000
<u>Gold Production</u>					
Ounces	28,086	26,654	38,791	54,740	82,129
Cash Operating Cost (\$/oz)	221	238	210	229	206
Total Cash Cost (\$/oz) ¹	228	243	214	235	210
Total Production Cost (\$/oz) ²	311	323	293	317	283
Realized Price (\$/oz) ³	302	297	301	299	300
<u>são Bento Mine, Brazil</u>					
Ounces	28,086	26,654	25,867	54,740	57,010
Tonnes to Mill	113,855	107,504	136,288	221,359	276,548
Grade (grams / tonne)	9.25	9.36	6.92	9.31	7.20
Cash Operating Cost (\$/oz)	221	238	175	229	174
Total Cash Cost (\$/oz) ¹	228	243	180	235	179
Total Production Cost (\$/oz) ²	311	323	264	317	250
<u>La Colorada Mine, Mexico</u> ⁴					
Ounces			12,924		25,119
Tonnes to Leach Pad			581,932		1,197,997
Grade (grams / tonne)			1.05		1.00
Cash Operating Cost(\$/oz)			280		279
Total Cash Cost (\$/oz) ¹			281		280
Total Production Cost (\$/oz) ²			351		359

- 1 Cash Operating Costs plus royalties and the cost of off-site administration.
- 2 Total Cash Cost plus depreciation, amortization and reclamation.
- 3 Excludes amortization of deferred gain.
- 4 La Colorada Mine was sold November 1, 2000.

Management Discussion and Analysis

2nd Quarter ended June 30, 2001 and 2000 (in thousands of U.S. dollars except per share amounts)

Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations of Eldorado Gold Corporation (the "Company" or "Eldorado") should be read in conjunction with the unaudited consolidated financial statements and the notes. The company prepares and files its consolidated financial statements and MD&A in United States dollars ("US\$") and in accordance with Canadian generally accepted accounting principles ("GAAP").

Outlook

The Company has continued to focus on operating São Bento, advancing its assets in Turkey, strengthening its balance sheet and providing its investors with exposure to gold price increases. São Bento operations have been affected from June 2001, by power restrictions in Brazil, which are expected to reduce production at São Bento by 15% for the duration of the power rationing program.

The Company has reduced its debt by \$5,595 in the second quarter of 2001, partly as a result of applying funds in the restricted cash accounts to pay down debt.

In addition, the Company closed out the majority of its gold hedge position after the quarter end. This had the effect of substantially increasing the Company's leverage to the gold price, as well as reducing the risk of exposure to margin calls associated with a sudden increase in the gold price.

The Company is committed to taking further action to improve the balance sheet, which may include a corporate transaction.

The Company's internal cash flow projection show that it has sufficient cash and working capital to continue operating through the end of 2001; and a mine plan is being prepared for São Bento which will enable us to refine our forecast beyond 2001. This, together with the planned corporate transaction, supports the view of the Company that it can continue to operate for the foreseeable future.

As the Company is now substantially unhedged, it is exposed to risks in the event of weakened gold price, and the strengthened Brazilian currency, in addition to the normal operating risks associated with gold mining.

Second Quarter 2001 Financial Performance

The Company experienced three significant events during the second quarter of 2001. Effective June 1, 2001 the Brazilian government implemented a previously announced national program to reduce electrical power consumption by 20%. The length of time this program will be in place is undefined. To comply with this program São Bento mine closed its Biox plant. The closure of the Biox plant is forecasted to reduce gold production from the São Bento mine by 15%.

Secondly, on June 29, 2001 the Company agreed to a Sixth Amendment to the Amended and Restated Credit Agreement (the "ARCA"). This agreement allowed for the loan payment of \$1,000 due on June 30, 2001 to be paid from the Reserve/Liquidity Account as well as the September 30, 2001 payment of \$1,500 with the remaining balance of the Reserve/Liquidity Account of \$2,300 be applied to the final payment due in 2003. The agreement called for the closure of the Company's Brazilian Real hedge position and the gold hedge position from January 1, 2002 forward. The hedge position was closed on July 2, 2001. The funds generated \$1,200 from the closure of the hedges are to be applied to the final loan payment due in 2003. Finally, the Company agreed to hire a financial advisor to facilitate a corporate transaction.

