



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

**September 30, 2000**

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

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# Eldorado Gold Corporation

## Consolidated Balance Sheets

Expressed in thousands of U.S. dollars

	September 30 2000 (Unaudited)	September 30 1999 (Unaudited)	December 31 1999
<b>ASSETS</b>			
Current Assets			
Cash	\$ 1,362	\$ 3,972	\$ 3,253
Restricted cash (Note 1)	4,918	3,200	3,269
Accounts receivable	4,808	2,994	3,095
Inventories	6,711	4,822	6,669
	<u>17,799</u>	<u>14,988</u>	<u>16,286</u>
Mine property, plant and equipment	76,132	84,536	81,976
Mineral properties and deferred development	29,116	27,365	27,685
Investments and advances	264	406	325
Future income taxes (Note 3)	635	-	1,513
Other assets and deferred charges	2,543	1,965	1,877
	<u>\$ 126,489</u>	<u>\$ 129,260</u>	<u>\$ 129,662</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable and accrued liabilities	\$ 8,695	\$ 10,657	\$ 11,065
Current portion of long term debt (Note 1)	9,613	477	6,732
	<u>18,308</u>	<u>11,134</u>	<u>17,797</u>
Provision for reclamation costs	5,317	6,097	5,399
Deferred gain (Note 2)	8,097	13,694	12,401
Future taxes payable	188	227	228
Convertible debentures	2,559	3,063	2,941
Long term debt (Note 1)	19,278	30,862	24,613
	<u>53,747</u>	<u>65,077</u>	<u>63,379</u>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital (Note 4)	310,527	304,757	304,865
Equity portion of convertible debentures	6,591	6,087	6,209
Deficit	(244,376)	(246,661)	(244,791)
	<u>72,742</u>	<u>64,183</u>	<u>66,283</u>
	<u>\$ 126,489</u>	<u>\$ 129,260</u>	<u>\$ 129,662</u>

Approved by the Board

/Wayne Lenton/

Director

/Hugh Morris/

Director

# Eldorado Gold Corporation

## Consolidated Statements of Operations and Deficit

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

	Three months Ended September 30 2000 (Unaudited)	Three months Ended September 30 1999 (Unaudited)	Period ended September 30 2000 (Unaudited)	Period ended September 30 1999 (Unaudited)
<b>Revenue</b>				
Gold sales	\$ 13,478	\$ 15,269	\$ 41,260	\$ 46,435
Interest and other income	563	1,095	807	2,782
	<u>14,041</u>	<u>16,364</u>	<u>42,067</u>	<u>49,217</u>
<b>Expenses</b>				
Operating costs	9,329	9,938	26,585	29,315
Depletion, depreciation and amortization	2,977	3,248	9,068	9,813
General and administrative	638	800	2,167	2,271
Exploration expense	132	56	349	228
Interest and financing costs	741	676	2,200	2,182
Reclamation	289	216	570	662
Foreign exchange (gain)	(79)	(169)	(113)	(299)
	<u>14,027</u>	<u>14,765</u>	<u>40,826</u>	<u>44,172</u>
Profit before the undernoted items	<u>14</u>	<u>1,599</u>	<u>1,241</u>	<u>5,045</u>
La Trinidad closure costs	-	163	-	(172)
Provision for loss on disposition of subsidiary (Note 5)	(350)	-	(350)	-
<b>Profit (loss) before income taxes</b>	<u>(336)</u>	<u>1,762</u>	<u>891</u>	<u>4,873</u>
Taxes				
Current	(94)	(1,028)	(972)	(1,486)
Future	134	-	877	-
<b>Net income (loss) for the period</b>	<u>\$ (296)</u>	<u>\$ 734</u>	<u>\$ 796</u>	<u>\$ 3,387</u>
Deficit at the beginning of the period	(243,949)	(247,274)	(244,791)	(249,698)
Interest on equity portion of convertible debentures	(131)	(121)	(381)	(350)
Deficit at end of the period	<u>\$ (244,376)</u>	<u>\$ (246,661)</u>	<u>\$ (244,376)</u>	<u>\$ (246,661)</u>
<b>Weighted average number of shares outstanding</b>	<u>84,033,538</u>	<u>73,265,205</u>	<u>76,436,994</u>	<u>73,274,366</u>
<b>Income (loss) per share - U.S.\$</b>	<u>\$ -</u>	<u>\$ 0.01</u>	<u>\$ 0.01</u>	<u>\$ 0.05</u>
<b>Income (loss) per share - CDN.\$</b>	<u>\$ -</u>	<u>\$ 0.02</u>	<u>\$ 0.02</u>	<u>\$ 0.08</u>

