

# FINANCIALS 2018

Eldorado Gold Corporation

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## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

This Management's Discussion and Analysis ("MD&A") dated February 21, 2019 for Eldorado Gold Corporation contains information that management believes is relevant for an assessment and understanding of the Company's consolidated financial position and the results of its consolidated operations for the year ended December 31, 2018. The MD&A should be read in conjunction with the audited Consolidated Financial Statements for the years ended December 31, 2018 and 2017, which were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

Throughout this MD&A, *Eldorado, we, us, our* and *the Company* means Eldorado Gold Corporation. *This quarter* means the fourth quarter of 2018.

### Forward-Looking Statements and Information

This MD&A contains forward-looking statements and information and should be read in conjunction with the risk factors described in the "Managing Risk" and "Forward-Looking Statements and Information" sections of this MD&A. Additional information, including this MD&A, the audited Consolidated Financial Statements for the years ended December 31, 2018 and 2017, the Company's Annual Information Form ("AIF") for the year ended December 31, 2017, and press releases have been filed electronically through the System for Electronic Document Analysis and Retrieval ("SEDAR") and the Electronic Data Gathering, Analysis and Retrieval system ("EDGAR"), and are available online under the Eldorado profile at [www.sedar.com](http://www.sedar.com), [www.sec.gov/edgar](http://www.sec.gov/edgar) and on the Company's website ([www.eldoradogold.com](http://www.eldoradogold.com)).

### Non-IFRS Measures

Certain non-IFRS measures are included in this MD&A, including average realized gold price per ounce sold; cash operating costs and cash operating cost per ounce sold; total cash costs and total cash costs per ounce sold; all-in sustaining cost ("AISC") and AISC per ounce sold; adjusted net earnings/(loss) from continuing operations; adjusted net earnings/(loss) per share from continuing operations; working capital, earnings from gold mining operations; earnings before interest, taxes, depreciation and amortization ("EBITDA"); adjusted EBITDA; and cash flow from operations before changes in non-cash working capital. In the gold mining industry, these are common performance measures but may not be comparable to similar measures presented by other issuers. The Company believes that these measures, in addition to information prepared in accordance with IFRS, provides investors with useful information to assist in their evaluation of the Company's performance and ability to generate cash flow from its operations. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. For further information, refer to the "Non-IFRS Measures" section of this MD&A.

The following additional abbreviations may be used throughout this MD&A: General and Administrative Expenses ("G&A"); Property, Plant and Equipment ("PPE"); Gold ("Au"); Ounces ("oz"); Grams per Tonne ("g/t"); Million Tonnes ("Mt"); Tonnes ("t"); Kilometre ("km"); Metres ("m"); Tonnes per Day ("tpd"); Kilo Tonnes ("kt"); Percentage ("%"); Cash-Generating Unit ("CGU"); Depreciation, Depletion and Amortization ("DDA"); and Life of Mine ("LOM").

### Reporting Currency

All amounts are presented in U.S. dollars ("\$\$") unless otherwise stated. Unless otherwise specified, all tabular amounts are expressed in millions of U.S. dollars, except share, per share or per ounce amounts.

## About Eldorado

Eldorado Gold is a Canadian gold and base metals producer with 25 years of experience in discovering, building and operating mines in Europe, Asia and the Americas. Dual-listed on the Toronto (TSX: ELD) and New York (NYSE: EGO) stock exchanges, the Company is focused on creating value for its stakeholders at each stage of the mining process.

Eldorado's operations are global and the Company has assets in Turkey, Canada, Greece, Romania, Serbia and Brazil. The Company operates four mines: Kışladağ and Efemçukuru located in western Turkey, and Olympias and Stratoni located in northern Greece. Both Kışladağ and Efemçukuru are wholly-owned gold mines, while 95%-owned Olympias and Stratoni are polymetallic operations. Olympias produces three concentrates bearing lead-silver, zinc and gold. Stratoni produces two concentrates bearing lead-silver and zinc.

Eldorado's 2018 production profile was 84% gold and 16% silver and base metals. The Company produced approximately 350,000 ounces of gold in 2018 and had proven and probable gold reserves of approximately 17 million ounces as at September 30, 2018.

Complementing Eldorado's producing portfolio are the Company's advanced stage development projects, including the wholly-owned Lamaque gold project in Quebec, Canada and the Skouries (95% ownership) gold-copper project in northern Greece. Lamaque is expected to enter commercial production in the first quarter of 2019 and produce 100,000–110,000 ounces of gold in 2019, including 10,000 ounces of pre-commercial production. Skouries is currently on care and maintenance ("C&M") pending receipt of outstanding permits from the Government of Greece.

Other development projects in Eldorado's portfolio include:

- Perama Hill (100%), gold-silver, Greece;
- Certej (80.5%), gold, Romania; and
- Tocantinzinho (100%), gold, Brazil.

The Company's operating mines and development projects provide excellent opportunities for reserve growth through near-mine exploration, with programs planned at Lamaque, Efemçukuru, Olympias and Stratoni in 2019. Eldorado also conducts early-stage exploration programs in highly prospective regions to provide low-cost growth through discovery, such as the Bolcana gold-copper porphyry project in Romania.

