



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

**September 30, 2001**

**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 2001 (unaudited)	September 2000 (unaudited)	December 31 2000
<b>ASSETS</b>			
Current Assets			
Cash	\$ 3,826	\$ 1,362	\$ 2,300
Restricted cash	400	4,918	7,053
Accounts receivable	3,483	4,808	4,944
Inventories	5,019	6,711	4,669
	<hr/> 12,728	<hr/> 17,799	<hr/> 18,966
Mine property, plant and equipment	67,667	76,132	70,627
Mineral properties and deferred development	30,425	29,116	29,442
Investments and advances	241	264	277
Future income taxes	-	635	203
Other assets and deferred charges	1,998	2,543	1,675
	<hr/> \$ 113,059	<hr/> \$ 126,489	<hr/> \$ 121,190
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable and accrued liabilities	\$ 8,117	\$ 8,695	\$ 6,553
Current portion of long term debt	6,316	9,613	7,331
	<hr/> 14,433	<hr/> 18,308	<hr/> 13,884
Provision for reclamation costs	3,467	5,317	3,467
Deferred gain	6,200	8,097	4,322
Future income taxes	172	188	193
Convertible debentures	2,014	2,559	2,427
Long term debt	10,602	19,278	18,006
	<hr/> 36,888	<hr/> 53,747	<hr/> 42,299
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	316,401	310,527	310,527
Special warrants	-	-	5,840
Equity portion of convertible debentures	7,136	6,591	6,723
Deficit	(247,366)	(244,376)	(244,199)
	<hr/> 76,171	<hr/> 72,742	<hr/> 78,891
	<hr/> \$ 113,059	<hr/> \$ 126,489	<hr/> \$ 121,190

Nature of operations (Note 1)

Approved by the Board

/Paul N. Wright/

Director

/Wayne D. Lenton/

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 2001 (unaudited)		Three months Ended September 30 2000 (unaudited)		Nine months ended September 30 2001 (unaudited)		2000 (unaudited)	
<b>Revenue</b>								
Gold sales	\$	7,994	\$	13,478	\$	26,138	\$	41,260
Interest and other income		54		563		643		807
		<u>8,048</u>		<u>14,041</u>		<u>26,781</u>		<u>42,067</u>
<b>Expenses</b>								
Operating costs		5,306		9,329		18,185		26,585
Depletion, depreciation and amortization		2,262		2,977		6,726		9,068
General and administrative		851		638		2,336		2,167
Exploration expense		64		132		429		349
Interest and financing costs		351		741		1,641		2,200
Reclamation		-		289		-		570
Foreign exchange loss (gain)		(62)		(79)		58		(113)
		<u>8,772</u>		<u>14,027</u>		<u>29,375</u>		<u>40,826</u>
(Loss) profit before the undernoted items		<u>(724)</u>		<u>14</u>		<u>(2,594)</u>		<u>1,241</u>
Provision for loss on disposition of subsidiary		-		(350)		-		(350)
(Loss) gain on disposition of assets		(29)		-		60		-
<b>(Loss) profit before income taxes</b>		<u>(753)</u>		<u>(336)</u>		<u>(2,534)</u>		<u>891</u>
Taxes								
Current		(98)		174		(17)		782
Future		-		(134)		(203)		(877)
<b>Net (loss) income for the period</b>	\$	<u>(851)</u>	\$	<u>(296)</u>	\$	<u>(2,754)</u>	\$	<u>796</u>
Deficit at the beginning of the period		(246,373)		(243,949)		(244,199)		(244,791)
Interest on equity portion of convertible debentures		(142)		(131)		(413)		(381)
Deficit at end of the period	\$	<u>(247,366)</u>	\$	<u>(244,376)</u>	\$	<u>(247,366)</u>	\$	<u>(244,376)</u>
<b>Weighted average number of shares outstanding</b>								
		<u>102,285,772</u>		<u>84,045,314</u>		<u>98,877,280</u>		<u>76,436,994</u>
<b>(Loss) Income per share - U.S.\$</b>	\$	<u>(0.01)</u>	\$	<u>-</u>	\$	<u>(0.03)</u>	\$	<u>0.01</u>
<b>(Loss) Income per share - CDN.\$</b>	\$	<u>(0.02)</u>	\$	<u>-</u>	\$	<u>(0.05)</u>	\$	<u>0.02</u>