# Eldorado Gold Corporation

## Consolidated Statements of Cash Flows

Expressed in thousands of U.S. dollars

	Three months Ended September 30 2000 (Unaudited)	Three months Ended September 30 1999 (Unaudited)	Period ended September 30 2000 (Unaudited)	1999 (Unaudited)
<b>Cash flows from operating activities</b>				
Net income (loss) for the period	\$ (296)	\$ 734	\$ 796	\$ 3,387
Items not affecting cash				
Depletion, depreciation and amortization	2,977	3,248	9,068	9,813
Provision for reclamation costs	289	216	570	662
On going reclamation costs	(599)	(78)	(652)	(98)
Provision for loss on disposition of subsidiary	350	-	350	-
Amortization of future income taxes	116	-	878	-
Interest on equity portion of convertible debentures	(132)	(121)	(382)	(350)
Amortization of hedging gain	(1,142)	(1,092)	(4,304)	(1,092)
Foreign exchange loss (gain)	23	(144)	28	581
	1,586	2,763	6,352	12,903
(Increase) decrease in accounts receivable	(1,015)	2,472	(1,713)	1,799
Decrease (Increase) in inventories	27	31	(42)	739
Increase (Decrease) in accounts payable and accrued liabilities	152	(1,602)	(2,409)	(3,939)
	750	3,664	2,188	11,502
<b>Cash flow from investing activities</b>				
Mine property, plant and equipment	(1,027)	(2,251)	(3,317)	(6,518)
Mineral properties and deferred development	(709)	(700)	(1,431)	(1,300)
Investments and advances	47	-	61	-
Restricted cash	995	(1,000)	(1,649)	(3,200)
Other assets and deferred charges	10	852	22	587
	(684)	(3,099)	(6,314)	(10,431)
<b>Cash flow from financing activities</b>				
Long term debt	(1,143)	(1)	(3,399)	(5,237)
Liquidation of hedges	-	-	-	5,199
Issue of common shares: Voting - for cash	(3)	350	5,662	350
	(1,146)	349	2,263	312
Foreign exchange (loss) gain on cash held in foreign currency	(23)	144	(28)	(581)
<b>Net Increase in cash and cash equivalents</b>	(1,103)	1,058	(1,891)	802
Cash and cash equivalents at beginning of the period	2,465	2,914	3,253	3,170
<b>Cash and cash equivalents at end of the period</b>	\$ 1,362	\$ 3,972	\$ 1,362	\$ 3,972
<b>Supplementary cash flow information</b>				
Interest paid	\$ 541	\$ 841	\$ 2,054	\$ 1,970
Income tax paid	\$ (164)	\$ 51	\$ 1,443	\$ 313
Financing fees accrued	\$ 945	\$ -	\$ 945	\$ -

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2000 and 1999

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

### 1. Long Term Debt and Restricted Cash

	<u>Third Quarter Ended September 30,</u>	
	2000	1999
Restricted cash		
Reserve Account	\$2,315	-
Liquidity Account	<u>2,603</u>	-
	<u>\$4,918</u>	-
Long term debt		
Corporate loan facility	\$27,945	\$30,000
Equipment purchase loan	613	999
Energold Mining Ltd. loan	<u>333</u>	<u>340</u>
	28,891	31,339
Current portion	<u>(9,613)</u>	<u>(477)</u>
	<u>\$19,278</u>	<u>\$30,862</u>

#### *Restricted cash*

Commencing on March 31, 1999 the Company as part of the Amended and Restated Credit Agreement with NM Rothschild & Sons Ltd. ("NM Rothschild"), signed December 31, 1998, 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. As at September 30, 2000 the amount held in the Reserve Account was \$2,315.