Eldorado's strategy is to focus on jurisdictions that offer the potential for long-term growth and access to high-quality assets. Fundamental to executing on this strategy is the strength of the Company's in-country teams and stakeholder relationships. The Company has a highly skilled and dedicated workforce of over 4,800 people world-wide, with the majority of employees and management being nationals of the country of operation.

Through discovering and acquiring high-quality assets, developing and operating world-class mines, growing resources and reserves, responsibly managing impacts and building opportunities for local communities, Eldorado strives to deliver value for all its stakeholders.

Looking back at the year, Eldorado had a solid 2018, and successfully met its consolidated production goals. The Company ended the year with 349,147 ounces of gold produced, which exceeded the original mid-point of guidance for the year by 12%, and ended at the upper limit of the revised guidance. Cash operating costs of \$625 per ounce of gold sold were in line with revised guidance of \$600–650 per ounce sold. These positive results were driven by better-than-expected leach pad production at Kışladağ, pre-commercial production from Lamaque and solid execution by operational teams.

### FIRST FULL YEAR OF OLYMPIAS COMMERCIAL PRODUCTION

Olympias produced 46,750 ounces of gold at \$764 per ounce sold in 2018 after declaring commercial production at the end of 2017. Olympias had a strong first half; however, in the second half of 2018, the site experienced challenges relating to blending of the ore feed to the mill and start-up of the newly installed paste plant, which impacted the mine's production. Teams made good progress addressing these issues and Olympias is expected to perform better in 2019. 2018 was Olympias' first full year of production, having declared commercial production on December 31, 2017.

Due to continued jurisdictional challenges in Greece and changes in the global markets for sale of concentrates, an impairment was recorded in Q4 2018 for the Olympias CGU of \$330.2 million (\$247.7 million net of deferred tax).

### DEVELOPMENT PROGRESS AT LAMAQUE

Progress at key development projects advanced throughout 2018 with the Company focused on construction at Lamaque and determining feasibility of the Kışladağ mill project. \$189.9 million in capital, including capitalized exploration, was spent at Lamaque, offset by \$39.7 million in pre-commercial revenues. Since acquiring the Lamaque project in July 2017, Eldorado has drilled over 150,000 m in resource expansion and infill programs, completed 14,000 m of underground development and largely completed refurbishment of the existing Sigma Mill, which began commissioning in November 2018. A total of 42,411 ounces were produced from a series of toll milling campaigns in 2017 and 2018, and in December 2018, the first gold was poured from ore processed in the Sigma Mill. Eldorado expects to declare commercial operations at Lamaque in the first quarter of 2019.

### **PATH FORWARD AT KIŞLADAĞ**

In March 2018, the Company completed three technical studies on Kışladağ, Lamaque and Skouries. The Technical Study for Kışladağ proposed milling as a solution to the recovery issues that had been observed in late 2017. Based on the study economics, the Company made the decision to stop mining ore at Kışladağ in April 2018 in order to place the immediately available high-grade ore in the base of the open pit through the mill, once it was constructed. The Company continued to extract gold from the existing heap leach pad and achieved better-than-expected recoveries that led to increasing production guidance on two occasions during the year. In October 2018, the Company announced that it had completed a feasibility study on the mill and its Board of Directors had approved advancement of the project. Subsequent to that announcement, gold recovery from the leach pad increasingly exceeded expectations. The Company then focused testwork and analysis on the viability of resuming mining and heap leaching at Kışladağ.

In parallel to Kışladağ mill engineering and analysis, testwork to extract maximum value from ore already placed on the heap leach pad and the remaining reserves was ongoing throughout 2018. Approximately 900,000 tonnes of ore were placed on a lined test pad in the first quarter of 2018. Late in the year, results from this pad showed recoveries of approximately 58% from an extended leach cycle approaching 250 days (compared to approximately 40% recoveries from the original 90-day column tests). In early 2019, the Company analyzed the new data and developed revised heap leaching plans, showing significantly improved economics for the heap leaching scenario. As a result, in January 2019, the Company announced it would resume mining and heap leaching and suspend advancement of the mill project at Kışladağ. While the mill project has been suspended, the project remains viable in the short term. The viability of the mill project will continue to be assessed in light of the results from ongoing heap leach metallurgical testwork on deeper material and in view of other investment opportunities within the portfolio.

In Q3 2018, as a result of the completion of the feasibility study and the Board approval to advance the Kışladağ mill project, a review of the useful lives of the Kışladağ heap leach assets resulted in an impairment charge of \$117.6 million (\$94.1 million net of deferred income tax) recognized during the third quarter.

### **POSITIVE ARBITRATION OUTCOME IN GREECE**

Hellas Gold, Eldorado's subsidiary in Greece, received a formal notice from the Government in Greece in late 2017 initiating domestic arbitration. The arbitration notice, pursuant to the provisions of the Transfer Contract between the Greek State and Hellas Gold, alleged that the Technical Study for the proposed Madem Lakkos Metallurgical Plant (Olympias Phase 3) for treating Olympias and Skouries concentrates in the Stratoni Valley was deficient and thereby in violation of the Contract and the environmental terms of the project. The results from the arbitration were received in April 2018, whereby the arbitration panel rejected the Greek State's motion that the Technical Study was in breach of the Transfer Contract. The Company continues to attempt to work with the Government of Greece to find a path forward for its investments.

