Eldorado Gold Corporation
Kışladağ Update & Consolidated Outlook
Conference Call Transcript

Date: **Thursday, January 31, 2019**

Time: **10:30 AM ET**

Speakers:

George Burns
President and Chief Executive Officer

Philip Yee
Executive Vice President and Chief Financial Officer

Paul Skayman
Chief Operating Officer

Peter Lekich
Manager, Investor Relations

Jason Cho
Executive Vice President Strategy and Corporate Development

OPERATOR:

Welcome to the Eldorado Gold Corporation Kışladağ Update & Consolidated Outlook Conference Call. As a reminder, all participants are in listen-only mode and the conference is being recorded. After the presentation, there will be an opportunity to ask questions. To join the question queue, you may press star, one on your telephone keypad. Should you need assistance during the conference call you may signal an Operator by pressing star, zero.

I would now like to turn the conference over to Peter Lekich, Manager, Investor Relations. Please go ahead Mr. Lekich.

PETER LEKICH:

Thank you, Operator, and thank you ladies and gentleman for taking the time to dial into our conference call today. With me in Vancouver this morning are George Burns, President and CEO, Phil Yee, Executive Vice President and CFO, Paul Skayman, COO, and Jason Cho, Executive Vice President Strategy and Corporate Development.

Our release last night details the decision to resume mining and heap leaching at Kışladağ, and provides our consolidated outlook for 2019 through 2021. All dollar figures discussed today are in U.S. dollars, unless otherwise stated. We will be speaking to the slides on the company's webcasts. You can download a copy of these slides on our website.

Before we begin, I would like to remind you that any projections included in our discussion today are likely to involve risks, which are detailed in our 2017 AIF, and in the Cautionary Note on Slide 1.

I will now turn the call over to George.

GEORGE BURNS:

Thanks, Peter, and good morning everyone. So, today, we will begin by reviewing our decision to resume mining and leaching at Kışladağ and to suspend advancement of the note project. Both Paul and I will add more colour on this before Phil will go through our production and cost guidance for the next three years. We will say a few words on Lamaque and Olympias before opening it up for questions.

To put some context around how we arrived at this change of plan at Kışladağ, we've laid out a time line on Slide 3. In 2017, we determined that we were seeing lower heap leach recoveries, and this necessitated evaluation of other processing alternatives. We evaluated milling and high-pressure grinding roles. It was determined that a mill project would be best suited to increase gold recovery and maximize value. In Q1 2018, we announced that we would halt ore mining pending completion of the mill feasibility study. Prior to cessation of ore mining, we placed approximately 900,000 tonnes of ore on a line test pad. This material began leaching in early Q2 and continued over the course of 2018, while the mill study progressed in parallel.

To put this into perspective, a 250-leach cycle is about eight and a half months. We only began to see higher recovery than expected in mid-Q3. So, at that time it was still below 50%. This was around the time the Board made the decision to advance the Mill project. Recall that this was a decision that was based on earlier column test work that resulted in much lower recoveries. Under a 250-day leach cycle, we observed recovery of approximately 58%. This is 40% higher than the prior work indicated with the normal 90-day leach cycle.

With the recovery data from the 250-day leach cycle, we began to revise our metallurgical assumptions late in the fourth quarter. A new metallurgical model was developed based on this longer leach cycle. This was used to re-evaluate heap leaching and the resulting significantly improved economics. In light of this, we plan to resume mining and heap leaching by the end of this quarter, and are suspending advancement of the mill project. That said, the Mill project remains viable in the short term. We will continue to assess the ongoing test work and operational results of the heap leach and the viability of the Mill project.

With that, I will pass it over to Paul to run through the details.

PAUL SKAYMAN:

Thanks, George. Here on Slide 4, you can see the leach performance over the extended period of 300 days. The graph shows gradually increasing recoveries over time. On the left side, you can see the results of the two-metre column, which is the blue line. This is the standard test for this material. After approximately 60 days, this material was indicated in recoveries of just over 40%, and at this stage, the curve is virtually flat, and the test would have been ended.

This number was backed up by the intermittent bottle roll test that we developed as a check. Instead of stopping the column, we rested it, showing here in a dotted line, and then reintroduced solution at around 75 days. This resulted in a bump in recovery and some continued leaching.

We continued to do this and eventually ended up with recovery on the 2-metre column and nearly 58%. On the large test pad, which is the gold line, at approximately the 130-day mark, leach recovery began to flat line, and the test bed was put into rest mode and no solution was applied. We're normally leaching the 10 metre lifts on the pad to around 90 to 120 days. Following a 40-day rest period, solution was reapplied to the pad, and recoveries again began to increase to 58%, the same at around 250 days.

The third line in light blue is a 10-metre column of the same material that was being tested in the laboratory. Initial test work has indicated that there are 22 million tonnes of material that can be economically leached using this longer leach cycle.

Moving to the next slide where you can see a cross-section of the Kışladağ pit, the darker shaded areas indicate the material with recoveries based on the column test work and the line test pad, whereas the lighter shade is all targeted for additional test work.

The material in the 22 million tonnes is expected to provide overall recoveries at approximately 50%, with the darker material shown here giving the higher recovery. Key takeaways here are that subject to further metallurgical test work, under the long leach cycle of 250 days for this deeper material, potential exists for higher heap leach recoveries and potential to extend the mine life.

With the test pad information and a review of our column work completed on call throughout the years, we've developed an updated metallurgical model. We know that there's metallurgical recovery boundary in the pit, as shown here by the interphase between the darker and lighter yellow shaded material. We're still trying to understand the physical reasons behind this interface, but understand that it is associated with gold deportment and access to gold of various crush sizes. We have confidence in the improved recoveries of the longer leach cycle for the higher material, but will need more metallurgical work to be completed on the deeper material, and we will be doing this during 2019.