Management Discussion and Analysis

2nd Quarter ended June 30, 2001 and 2000 (in thousands of U.S. dollars except per share amounts)

Thirdly, The Company reached agreement with its insurers for final settlement of the Company's claim for repair of the São Bento autoclave that failed in September 1998. The settlement is comprised of two elements. Two staged payments totaling US\$6.4 million will effect the repair of the autoclave to full re-insurable standards. Secondly, ongoing payments will fund business interruption losses for the period of the repair. The Company believes the funds from this settlement will be sufficient to complete the repair.

The impacts of these above events on the second quarter Financial Statements are a reduction in the Corporate debt payable by utilization of the Reserve/Liquidity Account and a reduction in gold ounce production in June 2001 a result of the mandated power reduction program. The close out of the Company's hedge position and settlement of the autoclave insurance claim are events that have occurred after the end of the quarter and will affect the financial statements in future quarters

Eldorado Gold Corporation's unaudited net income for the second quarter of 2001 was a loss of \$991 (\$0.01 per share) compared to income of \$88 (\$0.00 per share) in the second quarter of 2000. For the six months ending June 30, 2001 the Company's net income was a loss of \$1,903 (\$0.02 per share) compared to a gain of \$1,092 (\$0.01 per share) for the same period in 2000. The Company ended the second quarter 2001 with unrestricted cash of \$2,290 compared to \$2,300 as at December 31, 2000. On June 29, 2001 restricted cash of \$5,300 was utilized to reduce the Company's debt. Total debt excluding convertible debentures was reduced from \$25,337 as at December 31, 2000 to \$17,879 net of fees in the second quarter ended June 30, 2001. Cash flow from operations after working capital changes for June 30, 2001 was \$911 (\$0.01 per share) compared with cash generation of \$2,394 (\$0.03 per share) for June 30, 2000.

Thousands of U.S. dollars except share amounts

	2nd Quarter 2001	2nd Quarter 2000	6 Months 2001	6 Months 2000
Gold Revenue	\$ 8,812	\$ 13,198	\$ 18,144	\$ 27,782
Net Income (loss)	\$ (991)	\$ 88	\$ (1,903)	\$ 1,092
Net Income per share (loss)	\$ (0.01)	\$ -	\$ (0.02)	\$ 0.01
Cash Flow from operations	\$ 1,104	\$ 2,394	\$ 4,483	\$ 1,428
Cash Flow per share (loss)	\$ 0.01	\$ 0.03	\$ 0.05	\$ 0.02

Decreased revenues in the second quarter of 2001 compared with the same period in 2000 occurred as a result of reduced production and lower realized gold price. Reduced production in the 2nd quarter 2001 compared to the 2nd quarter 2000 was a result of the impact of the Brazilian government mandated 20% reduction in power consumption and the La Colorada mine sale on November 1, 2000. For six months ended June 30, 2001 the increased cash flow is a result of liquidation of the Company's gold hedge position in January of 2001 creating \$2,000 in positive cash flow.

Production

The Company sold its subsidiaries in Mexico effective November 1, 2000. Gold production in the second quarter of 2001 was 26,654 ounces (54,740 for six months 2001) produced at the São Bento mine in Brazil. This compares to 38,791 ounces (82,129 for six months 2000) in the second quarter of 2000, which consisted of gold production of 25,867 ounces (57,010 ounces for six months 2000) from São Bento and 12,924 ounces (25,119 ounces for six months 2000) from the La Colorada mine in Mexico.

Management Discussion and Analysis

2nd Quarter ended June 30, 2001 and 2000 (in thousands of U.S. dollars except per share amounts)

Increased production during the second quarter at the Company's São Bento mine when compared to the second quarter of last year occurred as ore grade increased in 2001 to 9.36 grams per tonne compared to 6.92 grams per tonne in 2000. In 2000 the mine modified its mining method to reduce the negative impact of ground instability in the mine. These changes have resulted in mining lower ore tonnage at higher-grade. On May 25, 2001 the Brazilian government issued a resolution to reduce the usage of electrical energy. Effective June 1, 2001 the São Bento mine reduced its energy consumption to 80% of its average rate for, at present, an unspecified period. It is expected this energy reduction will negatively impact gold production at the São Bento Mine by 15% going forward.