### **SHARE CONSOLIDATION**

In June 2018, the Company received approval from its shareholders to grant the Board of Directors the authority to consolidate the Company's common shares on a 5:1 basis. Consolidation was necessary to ensure that the Company's share price met the New York Stock Exchange listing requirement of a minimum threshold of US\$1 per share. The Company effected this consolidation in late December 2018.

## CONSOLIDATED FINANCIAL AND OPERATIONAL HIGHLIGHTS

### Summarized Annual Financial Results \*

(Continuing operations, except where noted)

|                                                                     | 2018    | 2017    |
|---------------------------------------------------------------------|---------|---------|
| Revenue                                                             | \$459.0 | \$391.4 |
| Gold revenue                                                        | \$386.0 | \$333.3 |
| Gold produced                                                       | 349,147 | 292,971 |
| Gold sold (oz) <sup>(1)</sup>                                       | 304,256 | 264,080 |
| Average realized gold price (\$/oz)                                 | \$1,269 | \$1,262 |
| Cash operating costs (\$/oz) <sup>(2)</sup>                         | 625     | 509     |
| Total cash costs (\$/oz) <sup>(2)</sup>                             | 650     | 534     |
| All-in sustaining cost (\$/oz) <sup>(2)</sup>                       | 994     | 922     |
| Net earnings from gold mining operations                            | 83.5    | 121.2   |
| Net loss <sup>(3, 4)</sup>                                          | (361.9) | (9.9)   |
| Net loss per share – basic (\$/share) <sup>(3, 4)</sup>             | (2.28)  | (0.07)  |
| Adjusted net earnings (loss) <sup>(3, 4, 5)</sup>                   | (28.6)  | 15.2    |
| Adjusted net earnings (loss) per share (\$/share) <sup>(3, 4)</sup> | (0.17)  | 0.10    |
| Cash flow from operating activities <sup>(6)</sup>                  | 61.3    | 66.5    |
| Dividends paid                                                      | –       | (10.6)  |
| Cash, cash equivalents and term deposits                            | 293.0   | 485.0   |
| Total assets                                                        | 4,628.9 | 5,090.3 |
| Total long-term financial liabilities <sup>(7)</sup>                | \$710.2 | \$703.7 |

(1) Excludes pre-commercial sales from Lamaque and Olympias.

(2) By-product revenues are offset against costs.

(3) Includes discontinued operations – China in 2017.

(4) Attributable to shareholders of the Company.

(5) See reconciliation of net earnings to adjusted net earnings on page 22.

(6) Before changes in non-cash working capital.

(7) Includes all long-term liabilities except deferred income tax liabilities.

\* Throughout this MD&A we use cash operating cost per ounce sold, AISC per ounce sold, earnings from gold mining operations, adjusted net earnings (loss), average realized price per ounce sold, EBITDA from continuing operations, adjusted EBITDA from continuing operations, working capital, non-cash operating costs, non-cash operating costs per ounce sold and cash flow from operations before changes in non-cash working capital as additional measures of Company performance. These are non-IFRS measures. Please see pages 18–24 for explanations and discussion of these non-IFRS measures.

## Summarized Quarterly Financial Results \*

(Continuing operations, except where noted)

### 2018

|                                                                     | Q1      | Q2      | Q3      | Q4      | 2018    |
|---------------------------------------------------------------------|---------|---------|---------|---------|---------|
| Revenue                                                             | \$131.9 | \$153.2 | \$81.1  | \$92.8  | \$459.0 |
| Gold revenue                                                        | \$115.4 | \$121.3 | \$76.0  | \$73.3  | \$386.0 |
| Gold produced (oz)                                                  | 86,634  | 99,105  | 84,783  | 75,887  | 349,147 |
| Gold sold (oz) <sup>(1)</sup>                                       | 86,587  | 94,224  | 64,589  | 58,856  | 304,256 |
| Average realized gold price (\$/oz)                                 | \$1,333 | \$1,287 | \$1,177 | \$1,245 | \$1,269 |
| Cash operating cost (\$/oz) <sup>(2)</sup>                          | 571     | 587     | 754     | 626     | 625     |
| Total cash cost (\$/oz) <sup>(2)</sup>                              | 598     | 610     | 762     | 666     | 650     |
| All-in sustaining cost (\$/oz) <sup>(2)</sup>                       | 878     | 934     | 1,112   | 1,200   | 994     |
| Net earnings from gold mining operations                            | 34.7    | 30.1    | 4.7     | 14.0    | 83.5    |
| Net earnings (loss) <sup>(3, 4)</sup>                               | 8.7     | (24.4)  | (128.0) | (218.2) | (361.9) |
| Net earnings (loss) per share – basic (\$/share) <sup>(3, 4)</sup>  | 0.06    | (0.15)  | (0.81)  | (1.38)  | (2.28)  |
| Adjusted net earnings (loss) <sup>(3, 4, 5)</sup>                   | 14.0    | (1.8)   | (21.9)  | (18.9)  | (28.6)  |
| Adjusted net earnings (loss) per share (\$/share) <sup>(3, 4)</sup> | 0.09    | (0.01)  | (0.14)  | (0.11)  | (0.17)  |
| Cash flow from operating activities <sup>(6)</sup>                  | 37.9    | 23.5    | 23.2    | (23.3)  | 61.3    |
| Cash, cash equivalents and term deposits                            | \$459.7 | \$429.8 | \$385.0 | \$293.0 | \$293.0 |