To date, the deeper material has shown poor recovery with a standard 2-metre column test.

Over to you, Phil.

PHILIP YEE:

Thanks, Paul, and good morning everyone. Here on Slide 6 are additional comments on our rationale to resume deep leaching. We expected increased production and free cash flow over the next three years under leaching scenario combined with a significant reduction in capital requirements and lower development risk make it the more compelling option. The trade-off of foregoing later stage production under a mill scenario is improved economics and maintaining balance sheet integrity, which allows the Company to consider debt, retirement and address balance sheet leverage starting in 2019, and to re-invest free cash flow into other development projects within our portfolio.

Resuming mining and heap leaching does not preclude us from expanding the pit if recoveries on deeper material improve with a longer leach cycle. The mill can be pursued at a future date. I would like to point out that no deposits or commitments were made on any long-lead items for the Mill project.

Turning to Slide 7, the Three Year Outlook. With a resumption of mining and leaching at Kışladağ as a backdrop, Eldorado's three-year consolidated guidance now looks like this. The Company aims to produce between 390 to 420,000 ounces of gold in 2019. This is a 10% to 20% increase over 2018 production. It's worth highlighting that higher consolidated production is expected in the second half of the year. Also, costs at Olympias are expected to decrease quarter on quarter due to a slight increase in tonnage and a higher production of other metals compared to gold production. Gold production increases to 520 to 550,000 ounces in 2020, largely driven by ounces off the pad at Kışladağ, along with Lamaque production expected to wrap up.

Currently, we are guiding 75,000 to 90,000 ounces at Kışladağ in 2021. This may increase based on metallurgical test work that is being completed during 2019. The other operation has pretty much continued pretty much as it did in 2020. Further upside is possible at Lamaque, as the mill has excess capacity in its current configuration.

On the cost side, we expect 2019 consolidated costs to be in line with 2018 costs. Commencing in 2019, in-country G&A costs to support the operations are now included in the cash operating costs. This is consistent with many industry peers.

I'll now hand it over to Jason to provide a few additional comments.

JASON CHO:

Thanks, Phil. Just a few comments about the financing exercise we've been undertaking. First off, the Company's balance sheet and internal cash flow generation has supported the exercise to review a wide spectrum of alternatives. Our focus has been on a solution that appropriately accounts for the risk and is in the best interest of the organization and all of its stakeholders.

We'd like to acknowledge the strong support received from a variety of capital providers, lenders, and from all of our existing partners, and we expect to leverage the work undertaken over the last year in this exercise as we consider renewing the credit facility and addressing the high-yield maturity rate of this year.

Lastly, we would also like to take the opportunity to acknowledge the feedback we've received from stakeholders throughout the exercise.

With that, I'll hand it back over to Paul to talk briefly about the operations.

PAUL SKAYMAN:

Thanks, Jason. On to Lamaque on Slide 8. We're all really pleased with the development at Lamaque. We went from acquisition to commissioning in approximately 18 months. For 2018 and 2019, the capital spending is forecast to come in slightly over the PFS numbers that we released in early 2018 by approximately 10% to 15%. We spent more than we planned as we accelerated construction to reach our targeted commercial production in Q1 2019. We did more work on the tiling stem. Underground development costs were slightly higher than planned, and we purchased rather than leased some underground mine equipment. We continue to see significant upside at Lamaque based on the excess capacity we have in the mill as well as the positive exploration results we've realized over the past year.

The Triangle Mine is currently permitted for 1,800 tonnes per day, and we will be looking to maximize production under the existing permit. The Sigma Mill has the capacity for 2,200 tonnes per day in its current configuration, which can be increased to over 5,000 tonnes per day with the addition of the SAG Mill.

Our recent exploration success at the project shows that opportunities exist to utilize this excess capacity from expanded production at the Triangle deposit, and we have aggressive resource

expansion and resource conversion building campaigns under way for areas below the reserves outlined in our PFS.

Over to Olympias on Slide 9 where we feel we have a good handle on the issues we experienced during the second half of 2018. The paste backfill plant is now operating efficiently, allowing for the consistent backfilling of mine voids. Infill drilling last year contributed to an enhanced ore deposit model, which will better inform mine planning and reduce variability in ore fed to the mill.

Going forward, we expect all blending to stabilize at Olympias and are confident in our production forecast this year.

A few quick words on payabilities. The global market conditions for gold pyrite concentrates softened in late 2018 and has resulted in the Company budgeting approximately 5% lower payabilities for materials sold in 2019. Much of this material is sold into the Chinese market, and the Chinese credit tightening and the ongoing trade discussions with the U.S. affecting that market, our payabilities have been reduced.

Finally, Slide 10, Efemcukuru. Not too much to report here, other than we've hit our seventh consecutive year of meeting guidance.

That's it for me. Back to you, George.

GEORGE BURNS:

Thanks, Paul. I want to take a moment to recognize the hard work and dedication of our teams who continue to focus on developing and delivering value from our assets. The decision to suspend advancement of the Kışladağ Mill was a difficult one, but it's the right decision for the Company. The expected near term free cash flow from heap leaching will enable us to de-lever the balance sheet and consider starting debt retirement in 2019 and provide financial flexibility. Our global teams effort and focus is aligned to optimize and deliver our business plan. Together we are building a business that will create value for all of our stakeholders. Thank you. We will now take questions.

OPERATOR:

Thank you. We will now begin the question-and-answer session. To join the question queue, you may press star, one on your telephone keypad. You will hear a tone acknowledging your request. If you are using a speakerphone, please pick up your handset before pressing any keys. To withdraw your question, please press star, then two. We will pause for a moment as callers join the queue.

Our first question comes from Cosmos Chiu with CIBC. Please go ahead, sir.