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

	Three months Ended September 30 2001 (unaudited)	Three months Ended September 30 2000 (unaudited)	Nine months ended September 30 2001 (unaudited)		2000 (unaudited)
<b>Cash flows from operating activities</b>					
Net (loss) income for the period	\$ (851)	\$ (296)	\$ (2,754)	\$	796
Items not affecting cash					
Depletion, depreciation and amortization	2,262	2,977	6,726		9,068
Reclamation	-	289	-		570
On going reclamation costs	-	(599)	-		(652)
Provision for loss on disposition of subsidiary	-	350	-		350
Future income taxes	-	134	203		877
Loss (gain) on disposition of mine property, plant and equipment	29	-	(60)		-
Interest on equity portion of convertible debentures	(142)	(131)	(413)		(381)
Amortization of hedging gain	(555)	(1,142)	(2,212)		(4,304)
Amortization of financing fees	-	-	193		-
Foreign exchange loss (gain)	429	23	515		28
Others	-	(19)	-		(1)
	1,172	1,586	2,198		6,351
Decrease (increase) in accounts receivable	275	(1,015)	1,461		(1,713)
Decrease (increase) in inventories	(372)	27	(350)		(42)
Increase (decrease) in accounts payable and accrued liabilities	1,315	152	1,564		(2,409)
Liquidation of hedges	2,090	-	4,090		-
	4,480	750	8,963		2,187
<b>Cash flow from investing activities</b>					
Mine property, plant and equipment	(815)	(1,027)	(3,580)		(3,317)
Proceeds from disposition of mine property, plant and equipment	-	-	215		-
Mineral properties and deferred development	(298)	(709)	(983)		(1,431)
Investments and advances	21	47	36		61
Restricted cash	(400)	995	6,653		(1,649)
	(1,492)	(694)	2,341		(6,336)
<b>Cash flow from financing activities</b>					
Repayment of long term debt	(944)	(1,143)	(9,089)		(3,399)
Issue of common shares:					
Voting - for cash	28	(3)	34		5,662
Other assets and deferred charges	(86)	10	(171)		23
	(1,002)	(1,136)	(9,226)		2,286
Foreign exchange (loss) gain on cash held in foreign currency	(450)	(23)	(552)		(28)
<b>Net Increase (decrease) in cash and cash equivalents</b>	1,536	(1,103)	1,526		(1,891)
Cash and cash equivalents at beginning of the period	2,290	2,465	2,300		3,253
<b>Cash and cash equivalents at end of the period</b>	\$ 3,826	\$ 1,362	\$ 3,826	\$	1,362
<b>Supplemental cash flow information - (Note 5)</b>					
Interest paid	\$ 162	\$ 541	\$ 1,260	\$	2,054
Income tax paid	\$ 62	\$ (164)	\$ 188	\$	1,443
Financing fees accruals	\$ -	\$ 945	\$ -	\$	945

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3<sup>rd</sup> Quarter ended September 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 has prepared a revised mine plan for São Bento. The revised plan demonstrates the Company's ability to extend its operations beyond the end of 2002. 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 Company's plan will be met or 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 interim 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 nine months ended of 98,877,280 (nine months 2000 – 76,436,994). Diluted earnings per share are not reported, as they are not materially different from the basic earnings per share.

### 3. Hedging Commitments

#### *Gold hedging*

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

	2001	2002
Forward gold sales contracts (ounces)	21,843	10,000
Average price (\$/oz.)	297	292
Deferred gain (\$/oz.)	26	39
Total (\$oz.)	<u>323</u>	<u>331</u>

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. Following this liquidation the Company would not face any margin calls unless the gold price rose above \$450 per ounce, assuming a contango of 3.25%.