Production Highlights (All figures in U.S. Dollars)

	2nd Quarter 2001	2nd Quarter 2000	6 Months 2001	6 months 2000
Gold Production				
Ounces	26,654	38,791	54,740	82,129
Cash Operating Cost (\$/oz)	238	210	229	206
Total Cash Cost (\$/oz)	243	214	235	210
Total Production Cost (\$/oz)	323	293	317	283
Realized Price	297	301	299	300
Sao Bento Mine, Brazil				
Ounces	26,652	25,867	54,740	57,010
Ore tonnes	107,504	136,288	221,359	276,548
Grade (grams/tonne)	9.36	6.92	9.31	7.20
Cash Operating Cost (\$/oz)	238	175	229	174
Total Cash Cost (\$/oz)	243	180	235	179
Total Production Cost (\$/oz)	323	264	317	250
La Colorada Mine, Mexico				
Ounces	-	12,924	-	25,119
Ore Tonnes	-	581,932	-	1,197,997
Grade (gram/tonne)	-	1.05	-	1.00
Cash Operating Cost (\$/oz)	-	280	-	279
Total Cash Cost (\$/oz)	-	281	-	280
Total Production Cost (\$/oz)	-	351	-	359

São Bento Mine

In the second quarter of 2001 the São Bento mine produced 107,504 tons of ore at a grade of 9.36 grams per tonne. This compares to 136,288 tons of production in the second quarter of 2000 at a grade of 6.92 grams per tonne. For the first six months of 2001 ore production from the mine was 221,359 tons of ore at a grade of 9.31 grams per tonne compared to production of 276,548 tons of ore at a grade of 7.20 grams per tonne in the first six months of 2000. Reduced ore production in 2001 compared to 2000 is a result of modification in the mining method adopted in late 2000 to reduce ground control instability in the mine and increase the ore grade.

Gold production from the processing plant was hampered in the second quarter of 2001 as the government of Brazil issued a resolution requiring all consumers of electrical power to reduce the usage by 20% effective June 1, 2001. São Bento mine complied with demand by shutting down its Biox processing plant. Closure of the Biox plant reduces the power consumption at the mine the required 20% but reduces gold production by 15%. At the present time the power reduction requirement will be in place for an unspecified time.

Management Discussion and Analysis

2nd Quarter ended June 30, 2001 and 2000 (in thousands of U.S. dollars except per share amounts)

Total second quarter 2001 cash costs at São Bento were \$243 per ounce compared to \$214 per ounce in 2000. The increased costs are a result of the modification in the mining plan to control ground instability problems and reduced production due to governmental electrical power restrictions.

Consolidated Gold Production Cost per Ounce

	2nd Quarter 2001	2nd Quarter 2000	6 Months 2001	6 Months 2000
Direct mining expenses	\$ 227	\$ 202	\$ 225	\$ 200
Inventory change	7	(1)	-	2
Stripping and Development	-	8	-	5
Third party smelting, refining and transportation	5	6	5	5
By-product credits	(1)	(5)	(1)	(6)
Cash operating cost per ounce	<u>\$ 238</u>	<u>\$ 210</u>	<u>\$ 229</u>	<u>\$ 206</u>
Royalties and Production taxes	5	4	6	4
Total cash costs per ounce	<u>\$ 243</u>	<u>\$ 214</u>	<u>\$ 235</u>	<u>\$ 210</u>
Depreciation/Depletion	79	76	77	71
Exchange (Gain)/ Loss	1	(1)	5	(2)
Reclamation and mine closure	-	4	-	4
Total production costs per ounce	<u>\$ 323</u>	<u>\$ 293</u>	<u>\$ 317</u>	<u>\$ 283</u>