COSMOS CHIU:

Hi. Good morning, George, Phil, Paul and Jason, and thanks for the call. My first question is on the decision to suspend the Kışladağ Mill and how much is that decision a factor or dependant—or let me put it this way, was the lack of available financing options, at this point in time, a key point in deciding to suspend the Kışladağ Mill?

GEORGE BURNS:

It's George, really not at all.

COSMOS CHIU:

Hi George.

GEORGE BURNS:

Good morning. I'd say the key factor really boils down to the evolving and quickly changing metallurgical test work, particularly the results that came off the test band. As Jason noted, we got strong support from financial institutions and we're making very good progress on financing. The real key driver is improvement in economics on heap leaching and what that does to the strategic opportunities for the Company going forward.

COSMOS CHIU:

Well, Paul, I guess—sorry, George, following up on that answer here, I guess it sounds like you're still keeping the Kışladağ Mill option open. It sounds like you're still undertaking test work on it. It sounds like you're still sort of not sure at this point in time if the heap leach is going to—if it was just the past eight months, or if it's going to continue with a higher recovery. How certain are you that you're able to maintain that sort of 58%, 60% recovery level on the heap leach?

GEORGE BURNS:

Well, Cosmos, we're confident about the guidance we just put out for the next three years for heap leaching, and as we've stated, our focus now is going to be doing additional test work for the deeper material to understand what the benefits of a long leach sift cycle may be on that deeper material. I would say the optionality and the ability to move forward with the Mill project is still there. It's a strong project, 20% IRR, but our current focus is to see what that deeper material might do under a heap leaching scenario.

All I can point you to is the three years that we put out the guidance is going to deliver a lot of cash and a lot of net present value to the Company, and we're optimistic and hopeful that the things we've learned this year with the longer leach cycle on that large test pad will offer additional benefits to the deeper material. If so, we can bring a lot of value forward from heap leaching without that half a billion in capital investment.

For now, I'm confident about the three-year guidance, optimistic about the future test work we're going to be doing based on the success we've had over the last year. At the same time, the Mill project sits there as a sound, strong project, and it gives us optionality, depending on these heap leach results, and it gives us optionality in the long term for higher metal prices. So, stay tuned for additional results as we work through test work this year. (Crosstalk – Inaudible 00:19:14) Cosmos. Sorry, Cosmos.

PAUL SKAYMAN:
I would also just like to point out Cosmos…

COSMOS CHIU:
Oh, okay.

PAUL SKAYMAN:
Sorry Cosmos. The 22 million tonnes, we've assumed a recovery of 50% for that material. We think there's some potential upside, but the 58 that we're seeing is from the higher material in the pit, and 50 is what we're using for that three years of leaching.

COSMOS CHIU:
It's—George, I'm glad you brought up the concept of optionality here. Are you at all concerned about optionality, just given the fact that you're essentially high grading the deposit in the next three years,

stacking 1.1 gram per ton versus the reserve grade of 0.81? Would it have a bit better to have stacked lower grade, as you said, just in case that Kışladağ Mill options comes back?

GEORGE BURNS:

Well, I guess I'll first point you back to a year ago. The reason that stopped ore mining was to give us time to be able to study the Mill project further and get confidence in the overall economics, and at the same time to put the test pad down and pursue what heap leaching might look like, and I think that decision to sit back a bit and further engineering and work on test work has paid major dividends. If you go back to a year ago, the Mill project was really the only way forward. The value of continuing heap leaching, if recovery is around 40%, has simply resulted in a short mine life and not a lot of value. What's changed is the dramatic improve in many recoveries for the next couple of years. I'm confident we're on the right course with the currently available information.

To the point about, yes, it is higher-grade material that's in front of us, we really don't have an option to go after low grade. I mean, the high grade materials are sitting right in the bottom of the pit, and so a decision to resume ore mining, it's the only ore available in the near term. Again, based on this updated information, we're confident this is a correct path forward for the Company.

COSMOS CHIU:

Yeah, for sure. Maybe one last question if I may. This one more for Phil. I'm sure you've run some sensitivities on your balance sheet, Phil. Based on your three-year guidance, your new three-year production guidance here, is there a scenario where you are able to pay back that debt—the entire $600 million in debt when it comes to in late year 2020, or do you still need to refinance at least a portion of it?

PHILIP YEE:

Well, I think—well, first of all, good morning Cosmos.

COSMOS CHIU:

Hi, Phil.

PHILIP YEE:

Good question. I think our—I mean, we've been looking at maximizing our opportunities to try and deleverage a balance sheet. The decision to move forward with the heap leach definitely allows us to

do that starting in 2019. Whether we're able to completely remove the debt off our balance sheet by 2020, at this point, I mean, we're looking at different options. The high yield bond does come due at the end of 2020, and I think it would be fair to say right now, it is our objective to deliver as much as we possibly can, and also maintain optionality going forward.

I can't say that we can do all of it in 2020, Cosmos, at this time, but we definitely will do whatever we can to de-lever as much as we can, and we continue to look at options.

COSMOS CHU:

Great. Thank you. That's all I have.

OPERATOR:

Our next question comes from Josh Wolfson with Desjardins. Please go ahead.

JOSH WOLFSON:

Thanks. It sounds like with the current plan mining the 1.1 gram material, which understandably is most easily accessible, would impact the projected IRRs that you would expect for the mill project. Understandably, it looks like that project will weaken just with the current framework with the heap leach plan. Looking at the remainder of the pit, and I guess what will be left after that, it looks like 0.75 gram material. Do you have any sort of perspective or have you run the economics, what required minimum recoveries would make sense for that to be economic?