### 2017

|                                                                     | Q1      | Q2      | Q3      | Q4      | 2017    |
|---------------------------------------------------------------------|---------|---------|---------|---------|---------|
| Revenue                                                             | \$111.9 | \$82.7  | \$95.4  | \$101.4 | \$391.4 |
| Gold revenue                                                        | \$90.5  | \$72.2  | \$84.4  | \$86.2  | \$333.3 |
| Gold produced (oz)                                                  | 75,172  | 63,692  | 70,053  | 83,887  | 292,971 |
| Gold sold (oz) <sup>(1)</sup>                                       | 74,068  | 57,206  | 65,439  | 67,367  | 264,080 |
| Average realized gold price (\$/oz)                                 | \$1,222 | \$1,262 | \$1,290 | \$1,280 | \$1,262 |
| Cash operating cost (\$/oz) <sup>(2)</sup>                          | 466     | 484     | 508     | 577     | 509     |
| Total cash cost (\$/oz) <sup>(2)</sup>                              | 483     | 502     | 547     | 602     | 534     |
| All-in sustaining cost (\$/oz) <sup>(2)</sup>                       | 791     | 846     | 925     | 1,104   | 922     |
| Net earnings from gold mining operations                            | 37.0    | 28.1    | 30.1    | 26.0    | 121.2   |
| Net earnings (loss) <sup>(3, 4)</sup>                               | 3.8     | 11.2    | (4.2)   | (20.7)  | (9.9)   |
| Net earnings (loss) per share – basic (\$/share) <sup>(3, 4)</sup>  | 0.03    | 0.08    | (0.03)  | (0.15)  | (0.07)  |
| Adjusted net earnings (loss) <sup>(3, 4)</sup>                      | 8.0     | 6.3     | 1.3     | (0.4)   | 15.2    |
| Adjusted net earnings (loss) per share (\$/share) <sup>(3, 4)</sup> | 0.06    | 0.04    | 0.01    | (0.02)  | 0.10    |
| Cash flow from operating activities <sup>(6)</sup>                  | 28.2    | 16.9    | 16.3    | 5.1     | 66.5    |
| Cash, cash equivalents and term deposits                            | \$873.9 | \$752.1 | \$546.1 | \$485.0 | \$485.0 |

(1) Excludes pre-commercial sales from Lamaque and Olympias.

(2) By-product revenues are offset against costs.

(3) Includes discontinued operations – China in 2017.

(4) Attributable to shareholders of the Company.

(5) See reconciliation of net earnings to adjusted net earnings on page 22.

(6) Before changes in non-cash working capital.

\* Throughout this MD&A we use cash operating cost per ounce sold, AISC per ounce sold, earnings from gold mining operations, adjusted net earnings (loss), average realized price per ounce sold, EBITDA from continuing operations, adjusted EBITDA from continuing operations, working capital, non-cash operating costs, non-cash operating costs per ounce sold and cash flow from operations before changes in non-cash working capital as additional measures of Company performance. These are non-IFRS measures. Please see pages 18–24 for explanations and discussion of these non-IFRS measures.

## 2018 Highlights\*

- **Solid year for gold production:** 349,147 ounces of gold produced in 2018 (2017: 292,971 ounces), including pre-commercial production of 35,350 ounces from Lamaque; exceeded original 2018 production guidance of 290,000–333,000 ounces of gold, and was at the upper threshold of revised guidance of 345,000–350,000 ounces of gold.
- **Revenue growth:** Total revenue from continuing operations during the year was \$459.0 million (2017: \$391.4 million). Gold revenue from continuing operations was \$386.0 million (2017: \$333.3 million) on sales of 304,256 ounces of gold at an average realized gold price of \$1,269 per ounce (2017: 264,080 ounces at \$1,262 per ounce).
- **Cash operating costs consistent with guidance:** Cash operating costs were \$625 per ounce sold for 2018 (2017: \$509 per ounce) and were in-line with expectations of \$600–650 per ounce.
- **Continued solid financial liquidity:** The Company closed the year with total liquidity of approximately \$543 million, including \$293 million in cash, cash equivalents and term deposits, and \$250 million in an undrawn line of credit.
- **Increased cash flow provided by continuing operations:** Net cash provided by operating activities of continuing operations was \$66.3 million in 2018 (2017: \$30.8 million).
- **Net loss attributable to shareholders:** 2018 Net loss attributable to shareholders of the Company from continuing operations was \$361.9 million or \$2.28 per share, mainly attributable to impairment adjustments of \$328.4 million, net of deferred tax, for Olympias and Kışladağ. Net loss attributable to shareholders of the Company from continuing operations in 2017 was \$7.1 million or \$0.07 per share. Adjusted net loss attributable to shareholders of the Company in 2018 was \$28.6 million, or \$0.17 per share (2017: adjusted net earnings attributed to shareholders of the Company of \$15.2 million, or \$0.10 per share).
- **Start-up of Olympias:** Olympias declared commercial production on December 31, 2017. In 2018 a total of 322,659 tonnes of ore were processed with an average grade of 7.75 g/t Au, resulting in 46,750 payable ounces of gold produced, at operating cash costs of \$764 per ounce sold. Due to continued jurisdictional challenges in Greece and changes in the global markets for sale of concentrates, an impairment was recorded in Q4 2018 for the Olympias CGU of \$330.2 million (\$247.7 million net of deferred tax).
- **Kışladağ heap leach:** Production from the heap leach pad continued to beat expectations during the year. After the decision was announced to suspend placement of ore on the pad in Q2 2018, recoveries continued to improve, resulting in production of 172,009 ounces for the year. In Q3 2018, as a result of the completion of the feasibility study and the Board approval to advance the Kışladağ mill project, a review of the useful lives of the Kışladağ heap leach assets resulted in an impairment charge of \$117.6 million (\$94.1 million net of deferred income tax) recognized during the third quarter. In January 2019, the decision was announced to suspend the mill project and resume mining and stacking material on the heap leach pad.
- **Progress at Lamaque:** A total of 35,350 pre-commercial ounces were produced during the year, including the first gold pour from ore processed in the Sigma Mill in December 2018. \$189.9 million in capital, including capitalized exploration was spent at Lamaque in 2018, offset by \$39.7 million in pre-commercial revenues. The Company expects to be in commercial operation at Lamaque in Q1 2019.
- **Updated Reserves and Resources:** As of September 30, 2018 total Proven and Probable Reserves of 389 million tonnes at 1.35 grams per tonne gold containing 16.9 million ounces of gold were reported.
- **Share consolidation:** In December 2018, the Company completed a 5:1 consolidation of the common shares of the Company.
- **Increased gold production and lower cost guidance for 2019:** The Company expects to resume Kışladağ heap leach operations and be in commercial production at Lamaque in Q1 2019. Consequently, Eldorado has increased consolidated production guidance for 2019 to 390,000–420,000 ounces.
  - **Cash operating costs** are forecast to decline to \$550–600 per ounce sold.
  - **AISC** are forecasted in the range of \$900–1,000 per ounce sold.