Effective on March 1, 2000, in connection with the equity financing described in Note 4, the Company, as part of a Second Agreement and Amendment to Amended and Restated Credit Agreement with NM Rothschild, 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. As at September 30, 2000 the amount held in the Liquidity Account was \$2,603.

On September 29, 2000 the Company entered into an agreement with its senior creditor NM Rothschild where among other things the payment schedule was amended deferring \$1,000 of the \$2,000 September 30, 2000 payment to December 31, 2000. The Reserve Account was used by the Company to pay the September 30, 2000 payment of \$1,000 due NM Rothschild.

#### *Corporate loan facility*

Under an amended agreement dated December 31, 1998, Eldorado and NM Rothschild entered into a credit facility of \$35,000 of which \$27,945 including fees remains outstanding as at September 30, 2000.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2000 and 1999

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The loan bears interest at a floating rate set at LIBOR plus 2.00%, which was 8.619% at September 30, 2000. Drawings under this credit facility had been used to fund the ongoing expansion and optimization program at Eldorado's mines as well as for general corporate purposes. Under certain circumstances, incremental prepayments of principal may be required. The re-payment schedule on the NM Rothschild corporate facility is as follows:

	October 1- Dec. 31,			
	2000	2001	2002	2003
Loan re-payment	\$ 3,000	\$ 8,000	\$ 8,000	\$ 8,945

As a condition of the NM Rothschild credit facility, the Company is required to maintain, so long as amounts are outstanding under the facility, a hedge position sufficient to cover forecasted capital, operating and debt servicing requirements on a rolling basis for the shorter of either the next 36 months or the period ending six months after the scheduled maturity date of the facility. As security for this loan, Eldorado has granted NM Rothschild a general security agreement over the assets of Eldorado as well as claims over the mine assets in Brazil and Mexico and the exploration and development properties in Turkey.

## 2. Hedging Commitments

### Gold hedging

At September 30, 2000, Eldorado's hedging program consists of the following flat forward and spot deferred gold contracts.

	September 1- Dec. 31,			
(\$ per ounce)	2000	2001	2002	2003
Forward gold sales contracts (ounces)	30,000	120,000	111,115	121,191
Average price (\$/oz.)	310	310	303	301
Deferred gain (\$/oz.) 1	24	16	10	10
Total (\$/oz.)	334	326	313	311

Note 1. Gains were realized by the liquidation of forward gold hedges in 1998 and 1999. An amount of \$1,141 has been recorded to earnings in the third quarter of 2000. The balance of \$4,940 will be credited to earnings as follows: \$726 October 1- December 31, 2000; \$1,888 in 2001; \$1,163 in 2002; and \$1,163 in 2003.

The positions held by Eldorado are in the form of flat forward or spot deferred contracts including 210,000 ounces of flat forward contracts, which are being delivered at a rate of 10,000 ounces per month, at a price of \$310 per ounce.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2000 and 1999

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

### 2. Hedging Commitments (continued)

There are 172,306 ounces of spot deferred contracts priced in the range of \$287 to \$327 per ounce. 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 September 30, 2000 was \$1,600 at a spot price of \$274 per ounce.

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 \$331 per ounce, assuming a contango of 6.6%.

#### Currency hedging

	<u>Third Quarter Ended September 30,</u>	
	2000	1999
Brazilian Real forward purchases		
Commitments outstanding	BRL27,500,000	11,000,000
Average Exchange Rate (BRL/USD)	1.8655	1.7541
Spot rate	1.8387	1.9167

At September 30, 2000, Eldorado had outstanding commitments to purchase the above Brazilian Reals at fixed exchange rates for forward delivery.