GEORGE BURNS:

As we've stated, the IRRs that stands today on the mill project is around 20%, and you're right, with our three-year guidance that's out in the fact that the higher grade material will be mined in the next couple of years, that IRR will definitely drop. I can tell you just as a bookend that at the end of the guidance period, the reserves are still intact from a technical perspective. Certainly, the IRR will drop significantly below 20% and that will continue as we continue to heap leach. I don't have any definitive numbers to give you, other than you're right in your overall understanding of what will happen here, and the project does remain viable at the end of the three-year guidance period, but with a significantly lower IRR.

PAUL SKAYMAN:

Josh, are you asking about leach recoveries for extraction for the portion of that material, or talking about the mill option?

JOSH WOLFSON:

Well, both. It sounded like George had answered the question, or confirmed, I guess, what I had suspected on the mill side, but looking at the remainder of the pit for the heap leach to continue, assuming the pit remainder is, let's say, 0.75 grams, what would be the threshold that would make that recovery assumption economic now?

PAUL SKAYMAN:

I guess it will depend on our success over the next year or so. There is more material in the pit that's economic even at the recoveries that we're currently seeing, but obviously the trade-off there is sort of cash spent on stripping to do that material. We probably need something north of 50% as an overall recovery to make sense for a significantly larger heap leach scenario I guess.

JOSH WOLFSON:

Okay. Then, the recoveries that were—if it were experience for that material, I guess in early testing, would that have been—this is for the remaining material in the pit that's not the high grade, would that have also been 40%, or would that have been below that average?

PAUL SKAYMAN:

It's variable based on ore type, but it was 40 all that. So some material was returning less than 40%, yes.

JOSH WOLFSON:

Okay, understood. Then, on the financial side when I guess looking at our numbers, it looks like there will be some good cash flow generation in 2020, but 2019 and 2021, even at those lower production rates, doesn't look like the company at a net basis will be able to generate much—the—structurally, it seems like the debt levels are just too high—refinancing the debt kicks the can down the road, but in reality, what sort of measures can be taken to reduce the overall corporate leverage?

PHILIP YEE:

Hi, Josh. It's Phil here. I think we're in a good position to begin generating free cash flow in 2019, and we can start—we can begin that process. Understandably, the high yield bond does return 2020. I think as part of 2019 and 2020, I think, I believe we can address a portion of that. We are looking at other

options at this point too. Whether it's to extend financing or other optionality to generate cash flow to perhaps look at a look at a lower cost to capital option. That process is ongoing at this point.

JASON CHO:

Josh, it's Jason here. Maybe a couple of comments. I think with the way we would look at the three year guidance provided, we're in a position to address a material amount of the debt ahead of it's maturity, and I would think on the basis of looking at our peers and looking at general leverage rations, I don't think that we would be—I think on the high end versus the peer group. As Phil mentioned, there is a number of different things that we can look to address leverage. We referenced a number of them in the press release, but suffice to say that we will start in earnest this year beginning to address issues around at the current high yield of maturity.

JOSH WOLFSON:

Okay. That sounds good. Thank you very much.

OPERATOR:

Our next question comes from Dan Rollins with RBC Capital Markets. Please go ahead.

DAN ROLLINS:

Thanks very much. Paul, I just wondered if you can confirm, on the 2-metre column test work that you've done on the deeper material, was that leached for 250 days, or is that 90-day leach cycle?

PAUL SKAYMAN:

No, the work that we've done to date is on the shorter cycle. What we would normally do is we would leach until we effectively see a flat line, and then we would turn that material off or stop that sort of leach test. It is in the sort of 60 to 90-day cycle. We've done very little work to date on these extended leach cycles in the laboratory, and that's really what we need to be doing over 2019. I think it's fair to say it sort of caught us by surprise somewhat that a 250 or 300-day leach was as successful as it was. You've got to appreciate there's—we're actually only seeing a percent or two of recovery over a month with these very slow leach cycles. It's going to take some time to define what the recovery is on that deeper material.

DAN ROLLINS:

Yes, because if you look at the leach cycle curves you put up there, (inaudible 00:30:38) it looks like 90 or 100 days, it looks like you're in between that 40 and 50 on the good materials. If you're below 40 on the other, it looks like you've got some optionality there.

I'm just also wondering, is the success rate that you're having on these improved recoveries, does it bring back the option for HPGR's? I know you looked at that previously. I'm just wondering, is that a better option now to first do than a mill?

PAUL SKAYMAN:

It's certainly something we're investigation. When we did HPGR work previously, we were successful in getting higher recoveries, but generated a material that was difficult to place on a pad. There's a possibility there of some sort of middle ground where we're getting some of the benefits of HPGR, but not producing a material that's got so much binds that it's untenable as a heap leach product. That's one of our focuses over the next year or so, is looking more seriously at the HPGR option there.

DAN ROLLINS:

Okay. Perfect. Basically, it's a trade-off between the additional costs processing versus the (inaudible 00:31:35).

PAUL SKAYMAN:

Yes.

DAN ROLLINS:

That's fine. Moving on to Olympias, is there any risk that we see of cut of reserves and reserve grades for the various metals, based on the potential for a right down, or is the right down related more to higher elevate unit costs going forward?

PHILIP YEE:

Hi, Dan. It's Phil here. At this point, the potential right down is really, I think, looking at the current—like, what's happened since—in the second half of 2018 and particularly in the Q4 with the reduced payabilities that Paul alluded to earlier, and that's continuing into 2019. What we've basically done is changed the—from the evaluation perspective, changed the discount rate just after the additional risk

that's resulting from the lower payabilities, and also from the continued political uncertainty in Greece. The reserves were not part of the discussion or the analysis in the decision to impact the impairment.

DAN ROLLINS:

Just maybe to be helpful for everyone in the line, I was wondering if you could just confirm what the net recoveries are for the four products and what the payable recoveries are that are assumed in 2019 guidance?