\* Throughout this MD&A we use cash operating cost per ounce sold, AISC per ounce sold, earnings from gold mining operations, adjusted net earnings (loss), average realized price per ounce sold, EBITDA from continuing operations, adjusted EBITDA from continuing operations, working capital, non-cash operating costs, non-cash operating costs per ounce sold and cash flow from operations before changes in non-cash working capital as additional measures of Company performance. These are non-IFRS measures. Please see pages 18–24 for explanations and discussion of these non-IFRS measures.



## Fourth Quarter 2018 Highlights \*

- **Steady cash operating costs:** Q4 cash operating costs of \$626 per ounce and AISC of \$1,200 per ounce were in line with Q4 2017 including an increase of \$21 per ounce in non-cash operating costs from inventory change (\$577 per ounce and \$1,104 per ounce, respectively, for 2017).
- **Updated Reserves and Resources:** As of September 30, 2018, total Proven and Probable Reserves of 389 million tonnes at 1.35 grams per tonne gold containing 16.9 million ounces were reported.
  - Added new reserves of 60,000 ounces of gold at Lamaque
  - Replaced depletion of 80,000 ounces of gold at Efemçukuru
  - Added 572,000 ounces of gold to the Lamaque Inferred Resources which now total 1.8 million ounces of gold
  - Maiden Inferred Resource at Bolcana in Romania of 381 million tonnes at 0.53 grams per tonne gold and 0.18% copper containing 6.5 million ounces of gold and 686,000 tonnes of copper
- **Lamaque gold pour:** A total of 16,046 ounces of gold were produced during the quarter, including the first gold pour from ore processed in the Sigma Mill in December 2018.
- **Olympias impairment:** Due to continued jurisdictional challenges in Greece and changes in the global markets for sale of concentrates, an impairment was recorded in Q4 for the Olympias CGU of \$330.2 million (\$247.7 million net of deferred tax).

\* Throughout this MD&A we use cash operating cost per ounce sold, all-in sustaining cost per ounce sold, earnings from gold mining operations, adjusted net earnings (loss), average realized price per ounce sold, EBITDA from continuing operations, adjusted EBITDA from continuing operations, working capital, non-cash operating costs, non-cash operating costs per ounce sold and cash flow from operations before changes in non-cash working capital as additional measures of Company performance. These are non-IFRS measures. Please see pages 18–24 for explanations and discussion of these non-IFRS measures.

## Review of Financial and Operating Performance

### PRODUCTION, SALES AND REVENUE

The Company produced 349,147 ounces of gold in 2018, an increase of 19% over 2017 production of 292,971 ounces. The increase reflected a full-year contribution of gold production from Olympias of 46,750 ounces in 2018 compared to pre-commercial production of 18,472 ounces in 2017. Efemçukuru produced 95,038 ounces during the year, consistent with 2017 production of 96,080 ounces, reflecting slightly lower grades but higher mill throughput. Despite the decision to cease placing material on the heap leach pad in Q2 2018, production of 172,009 ounces at Kışladağ was slightly higher than 2017 production of 171,358 ounces, as improved heap leach recoveries from longer leach cycles contributed to higher production despite 75% less material being placed on the pad in 2018.

Gold sales from commercial operations in 2018 totalled 304,256 ounces, a 15% increase from 264,080 ounces in 2017. The higher volume of gold sales was the primary contributor to increased total revenue of \$459.0 million, representing a 17% increase over revenue of \$391.4 million in 2017. The realized gold price in 2018 was \$1,269 per ounce, marginally higher than the realized gold price of \$1,262 per ounce in 2017.