### 3. Taxes

The Company has adopted Accounting Standard 3465- Future Income Taxes. The potential future income tax asset from the adoption of this standard is not materially different from the amount that would have been calculated using the deferred tax method under Accounting Standard 3470.

### 4. Financing

On January 25, 2000, the Company completed a private placement of 9,500,000 special warrants at a price of Cdn\$0.90 per special warrant to raise gross proceeds of Cdn\$8,550,000. Each special warrant was exercised without payment of additional consideration for a unit (a "Unit") consisting of one common share of Eldorado and one half of a share purchase warrant (a "Warrant"). The net proceeds received from the private placement were Cdn\$7,932,000. Each whole Warrant entitles the holder to acquire an additional common share of Eldorado at a price of Cdn\$1.10 per common share until January 24, 2002, after which time the Warrants will expire.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2000 and 1999

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

### **5. Subsequent Events**

During the third quarter the Company entered into discussion to sell its Mexican subsidiaries to a non related party. Subsequent to September 30, 2000, a final sale agreement is expected to be signed. Proceeds will include \$500 cash and in addition, \$1,390 owing by one of its Mexico subsidiaries to the purchaser shall no longer be a liability to Eldorado. Accordingly, a charge has been recorded in the third quarter to recognize the loss on the transaction of \$350.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2000 and 1999

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### 6. SEGMENTED INFORMATION

	Nine months ended	
	September 30 2000	September 30 1999
<b>Gold sales</b>		
Sao Bento Mine	\$ 29,841	\$ 29,595
La Colorada Mine	11,419	16,840
	<b>41,260</b>	<b>46,435</b>
<b>Operating costs</b>		
Sao Bento Mine	15,979	18,055
La Colorada Mine	10,606	11,260
	<b>26,585</b>	<b>29,315</b>
<b>Depletion, depreciation and amortization</b>		
Sao Bento Mine	5,861	5,384
La Colorada Mine	2,937	4,139
	<b>8,798</b>	<b>9,523</b>
<b>Corporate expenses, net of interest and other income</b>	(3,717)	(1,662)
<b>Exploration expenses</b>	(349)	(228)
<b>La Trinidad closure costs</b>	-	(172)
<b>Reclamation</b>	(570)	(662)
<b>Provision for loss on disposition of subsidiary</b>	(350)	-
	<b>891</b>	<b>4,873</b>
<b>Profit before income taxes</b>		
<b>Taxes</b>		
Current	(972)	(1,486)
Future	877	-
<b>Net income for the period</b>	<b>\$ 796</b>	<b>\$ 3,387</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2000 and 1999

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

### 6. SEGMENTED INFORMATION

	Nine months ended	
	September 30 2000	September 30 1999
<b>Segment assets</b>		
Sao Bento Mine	\$ 80,423	\$ 81,972
La Colorada Mine	7,358	12,801
La Trinidad Mine	-	355
<b>Total assets for reportable segments</b>	<b>87,781</b>	<b>95,128</b>
<b>Mineral properties and deferred development</b>	29,116	27,365
<b>Other</b>	9,592	6,767
	<b>\$ 126,489</b>	<b>\$ 129,260</b>
<b>Revenues by geographic area</b>		
North America	\$ 11,909	\$ 18,228
South America	30,145	30,927
Europe	13	61
Australia	-	1
	<b>\$ 42,067</b>	<b>\$ 49,217</b>
<b>Net income (loss) by geographic area</b>		
North America	\$ (6,638)	\$ (2,991)
South America	7,536	6,456
Europe	(130)	(63)
Australia	28	(15)
	<b>\$ 796</b>	<b>\$ 3,387</b>
<b>Assets by geographic area</b>		
North America	\$ 16,155	\$ 18,957
South America	80,668	82,435
Europe	29,663	27,865
Australia	3	3
	<b>\$ 126,489</b>	<b>\$ 129,260</b>