The positions held by Eldorado at September 30, 2001 are in the form of "flat forward" or "Spot deferred" contracts. There are 21,843 ounces of flat forwards, which are scheduled for delivery at a rate of 7,500 ounces per month, at a price of \$296.60. There are 10,000 ounces of spot deferred contracts priced at \$292.34. These spot deferred contracts may be rolled forward or deferred to later delivery dates if the spot price at the time of maturity is higher than the contract price.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3<sup>rd</sup> Quarter ended September 30, 2001 and 2000 (in thousands of U.S. dollars except per share amounts)

### 3. Hedging Commitments (continued)

Spot deferred contracts are a forward sale that will accrue contango (interest) until the 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 past the designated delivery date, 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, 2001 was \$100 at a spot price of \$292.50 per ounce, using a contango rate of 3.25%.

### 4. 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.

	Three months		Nine months	
	ended September 30 2001	ended September 30 2000	ended September 30 2001	ended September 30 2000
<b>Gold sales</b>				
São Bento Mine	\$ 7,994	\$ 9,991	\$ 26,138	\$ 29,841
La Colorada Mine	-	3,487	-	11,419
	<b>7,994</b>	<b>13,478</b>	<b>26,138</b>	<b>41,260</b>
<b>Operating costs</b>				
São Bento Mine	5,306	5,749	18,185	15,979
La Colorada Mine	-	3,580	-	10,606
	<b>5,306</b>	<b>9,329</b>	<b>18,185</b>	<b>26,585</b>
<b>Depletion, depreciation and amortization</b>				
São Bento Mine	2,104	1,954	6,311	5,861
La Colorada Mine	-	937	-	2,937
	<b>2,104</b>	<b>2,891</b>	<b>6,311</b>	<b>8,798</b>
<b>Corporate expenses, net of interest and other income</b>	(1,244)	(823)	(3,807)	(3,717)
Exploration expense	(64)	(132)	(429)	(349)
Provision for loss on disposition of subsidiary	-	(350)	-	(350)
(Loss) gain on disposition of assets	(29)	-	60	-
Reclamation	-	(289)	-	(570)
<b>(Loss) profit before income taxes</b>	<b>(753)</b>	<b>(336)</b>	<b>(2,534)</b>	<b>891</b>
<b>Taxes</b>				
Current	(98)	174	(17)	782
Future	-	(134)	(203)	(877)
<b>Net (loss) income for the period</b>	<b>\$ (851)</b>	<b>\$ (296)</b>	<b>\$ (2,754)</b>	<b>\$ 796</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3<sup>rd</sup> Quarter ended September 30, 2001 and 2000 (in thousands of U.S. dollars except per share amounts)

### 4. Segmented Information (continued)

	Three months ended		Nine months ended	
	September 30 2001	September 30 2000	September 30 2001	September 30 2000
<b>Revenues by geographic area</b>				
North America	\$ 16	\$ 3,815	\$ 190	\$ 11,909
South America	8,030	10,230	26,588	30,145
Turkey	2	(4)	3	13
Australia	-	-	-	-
	<u>\$ 8,048</u>	<u>\$ 14,041</u>	<u>\$ 26,781</u>	<u>\$ 42,067</u>
<b>Net (loss) income by geographic area</b>				
North America	\$ (1,141)	\$ (2,670)	\$ (3,865)	\$ (6,638)
South America	364	2,357	1,374	7,536
Turkey	(21)	3	(223)	(130)
Australia	(53)	14	(40)	28
	<u>\$ (851)</u>	<u>\$ (296)</u>	<u>\$ (2,754)</u>	<u>\$ 796</u>

	Nine months ended		
	September 30 2001	September 30 2000	December 31 2000
<b>Segment assets</b>			
São Bento Mine	\$ 78,135	\$ 80,423	\$ 79,650
La Colorada Mine	-	7,358	-
<b>Total assets for reportable segments</b>	<u>78,135</u>	<u>87,781</u>	<u>79,650</u>
<b>Mineral properties and deferred development</b>			
Other	30,425	29,116	29,442
	4,499	9,592	12,098
	<u>\$ 113,059</u>	<u>\$ 126,489</u>	<u>\$ 121,190</u>
<b>Assets by geographic area</b>			
North America	\$ 3,974	\$ 16,155	\$ 11,308
South America	78,321	80,668	79,877
Turkey	30,762	29,663	30,004
Australia	2	3	1
	<u>\$ 113,059</u>	<u>\$ 126,489</u>	<u>\$ 121,190</u>