Q4 2018 consolidated gold production was 75,887 ounces, representing a 10% decrease from Q4 2017 production of 83,887 ounces. The decrease reflected lower production at Kışladağ and Efemçukuru during the quarter partially offset by a full quarter of production from Olympias of 8,101 ounces, together with pre-commercial production from Lamaque of 16,046 ounces. Kışladağ produced 28,196 ounces during Q4 2018, 36% less than the comparable quarter in 2017 of 44,357 ounces due to the decision to cease placement of material on the pad in Q2 2018. Production from Efemçukuru during the quarter was 23,544 ounces, down 7% from Q4 2017, primarily due to lower grades.

Q4 2018 gold sales of 58,856 ounces were 13% lower than the Q4 2017 due to lower sales from Kışladağ as a result of fewer ounces recovered from the pad during Q4 2018. Total revenue was \$92.8 million in Q4 2018 compared to \$101.4 million in Q4 2017, as a result of lower gold sales volumes and a lower gold price. The realized gold price in Q4 2018 was \$1,245 per ounce, 3% lower than the realized gold price of \$1,280 in Q4 2017.

## UNIT COST PERFORMANCE

Operating cash costs per ounce sold in 2018 averaged \$625, an increase from \$509 in 2017, mainly reflecting the impact of the first year of operations at Olympias in 2018 where operating cash costs per ounce sold were \$764 for the year. Operating cash costs in 2018 were also impacted by higher non-cash inventory change at Kışladağ during the year. Operating cash costs per ounce sold at Kışladağ were \$662 in 2018, compared to \$500 in 2017, the increase due primarily to the non-cash inventory change impact of \$309 per ounce sold as a result of lower inventory on the pad in 2018. Lower average grade in 2018 at Efemçukuru was offset by higher mill throughput, resulting in a decrease in operating cash costs per ounce sold to \$511 from \$524 in 2017.

AISC per ounce sold averaged \$994 in 2018, an increase from \$922 in 2017, reflecting higher levels of operating cash costs partially offset by reduced sustaining capital expenditures per ounce sold compared to the prior year. Sustaining capital expenditures in 2018 totalled \$54.4 million (\$179 per ounce sold), compared to \$56.8 million (\$215 per ounce sold) in 2017.

In Q4 2018, operating cash costs per ounce sold averaged \$626, up slightly from \$577 in Q4 2017, but a 20% improvement over \$754 in Q3 2018. Higher production from the first full year of production at Olympias and the impact of the non-cash inventory change at Kışladağ during the quarter were key factors contributing to the improvement from Q4 2017. AISC per ounce sold for Q4 2018 averaged \$1,200, compared to \$1,104 in Q4 2017. The marginal increase year over year reflected the higher operating cash cost per ounce sold at Olympias, which more than offset the 4% decrease in sustaining capital expenditures per ounce sold. Sustaining capital expenditures in Q4 2018 totalled \$17.2 million (\$293 per ounce sold) compared to \$24.5 million (\$362 per ounce sold) in Q4 2017. The decrease in sustaining capital primarily related to the transition to care and maintenance of the Kışladağ mining and crushing operations during the year subsequent to the decision to cease placement of material on the leach pad in Q2 2018.

## OTHER EXPENSES

Exploration and evaluation expenditures decreased from \$38.3 million in 2017 to \$33.8 million in 2018. Exploration and evaluation expenditures in Q4 2018 totalled \$7.2 million compared to \$14.2 million in Q4 2017. The decrease for both the year and fourth quarter reflected the exploration focus on brownfields resource expansion at the Company's mining operations and development projects during 2018.

Mine standby costs of \$16.5 million were recorded during the year related to Kışladağ, Vila Nova, Perama Hill and Skouries, reflecting an increase from \$4.9 million in 2017, as Kışladağ mining and crushing operations transitioned to care and maintenance during 2018 subsequent to the decision to cease placing ore on the heap leach pad in Q2 2018.

G&A expenses of \$46.8 million in 2018 decreased 14% from \$54.6 million in 2017. G&A expenses in 2017 included a one-time adjustment associated with the acquisition of Integra. G&A expenses in Q4 2018 were \$13.7 million, compared to \$18.7 million in Q4 2017, due to higher legal and consulting expenses related to arbitration in Greece during Q4 2017.

Share-based payment expense for 2018 was \$7.0 million compared to \$11.2 million in 2017. The decrease was reflective of fewer grants of share-based compensation together with valuation adjustments based on equity pricing. Share-based payment expense in Q4 2018 totalled \$1.2 million, a reduction from \$2.0 million in Q4 2017.

Other income in 2018 totalled \$16.2 million, compared to \$17.6 million in 2017. The decrease reflects lower interest income on lower cash and cash equivalent balances during the year. Other income in Q4 2018 was \$6.9 million, down from \$7.8 million in Q4 2017.

In 2018, the Company recorded impairment adjustments for Kışladağ and Olympias totalling \$447.8 million (\$328.4 million net of deferred tax). In Q4 2018, an impairment adjustment was recorded for Olympias of \$330.2 million (\$247.7 million net of deferred tax). The Company believes this is reflective of the continued jurisdictional risk with obtaining permits in Greece, and the recent softening of the global concentrate market. In Q3 2018, the Company recorded an impairment of the Kışladağ leach pad assets in the amount of \$117.6 million (\$94.1 million net of tax).