PAUL SKAYMAN:

Net recoveries, gold is in the mid-80s. Lead's around 80% as well. I think zinc's a little higher at about 85%, and payabilities with—we've obviously indicated slightly lower payabilities for gold. We haven't really seen an effect in terms of lead and zinc, and we're not particularly keen on sharing too many of those, given it's a competitive sort of pricing situation.

DAN ROLLINS:

Okay. I think we can back it out anyways, given your productions payable. What's the silver recovery?

PAUL SKAYMAN:

I'd need to double check. I think it's around the 80% mark as well. I'll confirm that for you.

DAN ROLLINS:

Okay. Perfect. That's great. Thank you. I appreciate it.

OPERATOR:

Our next question comes from Andrew Kaip with BMO Capital Markets. Please go ahead.

ANDREW KAIP:

Good morning, gentleman. I've got a couple of questions just on ag, just follow up. In your cross section, it looks like you've got some additional ore on the flanks of the open pit, sort of in walls, and I'm just wondering, have you done sufficient metallurgical test work in those regions to determine whether you're looking at better recoveries and essentially the material that is not as metallurgically challenged?

PAUL SKAYMAN:

The material in gold on that cross section is the material we've confirmed as having better recoveries, Andrew. The material in the light gold or the tan is all material that's exhibited lower metallurgical recoveries. That's the material that we're focused on over the next little while with the longer leach cycle and the HPGR option. A little bit of material on the flanks to the left hand side, but most of that material of that lighter colour is giving us the lower recoveries.

ANDREW KAIP:

Okay. All right. It's going to be a function of doing the additional test work before you can give us some visibility on how much of that material at higher elevations could conceivably have better recoveries?

PAUL SKAYMAN:

That's correct, yes.

GEORGE BURNS:

Andrew, I might add that when you look at this cross section, that lower boundary on the pit ties into the pre-feasibility study and the reserves that we currently have on the mill option. When you step outside of that pit boundary, that pit's basically roughly a decade of mining and processing in the mill option. The next major pushback would actually add an additional six years, and so, there's lots of technical economic ore outside of that mill option, even at our assumed gold price. We didn't include that additional six years in the pre-feasibility study, because although it met the definition for reserves, the stripping and economics around that additional six years wasn't robust. I just pointed out that there is significant mineralization even outside the mill pit in the mill scenario, and as Paul state during the high pressure grinding role test work and the longer leach cycle test work on all the material outside of the three-year plan is something we're focused on in order to see if we can expand equally to life. A lot of work to be done this year, but given the success we've had over 2018 with pursuing heap leaching with really new approaches with the longer leach cycle, I think there's optimism that we'll potentially see some additional good news this year.

ANDREW KAIP:

You spoke briefly about the HPGR and the challenges on stacking issues, and the finds that are produced through that process. I'm just wondering have you considered co-mingling just standard crushed material with material from the HPGR to be able to provide a product that you can stack with more confidence?

GEORGE BURNS:

We've kind of looked at that a high level, and really the sorting you have to do adds a lot of cost and infrastructure. Really, our focus on high pressure grinding roles are to reduce the horsepower, and by doing such we'll generate less finds and hopefully still get the microfractures in the coarser material, and really that's what the high pressure grinding role does for us is it produces microfractures that put additional gold at the disposal of the cyanide. I'd say there's two things on the high pressure grinding role looking at the lower horsepower, generate less finds, allow permeability for heap leaching and still get the microfractures, and at the same time, we haven't tested yet longer leach cycles with that material going through an HPGR. That's the work to be done, generating a permeable product with a high pressure grinding role and exposing it to a long leach cycle.

ANDREW KAIP:

Then, just one further question, with respect to mill considerations at Kisladag, you've got a runway with heap leaching material. There is going to, as you've pointed out, some impact on what the rate of return of the mill is going to be in the future, but at the same point in time, if you're going to be considering continuing operations and you don't see any future benefit from improved recovery or any additional material, as a company, when would you be considering discussing mill CapEx in the future? A bit complicated, but I'm just—timing wise, when would you be thinking about starting that process?

GEORGE BURNS:

Well, I think, the quick answer is that once we've finished the test work this year and have a better understanding of heap leaching, we'll be doing those trade-off studies and I think you're aware we do our reserve analysis annually in Q3 now, such it's that we've got the best available information for our budgeted process and our year end work. That's an obvious point we'll be seeing where are we at with the leaching, and where do we stand with reserves in milling versus leaching options. Then, some of that test work won't be finished at that point, so, we'll continue to assess that probably until the end of this year, maybe into early 2020.

In terms of timing to reassess the mill project overall, what I point to is as this information comes in, we'll be looking at all of our investment opportunities within the portfolio, looking at our balance sheet, looking at metal prices and what we think that may look like to any of our investment decisions. I would say a primary focus right now for us is looking at Lamaque. We had a great deal of exploration success this year.

We're looking forward to delivering commercial production in the first quarter and a focus on kind of drilling off of C5 to C9 area to look at ramping up production further out of the Triangle deposits. We're very optimistic about Lamaque and what that future brings, and some of that might bring additional investment in mining and increases in production. That's one of the exciting growth opportunities that we have within the Company, and obviously when you look at our portfolio in Greece, it has a lot of optionality, given the changing political environment in Greece, and obviously we'll be watching that closely this year as their elections get completed by October, and that will be factored into Eldorado's path forward as well.

I think a lot is going to happen over the next year, and the mill option will definitely be part of the evaluation. For now, I think we're on the right path, and that's focused on heap leaching and understanding the full potential of heap leaching with longer leach cycles, high pressure grinding roles and stay tuned for more results.

ANDREW KAIP:

All right. Thank you very much.