### 5. Supplementary Cash Flow Information

	Nine months ended September 30, 2001	Nine months ended September 30, 2000
<b>Financing activities</b>		
Long term debt backend fees accrual	\$ (493)	\$ -
Increase in long term debt	493	-
	<u>\$ -</u>	<u>\$ -</u>

## Management Discussion and Analysis

3rd Quarter ended September 30, 2001 and 2000 (in thousands of U.S. dollars except per share amounts)

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

### Third Quarter 2001 Financial Performance

Eldorado Gold Corporation's unaudited net income for the third quarter of 2001 was a loss of \$851 (\$0.01 per share) compared to a loss of \$296 (\$0.00 per share) in the third quarter of 2000. For the nine months ending September 30, 2001, the Company's net income was a loss of \$2,754 (\$0.03 per share) compared to a gain of \$796 (\$0.01 per share) for the same period in 2000. The Company ended the third quarter of 2001 with unrestricted cash of \$3,826 compared to \$2,300 as at December 31, 2000. Total debt, excluding convertible debentures, was reduced from \$25,337 as at December 31, 2000 to \$16,918, including fees in the third quarter ended September 30, 2001. Cash flow from operations after working capital changes for the quarter was \$4,480 (\$0.04 per share) compared with cash generation of \$750 (\$0.01 per share) for the same period in 2000.

Thousands of U.S. dollars except share amounts

	3rd Quarter 2001	3rd Quarter 2000	9 Months 2001	9 Months 2000
Gold Revenue	\$ 7,994	\$ 13,478	\$ 26,138	\$ 41,260
Net Income (loss)	\$ (851)	\$ (296)	\$ (2,754)	\$ 796
Net Income per share (loss)	\$ (0.01)	\$ -	\$ (0.03)	\$ 0.01
Cash Flow from operations	\$ 4,480	\$ 750	\$ 8,963	\$ 2,187
Cash Flow per share (loss)	\$ 0.04	\$ 0.01	\$ 0.09	\$ 0.03

Decreased revenues in the third quarter of 2001 compared with the same period in 2000 resulted from reduced production and a lower realized gold price. Reduced production was a result of the impact of the Brazilian government's decree mandating a 20 percent reduction in power consumption and the sale of the La Colorada mine on November 1, 2000. For the nine-month period ending September 30, 2001, the increased cash flow results from the liquidation of the Company's gold hedge position in January and July of 2001, creating \$4,090 in additional positive cash flow.

### Production

The Company sold its subsidiaries in Mexico effective November 1, 2000. Gold production in the third quarter of 2001 for the São Bento mine was 25,101 ounces (79,841 for the first nine months of 2001) compared to third quarter 2000 production at São Bento of 28,665 ounces (85,675 for the first nine months of 2000).

	2001 3rd Quarter	2000 3rd Quarter	2001 Year-to-Date	2000 Year-to-Date
<b>Gold Production</b>				
Ounces	25,101	39,863	79,841	121,992
Cash Operating Cost (\$/oz)	206	229	222	214
Total Cash Cost (\$/oz)	211	234	228	218
Total Production Cost (\$/oz)	300	313	311	293
Realized Price Per Ounce	296	308	299	303
<b>Sao Bento Mine, Brazil</b>				
Ounces	25,101	28,665	79,841	85,675
Ore tonnes	101,750	127,480	323,109	404,028
Grade (grams/tonne)	9.16	8.31	9.26	7.55
Cash Operating Cost (\$/oz)	206	194	222	181
Total Cash Cost (\$/oz)	211	201	228	187
Total Production Cost (\$/oz)	300	271	311	257
<b>La Colorada Mine, Mexico</b>				
Ounces	-	11,198	-	36,317
Ore Tonnes	-	517,682	-	1,715,679
Grade (gram/tonne)	-	0.93	-	0.98
Cash Operating Cost (\$/oz)	-	319	-	292
Total Cash Cost (\$/oz)	-	320	-	292
Total Production Cost (\$/oz)	-	418	-	377