Financial Condition and Liquidity

Cash from operations

Operations after changes in working capital generated cash flow of \$1,104 in the second quarter of 2001, as compared to \$2,394 in 2000. The reduction in cash from operations for the previous year is mainly due to lower net income a result of lower realized gold price (\$297 per ounce in 2001 compared to \$301 per ounce in 2000), decreased gold production (26,654 ounces in 2001 compared to 38,791 ounces in 2000) and increased production cost (\$243 per ounce in 2001 compared to \$214 per ounce in 2000). This compares to a six month cash generation from operations of \$4,483 in 2001 to \$1,428 in 2000. The increase in cash in the six months of 2001 is a result of the restructuring of the Company's hedge book in the first quarter of 2001 generating an additional \$2,000 in cash and a reduction of the working capital needs of the Company.

Investing Activities

Total funds invested in property, plant and equipment at São Bento were \$1,401 in the second quarter of 2001 compared to \$1,147 in the second quarter of 2000. Capital expenditures at the São Bento Mine were \$1,053 for mine development and exploration, \$315 mining and processing equipment and \$33 other. The second quarter 2000 mine capital expenditures at São Bento were \$1,169 mine development and exploration, \$131 mine equipment and \$146 other offset by \$299 in a credit for deferred stripping from the La Colorada mine. Funds invested for the six month period in 2001 were \$2,550 net of dispositions for São Bento mine compared to \$2,290 in 2000 of which \$2,632 was for São Bento mine and a credit of deferred stripping for La Colorada mine of \$342.

Management Discussion and Analysis

2nd Quarter ended June 30, 2001 and 2000 (in thousands of U.S. dollars except per share amounts)

Capitalized expenditures for Mineral properties and development were \$363 in the second quarter of 2001 compared to \$474 in the second quarter of 2000. The 2001 outlays were mainly expended at Kisladag \$343. In the first quarter of 2000 \$201 was expended on Kisladag. The Company completed the pre-feasibility on the Kisladag project and filed the study with the Securities Commissions in June 2001. The majority of mineral property and deferred development expenditures for the remainder of the 2001 will be on the Kisladag project.

Financing Activities

Consolidated short and long-term borrowings excluding convertible debentures were \$17,879 as at June 30, 2001 compared to \$29,089 as at June 30, 2000 and \$25,337 as at December 31, 2000. During the second quarter of 2001 payments of \$5,300 were made on the Corporate loan facility with NM Rothschild from the Reserve/Liquidity Account. Of the \$5,300 payment \$1,000 and \$1,500 were used to make the June 30, 2001 and September 30, 2001 loan payments while the remaining funds were applied to the final payment due in December 2003. The Corporate loan facility as at June 30, 2001 was \$17,371 that includes \$1,193 in financing fees. This compares to a December 31, 2000 balance of \$24,506 that includes \$506 in financing fees.

On February 23, 2001 the Company filed with the Securities Commissions the final prospectus in regard to the financing announced on November 24th, 2000. With the filing of the final prospectus the remaining funds of \$3,124 held in the financing escrow account were released to the Company. The Company in complying with the financing agreements retained 50% (\$1,392 after share issue costs) of these funds for operational and developmental activities and transferred the remaining 50% into the Liquidity Account.

As at December 31, 2000 the Company had warrants subscribed in the amount of 18,245,458 relating to the November financing. Upon completion of the financing on February 23, 2001 these warrants were converted into 18,245,458 shares of the Company.

Forward Sales and Other commitments

On July 2, 2001 the Company restructured its hedge books. The Company's gold hedge position from January 1, 2002 to June 30, 2004 and the Brazilian hedge book were closed. The net cash generated from this transaction was \$1,200. This cash will be used to reduce the corporate loan facility by \$800 in July 2001 with the remainder deposited into the Reserve Account.

Gold Hedge Position after giving effect to subsequent event

	2001	2002	2003	2004
Gold ounces				
Spot deferred contracts				
Amount hedged	-	-	-	-
Average price (\$/oz.)	\$ -	\$ -	\$ -	\$ -
Fixed forward contracts				
Amount hedged	46,533	-	-	-
Average price (\$/oz.)	\$ 297	\$ -	\$ -	\$ -