OPERATOR:

Our next question comes from Mike Parkin with National Bank Financial. Please go ahead.

MIKE PARKIN:

Hi, guys. Most of the questions have been answered. Just a couple, with the heap leach, is there any concerns in terms of what you plan for a go forward basis relative to the new pad test work that you did, meaning if you're stacking on higher lifts of older materials, do you see any risk of the leach cycle going beyond 250 days just because of percolation time, or do you plan to put liners down and effectively be stacking on fresh plastic?

PAUL SKAYMAN:

Yes, so, good comment. With the pad itself, the self-leach pad is getting up to sort of 80 metres high. I think a year ago I would have said I was a little concerned, but I think after a year of leaching with higher cyanide application, we're now seeing a lot better performance out of that pad. There will be somewhat of a lag, given that the material has to percolate through that 80 metres. I would also point out that we are looking to place some material on interlift liner. It's only a fairly modest percentage, but

that will give us a better handle on performance for some of this material as we continue working through this process.

MIKE PARKIN:

Okay. The other thing too is now that, as has been discussed, the IRR of the mill was likely going to be diminished a little bit and the fact that you're now facing a big CapEx commitment in the next couple of years. What are your thoughts toward the sale process that's going to be kicking off with Barrick and Newmont? Is there a renewed interest there that you might look to add a cash flowing asset through an acquisition?

JASON CHO:

Yes, Mike. It's Jason here. I think the best way I'd describe it is the focus is still trying to deliver on our existing portfolio, and I think going the route of leach gives us more operational and financial flexibility. As it relates to some of the other things that have been announced in our sector, I'd say we would continue to review and monitor and kind of evaluate the opportunities as they arise and see how they stack up relative to the other opportunities we have existing within our own portfolio.

MIKE PARKIN:

Okay. That's it for me guys. Thanks very much.

OPERATOR:

Our next question comes from Kerry Smith with Haywood Securities. Please go ahead.

KERRY SMITH:

Thanks, Operator. What do you think would be the appropriate level of debt for the Company in sort of a $1,300 gold environment? Do you think it's $400 million in debt, and something less than $600 million obviously, but what do you think?

PHILIP YEE:

Well, I think we'd like to over the next couple of years, before the maturity date, have a material impact on reducing the amount. Ideally, 50% would be, I think, would be a reasonable target. Again, it's going to depend on the amount of free cash that we generate and, as George mentioned as well, there's other opportunities within our portfolio. For example, on—with Lamaque, we have to look at the best

use of those funds. We're going to try and reduce the debt as much as we possibly can, Kerry. That's a priority. I would say 50% would be a reasonable target.

KERRY SMITH:

Okay.

JASON CHO:

Kerry, it's Jason. Maybe another way to look at it, rather than thinking about the amount of debt, thinking about perhaps where the leverage ratio should kind of hover, something close to—like on a net debt to EBTIDA basis of closer to 0.2 or zeroish I think is probably where we would like to be. Again, you think about all the different factors that play into that in terms of gold price and the like. Rather than looking at total quantum of debt, perhaps think of it maybe more on a leverage basis.

KERRY SMITH:

Okay. Okay. That's helpful. Just on the 22 million tonnes that you've got in the heap leach pad plan for the next three years, so, you're going to stack 9 million tonnes this year, would it be safe to assume that you'll stack the remaining 13 million tonnes in 2020, and then in 2021 you're just literally leaching the ore that's been put out there? Or, would there be some portion that would actually get mined in 2021 as well?

PAUL SKAYMAN:

A little tiny bit of material in Q1 of 2021 on the current plan, Kerry.

KERRY SMITH:

Okay, but it would be less than 10% I guess then, hey?

PAUL SKAYMAN:

Yes. I keep saying it, but I would suggest that guidance will probably change as we sort of work through this year. What we tried to do is if people come further around the next two or three years, and as we work through this test work—like I say, we know this material that is economic and profitable, even at the current recoveries, but then it's a trade-off around stripping versus extra production, and we obviously need to look at that. I expect that with improved recoveries on that material, and I'm hoping that that's the case, then that plan may well change. We'll obviously update that as we get more information.

KERRY SMITH:

Okay, and Paul, what is the strip ratio associated with that 22 million tonnes that you have to mine in the next three years?

PAUL SKAYMAN:

It's a little over 0.5 to 1. It's very modest.

KERRY SMITH:

Okay. It's small. Just on the test work that you have to do on this deeper material, it seems like from the columns that you have done—these two year columns—it seems like if you run them for at least 200 days, you actually get a pretty good indication of what the ultimate recovery would be. Are you confident that you can do the test work on that deeper material with just 2-metre columns, or are you thinking you would need to do another large-scale sort of heap leach test like you did last year?

PAUL SKAYMAN:

I think we've demonstrated that the 2-metre columns are capable of providing us with the ultimate recovery. Reasonably comfortable there. I guess the one that we do need to get a move on with is preparing material for HPGR, and then actually running columns on that material, because obviously there's two steps in that process. Those are—that's the work that's going to take the longest time I suspect.

KERRY SMITH:

Right. Okay. Sorry, go ahead.

GEORGE BURNS:

This is George. I might supplement what Paul said here. I mean, in terms of our confidence around the results on the test pad, one additional piece of information is that late December and early January, we put a drill up on the test pad and actually drilled it on 30-metre centres, and so, not only did we have the solution metallurgical balance, which gives you very solid numbers on metallurgical performance. We also used the head sample from crushing that material when it was placed. We have now drilled it and sampled the payload as of early January, and those results came back just recently and confirmed the recovery assumption.

We're very confident that we've got the numbers on that performance. As we've been stating that the key now is to see what that means for the deeper material, but we haven't yet tested for longer leach.