## Management Discussion and Analysis

3rd Quarter ended September 30, 2001 and 2000 (in thousands of U.S. dollars except per share amounts)

### São Bento Mine

In the third quarter of 2001, the São Bento mine produced 101,750 tonnes of ore at a grade of 9.16 grams per tonne. This compares to 127,480 tonnes of production in the third quarter of 2000 at a grade of 8.31 grams per tonne. For the first nine months of 2001, ore production from the mine was 323,109 tonnes of ore at a grade of 9.26 grams per tonne compared to production of 404,028 tons of ore at a grade of 7.55 grams per tonne over the same period in 2000. Reduced ore production in 2001 compared to 2000 resulted from modifications in the mining method adopted in late 2000 to reduce ground instability in the mine and increase the ore grade.

Gold production from the processing plant was hampered in the second quarter of 2001 when the Government of Brazil issued a resolution requiring all consumers of electrical power to reduce their usage by 20 percent effective June 1, 2001. São Bento mine complied with this demand by shutting down its Biox processing plant. This reduced the mine's power consumption by the required 20 percent, but it also reduced gold production by 15 percent. The Company anticipates a relaxation of the power restrictions by year-end.

Third quarter 2001 total cash costs at São Bento were \$211 per ounce compared to \$201 per ounce in the same period in 2000. The total cash cost for the third quarter of 2001 includes \$37 of amortization of Brazilian Real hedging losses that were incurred on July 2, 2001 as the Company closed its Brazilian Real hedge position. Excluding the amortization of the Real hedging loss, the total cash cost for the São Bento mine for the third quarter is \$174. Lower total cash costs in the third quarter of 2001 compared to the third quarter of 2000 (excluding the amortization of the Real hedging loss) is a result of a weaker 2001 Brazilian Real of 2.67 compared to 1.84 in 2000.

### Consolidated Gold Production Cost per Ounce

	3rd Quarter 2001	3rd Quarter 2000	9 Months 2001	9 Months 2000
Direct mining expenses	\$ 177	\$ 232	\$ 189	\$ 223
Currency hedging	37	(10)	32	(17)
Inventory change	(15)	(2)	(5)	1
Stripping and Development	-	7	-	5
Third party smelting, refining and transportation	5	7	5	6
Vancouver Costs	3	0	1	1
By-product credits	-	(4)	(0)	(5)
Cash operating cost per ounce	<u>\$ 206</u>	<u>\$ 229</u>	<u>\$ 222</u>	<u>\$ 214</u>
Royalties and Production taxes	5	5	6	4
Total cash costs per ounce	<u>\$ 211</u>	<u>\$ 234</u>	<u>\$ 228</u>	<u>\$ 218</u>
Depreciation/Depletion	84	72	79	71
Exchange (Gain)/ Loss	5	3	5	(0)
Reclamation and mine closure	-	4	-	4
Total production costs per ounce	<u>\$ 300</u>	<u>\$ 313</u>	<u>\$ 311</u>	<u>\$ 293</u>

### Financial Condition and Liquidity

#### Cash from operations

Operations after changes in working capital generated cash flow of \$4,480 in the third quarter of 2001 compared to \$750 in the same period in 2000. The increase in cash from operations is mainly due to the liquidation of the Company's gold hedge position in July. This liquidation created \$2,090 of additional cash. Increased cash generation from operations of \$8,963 in the first nine months of 2001 (compared to \$2,187 in the same period in 2000) resulted from the liquidation of the Company's gold hedge position in January and July of 2001, creating additional cash of \$4,090 and changes in working capital.

## Management Discussion and Analysis

3rd Quarter ended September 30, 2001 and 2000 (in thousands of U.S. dollars except per share amounts)

### 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 was used to reduce the corporate loan facility by \$769 in July 2001 with the remainder deposited into the Reserve Account.

### Gold Hedge Position after giving effect to closed hedges

	2001	2002	2003	2004
Gold ounces				
Spot deferred contracts				
Amount hedged	-	10,000	-	-
Average price (\$/oz.)	\$ -	\$ 292	\$ -	\$ -
Fixed forward contracts				
Amount hedged	21,843	-	-	-
Average price (\$/oz.)	\$ 297	\$ -	\$ -	\$ -