Tax recovery of \$86.5 in 2018 included \$118.8 million of deferred tax recovery primarily due to the impairments recorded for Kışladağ and Olympias, together with a 1% decrease in the Greece corporate income tax rate. The Corporate income tax rate in Greece was 29% in 2018 and will gradually decrease 1% each year to 25% by 2022.

In Q4 2018, tax recovery was \$115.8 million, including deferred tax recovery of \$114.2 million due to the Olympias impairment recorded during the quarter, further augmented by the strengthening of the lira in Turkey in Q4 2018. The fourth quarter deferred tax recovery was partially offset by a \$20 million deferred tax liability recorded for withholding tax in Turkey on estimated dividend distributions in 2019. Quarterly income tax expense/recovery will continue to be sensitive to currency volatility in Turkey and Brazil.

## NET EARNINGS FROM GOLD MINE OPERATIONS

In 2018 the net loss to shareholders from continuing operations was \$361.9 million (\$2.28 per share), compared to a net loss from continuing operations of \$7.1 million and a net loss from discontinuing operations of \$2.8 million in 2017. Net earnings from gold mine operations in 2018 were \$83.5 million, down from \$121.2 million in 2017, reflecting the higher gold revenues offset by higher depreciation, depletion and amortization ("DDA") as a result of the first year of Olympias commercial production and higher non-cash inventory changes as a result of more ounces being drawn down from the heap leach pad inventory at Kışladağ compared to the previous year. Production costs from gold mine operations in 2018 totalled \$229.0 million compared to \$145.6 million in 2017, primarily a reflection of higher DDA costs. DDA expense increased 47% from \$71.2 million in 2017 to \$104.7 million in 2018 as a result of Olympias' first year of production, together with a higher DDA rate per tonne at Kışladağ. In addition, non-cash inventory costs changed from (\$35.8) million in 2017 as a result of ounces being added to inventory to \$36.6 million in 2018 primarily due to a draw-down of ounces from Kışladağ inventory in 2018.

In Q4 2018, net earnings from gold mine operations totalled \$14.0 million, a decrease of 46% from \$26.0 million in Q4 2017. The decrease was primarily a factor of lower revenues in Q4 2018 together with marginally higher production costs when compared to Q4 2017. Total production costs in Q4 2018 were \$58.8 million versus \$56.8 million in Q4 2017, driven primarily by lower production costs at Kışladağ as a result of the decision to cease placing ore on the leach pad, partially offset by Olympias production costs during the quarter. DDA expense of \$21.9 million in Q4 2018 was 10% higher than \$19.9 million in 2017.

## NET LOSS TO SHAREHOLDERS

In 2018 the net loss to shareholders from continuing operations was \$361.9 million (\$2.28 per share), compared to net loss from continuing operations of \$7.1 million and a net loss from discontinuing operations of \$2.8 million in 2017, reflective of the impairment charge of \$330.2 million (\$247.7 million net of deferred tax) at Olympias in Q4 2018, and impairment of Kışladağ leach pad assets of \$117.6 million (\$94.1 million net of tax) in Q3 2018.

In Q4 2018, the Company recorded an impairment adjustment for Olympias of \$330.2 million (\$247.7 million net of deferred tax). The Company believes this is reflective of the continued jurisdictional risk with obtaining permits in Greece, and the recent softening of the global concentrate market. As a result, the net loss attributable to shareholders during the quarter was \$218.2 million (\$1.38 per share), compared to a net loss attributable to shareholders for the quarter ended December 31, 2017 of \$20.7 million (\$0.15 per share).

In 2018, the adjusted net loss from continuing operations was \$28.6 million, compared to adjusted net earnings of \$15.2 million in 2017, a reflection of higher production and gold price in Q4 2017.

The adjusted net loss from continuing operations in Q4 2018 was \$18.9 million, compared to the Q4 2017 adjusted net loss of \$0.4 million. Adjusted net earnings for Q4 2018 were slightly lower year over year due to reduced sales volumes and marginally lower gold prices, together with increased production costs due to first year of Olympias' production.

## CASH FLOW FROM OPERATING ACTIVITIES

Cash, cash equivalents and term deposits at December 31, 2018 totalled \$293 million, compared to cash, cash equivalents and term deposits of \$485.0 million as at December 31, 2017 and \$385.0 million as at September 30, 2018. The decrease in cash in 2018 was a result of the capital development requirements during the year, primarily at Lamaque, and financing costs, partially offset by cash generated from operations. Cash flow from operating activities in 2018 totalled \$66.3 million, compared to \$30.8 million and net cash used by operating activities of discontinued operations of \$2.8 million in 2017.

## 2019-2021 Outlook

Full-year gold production of 390,000–420,000 ounces in 2019 (versus 349,147 ounces in 2018) is expected from Kışladağ, Lamaque, Efemçukuru and Olympias, with higher levels of production expected in the second half of the year. The Company expects average cash operating costs to decline from \$625 per ounce of gold sold in 2018, to \$550–600 per ounce of gold sold in 2019. The Company will focus on maximizing free cash flow, including optimizing and improving unit costs and production at all assets and decreasing global G&A expenses.