The other thing maybe, just to step back for a minute from my perspective having joined Eldorado less than two years ago, when I look at Kışladağ, it's a very unique heap leach operation. It's a copper, gold porphyry with very low copper values. When you look at the 10 years of profitable success we've had with this operation, the dominant amount of war has been sulfide, and it's unique. You can't find another deposit out there that we're aware of that has been successfully leaching sulfide like Kışladağ has been heap leached.

No doubt about it, in 2017 the successful track record of what we had been doing was shaken a bit then the recoveries dropped off, but I tell you, we're breaking new ground over the last two years. We learned in 2017 that by increasing the cyanide and solution chemistry, we could improve the kinetics, and that's proven to be very successful, and I think delivered some of the strong results and the increase in guidance twice during last year. I don't know anybody that's doing 250 to 300-day leach cycles out there.

It wasn't something we were expecting, but I think it just points to the technical capacity we have at site in our corporate office to attack every opportunity possible and its yield what I think is a fantastic improvement in our business plan. I don't want to be speculating what might happen this year, but I think there's room to be optimistic that we have a very competent set of technical and operators through our corporate and at Kışladağ that are going to find maximum value out of that heap leach. At the same time, the mill project still remains viable and we sit on that basically as a backstop while we pursue to maximize value on heap leaching that doesn't require significant capital. I think we're in a very good spot, and we need some time to see what the full potential is with this new information on longer leach cycles.

KERRY SMITH:

George, is the metallurgical characteristics for the ore types that are left in that current pit below this 22 million tonne shell that you're taking out, are those ore types any different than the 22 million tonnes that you have got ahead of you for the next three years, or is there something peculiar about the remainder that might suggest that the recoveries might be significantly different than what you might expect, given what you've seen?

GEORGE BURNS:

All we can point you to is historic 90-day 2-metre leach column test data, and it definitely does show lower recoveries at depth based on all the work we did in late '17 and early '18. Again, that's under the 90-day leach cycle. We know it's more problematic, but what we don't know is what the longer leach cycle and/or the benefits of HPGR, and that's what we're focused on trying to determine now.

KERRY SMITH:

Okay, but the ore is similar, it's just lower grade then effectively would be (Crosstalk and inaudible 00:55:18).

GEORGE BURNS:

It's the same historic six rock types that we've been leaching at Kışladağ, and I think the dominant ore type remains potassic going forward, and so, that's really why we were surprised in '17 to see the low recoveries coming, as we didn't see a change in rock types, and after a decade of solid performance, it definitely caught us off guard. We don't understand why this change, as Paul has described, it's obviously the deportment of gold at various crush sizes, and it's also largely now due to the kinetics and how quick it leaches. Overall, I'd say we learned a lot and we've created a lot of value this year through that test work, and let's see what the next year brings for us.

KERRY SMITH:

Okay. Just two quick ones for Phil. Phil, what is the actual current book value of Olympias? Can you just remind me? Also, can you give me what the split is on that $25 million to $30 million of expiration budget for this year, just by asset if you will, or even if you could give me some sort of sense as to where that money's being spent?

PHILIP YEE:

Okay. Well, Kerry, the current book value on the books for Olympias is about $1.4 billion.

KERRY SMITH:

Okay.

PHILIP YEE:

In terms of the breakdown of expiration? I'm just trying to get that. I'm going to need to get back to you on that one.

KERRY SMITH:

That's fine. You can give it to me later.

PHILIP YEE:

Can I get back to you with that, Kerry?

KERRY SMITH:

Of course. Thanks very much. Thank you.

PHILIP YEE:

Thanks.

OPERATOR:

Our next question comes from Steven Butler with GMP Securities. Please go ahead.

STEVEN BUTLER:

Oh, good morning, guys. Just to beat it to a pulp a little bit more. The 2-metre column test, which you eluded to George or Paul, for the deeper material, you said the recovery was lower on that, and I'm not sure if we ever saw those results published for our pleasure or not. How much lower were the recoveries on the deeper material on the 2-metre columns 90 days?

PAUL SKAYMAN:

Yes, we're talking down around sort of 40%, and some material didn't even reach 40%, Steve. We've got a bit of work to do, and as I say, the longer leach will improve that. Whether it improves it enough to get us back in the game so to speak, then that's what we need to get some more confidence around.

STEVEN BUTLER:

Paul, on Slide 4, the—you had a line, of course, showing the 2-metre column test with a few dash lines. Is that that you stopped any application (inaudible 00:58:11) in that time, or does that depict—because I guess the 2-metre column test did end up carrying over 200 days.

PAUL SKAYMAN:

Yes. The 2-metre columns what we do is we continue irrigating, obviously high cyanide, plenty of lime and continue irrigating until it effectively goes flat, and this isn't a great example, but it's—we would

normally turn it off after 60 days or thereabouts. Because we had put this material on the pad, and we wanted to see how ultimate recoveries performed, we rested it across those dotted lines and then put it back under leach. It's not unusual to get a little bit of a bump when you do that, but this was more unusual in that it continued to climb. Normally, if you rested it for 15 or 30 days, you would get another half a percent out of it, and then it would stop again. This is fairly unique in the sort of group of tests that we've done over many years obviously on this material.

STEVEN BUTLER:

Right. These were done in the lab again, were they? The 2-metre columns, or were they out in the pad?

PAUL SKAYMAN:

The 2 and the 10-metre columns are both laboratory tests.

STEVEN BUTLER:

Right. Okay.

PAUL SKAYMAN:

The smooth curve that you can see there—the bottom—I can't see the colour, but the smooth, darker curve is the actual 900,000 tonne test pad. You can see the 10-metre column has performed pretty well alongside the 10-metre test pad, and the two obviously because of faster solution flow through a smaller volume at much, much faster recoveries, and then flat lining.

STEVEN BUTLER:

Right. Paul, you eluded to this, I think you said the reason why you are assuming 50% recovery for the next few years, is that partly because you're planning to stack this material on top of the mountain, if you will, 80-metres high, versus the interliner lift?

PAUL SKAYMAN:

No, the 50% is a combination of recoveries from the darker and lighter material. We know the darker material gives us 58% or 60% ultimately. The lighter material we've only got it around 40%. That's why we've worked on a 50%, and we're working on improving or getting confirmation around the recovery on that lighter material.

STEVEN BUTLER:

Okay. There's no—go ahead.

GEORGE BURNS:

That's an important point. When you look at the red line on the cross section, showing what we're going to mine over the next couple of years, that lighter material, we're assuming the low recovery because we don't have confidence what a longer leach cycle might give. There is some upside with the longer leach cycle benefits. There's upside to extending heap leach mine life as well.

STEVEN BUTLER:

Okay. I get it. It's a bit clearer now that we've discussed that. Okay. I appreciate that. Olympias, you guys are fairly flat line on the production profile. Is that grade related, i.e. no change in—material change in head grade, or are you conservative in any points of your projections for Olympias?

PAUL SKAYMAN:

Yes, we're pretty well running it out. I don't think grade changes significantly. We're continuing on with the current throughput rate through that period.

STEVEN BUTLER:

Right. You said you'll have a reduction in unit costs as you go throughout the year. I mean, are we—should we see some improvement in the first quarter, or is it going to take a little longer to normalize the underground and the ore blend?

PAUL SKAYMAN:

Yes, I think the first—well, I expect the first quarter to be better than we saw at the back end of last year, but I also would pointing out that we expect the second half for Olympias to be better than the first half based on what we are seeing at the moment. We just want to—we shouldn't necessarily look at our annual production divided by four and then ask questions at the end of Q1, because we're not a quarter of the way through it. It will definitely be a stronger second half for the corporation generally compared to the first half.

STEVEN BUTLER:

All right. Okay. Thanks, guys.

GEORGE BURNS:

Thanks, Steve.

OPERATOR:

Our next question comes from Matthew Fields with Bank of America Merrill Lynch. Please go ahead.

MATTHEW FIELDS:

Hey everyone. I just want to clear up sort of the time table events on the big picture here. You're obviously not going forward with the mill at this point. You're going to mine and leach some residual material at Kışladağ for '19 and '20, and you're going to stop mining in 2021. At that point, your production drops off pretty substantially, and it seems like you're going to have to build a mill anyway after you sort of stop mining and leaching in 2021. Is that fair to say? Otherwise, what happens to the company?

GEORGE BURNS:

Well, again, I think, again, the decision on whether we build the mill will be dependent on the results we have with extended leaching on the deeper materials. As that information becomes available, we'll be doing, again, a trade-off study to see what the best path forward is with the Company, and we'll be looking at that decision against the other opportunities we have in the portfolio, namely our ability to grow production at Lamaque. It's not a simple thing you can point to today to what the decisions will be. We've got a number of opportunities to invest free cash flow and drive production, drive value for our shareholders, and to predict what that decision might be today is probably not a good thing to do, given the test work that's in front of us and the significant implications that it might have on value.

MATTHEW FIELDS:

Your bonds, I knew they're due in 2020, but they become current liability in 318 days. You're annual audit may have a going concern problem if you're not addressed before the end of 2019. Do you think it's important to communicate clearly to lenders who will essentially be renewing that $600 million of money they've leant you what your plans are beyond 2021? If you're essentially going to be lending into a big CapEx cycle, haven't you essentially traded $500 million or whatever spending this year, and then refinancing and then spending a bunch of money later?

JASON CHO:

Matt, it's Jason here. Maybe just to elaborate a bit more on George's comment, any option to build the mill at a later date would need to compete with other opportunities in the portfolio, and if the returns and the risk is not worthwhile, we wouldn't pursue it. As it relates to this issue with regard to the current maturity that's outstanding, I'd say that we're evaluating, I guess, the full list of different alternatives with respect to address the bond. I don't think that there's—we've suggested for a moment that we would simply roll the 600 into a new maturity as opposed to look to reduce the amount that remains outstanding prior to going into 2020 before it does become current liability, and you're comment there about going concern, but I don't see it as an issue with respect to looking at a full $500 million capital investment out 24 months from now. I wouldn't view it that way at all. You'd have to view it with respect to all the other opportunities in the portfolio. Again, if the risk is not warranted, we wouldn't proceed.

MATTHEW FIELDS:

Are there any non-core assets you can sell to help chip away at that overall debt load before you come to the market for a refi?

JASON CHO:

Sure, that's definitely an option, right? Something that we would be reviewing.

MATTHEW FIELDS:

Any colour on kind of priorities, you know, dollar amounts, ranges we can get comfortable with?

GEORGE BURNS:

Maybe I'd point you to one thing, and I've mentioned this before Tocantinzinho project in Brazil is a shovel ready project, fully permitted. We've been doing a lot of work on the engineering. We're currently working on an updated technical report for that asset, and if we did see an offer that was prospective, that's definitely one we'd consider. As Jason said, we'll be looking at our entire portfolio to maximize value, and that will be both investing within the portfolio and potentially divesting non-core assets.

MATTHEW FIELDS:

Okay. Thanks very much everyone.

OPERATOR:

This concludes the question-and-answer session. I would now like to turn the conference back over to Mr. George Burns for any closing remarks.

GEORGE BURNS:

I would just like to thank everybody for joining us today. I think it was an important announcement for Eldorado, and I look forward to keeping you up to date as this test work continues, and we deliver on our guidance this year. Thank you.

OPERATOR:

This concludes today's conference call. You may disconnect your lines. Thank you for participating and have a pleasant day.