As mining and heap leaching at Kışladağ ramps up in 2019, consolidated gold production is expected to increase to 520,000–550,000 ounces of gold in 2020. Production is expected to decrease to 350,000–380,000 ounces of gold in 2021. Guidance at Kışladağ will be updated later in 2019 based on results of testwork being completed on deeper material and prevailing economics around both heap leaching and the mill project.

| Production (oz) | 2018 Actual <sup>(1)</sup> | 2019 Estimated                 | 2020 Estimated         | 2021 Estimated         |
|-----------------|----------------------------|--------------------------------|------------------------|------------------------|
| Kışladağ        | 172,009                    | 145,000–165,000                | 240,000–260,000        | 75,000–95,000          |
| Lamaque         | 35,350                     | 100,000–110,000 <sup>(2)</sup> | 125,000–135,000        | 125,000–135,000        |
| Efemçukuru      | 95,038                     | 90,000–100,000                 | 90,000–100,000         | 90,000–100,000         |
| Olympias        | 46,750                     | 50,000–55,000                  | 55,000–65,000          | 55,000–65,000          |
| <b>Total</b>    | <b>349,147</b>             | <b>390,000–420,000</b>         | <b>520,000–550,000</b> | <b>350,000–380,000</b> |

| Consolidated Costs (\$/oz sold) | 2018 Actual | 2019 Estimated | 2020 Estimated | 2021 Estimated |
|---------------------------------|-------------|----------------|----------------|----------------|
| Cash operating cost – C1        | \$625       | \$550–600      | \$500–600      | \$600–700      |
| Total operating cost – C2       | 650         | 600–650        | 550–650        | 650–750        |
| AISC                            | \$994       | \$900–1,000    | \$800–900      | \$900–1,000    |

(1) Includes pre-commercial production from Lamaque and Olympias.

(2) Includes ~10,000 ounces of pre-commercial production.

## Operations Update and Outlook

### GOLD OPERATIONS

|                                                | 3 months ended December 31, |        | 12 months ended December 31, |         | 2019 Outlook    |
|------------------------------------------------|-----------------------------|--------|------------------------------|---------|-----------------|
|                                                | 2018                        | 2017   | 2018                         | 2017    |                 |
| <b>Gold Operations</b>                         |                             |        |                              |         |                 |
| <b>Total</b>                                   |                             |        |                              |         |                 |
| Ounces produced <sup>(1)</sup>                 | 75,887                      | 83,887 | 349,147                      | 292,971 | 390,000–420,000 |
| Cash operating costs (\$/oz)                   | \$626                       | \$577  | \$625                        | \$509   | \$550–600       |
| All-in sustaining costs (\$/oz) <sup>(2)</sup> | 1,200                       | 1,104  | 994                          | 922     | 900–1,000       |
| Sustaining capex                               | \$17.2                      | \$24.5 | \$54.4                       | \$56.8  | \$80–105        |
| <b>Kışladağ</b>                                |                             |        |                              |         |                 |
| Ounces produced                                | 28,196                      | 44,357 | 172,009                      | 171,358 | 145,000–165,000 |
| Cash operating costs (\$/oz)                   | \$547                       | \$604  | \$662                        | \$500   | \$570–620       |
| All-in sustaining costs (\$/oz) <sup>(2)</sup> | 770                         | n/a    | 812                          | n/a     | n/a             |
| Sustaining capex                               | \$4.2                       | \$11.4 | \$17.8                       | \$27.9  | \$10–15         |
| <b>Efemçukuru</b>                              |                             |        |                              |         |                 |
| Ounces produced                                | 23,544                      | 25,295 | 95,038                       | 96,080  | 90,000–100,000  |
| Cash operating costs (\$/oz)                   | \$535                       | \$525  | \$511                        | \$524   | \$550–600       |
| All-in sustaining costs (\$/oz) <sup>(2)</sup> | 1,041                       | n/a    | 834                          | n/a     | n/a             |
| Sustaining capex                               | \$9.1                       | \$13.1 | \$24.4                       | \$28.9  | \$15–20         |
| <b>Olympias</b>                                |                             |        |                              |         |                 |
| Ounces produced <sup>(1)</sup>                 | 8,101                       | 7,174  | 46,750                       | 18,472  | 50,000–55,000   |
| Cash operating costs (\$/oz)                   | \$1,237                     | n/a    | \$764                        | n/a     | \$550–650       |
| All-in sustaining costs (\$/oz) <sup>(2)</sup> | 2,038                       | n/a    | 1,297                        | n/a     | n/a             |
| Sustaining capex                               | \$3.9                       | n/a    | \$12.2                       | n/a     | \$20–25         |
| <b>Lamaque</b>                                 |                             |        |                              |         |                 |
| Ounces produced <sup>(3)</sup>                 | 16,046                      | 7,061  | 35,350                       | 7,061   | 100,000–110,000 |
| Cash operating costs (\$/oz)                   | n/a                         | n/a    | n/a                          | n/a     | \$550–600       |
| All-in sustaining costs (\$/oz) <sup>(2)</sup> | n/a                         | n/a    | n/a                          | n/a     | n/a             |
| Sustaining capex                               | n/a                         | n/a    | n/a                          | n/a     | \$35–45         |

(1) Includes pre-commercial production in 2017 and 2018.

(2) The Company commenced reporting AISC by site in 2018.

(3) Includes pre-commercial production at Lamaque.

## Annual Review - Operations

### KIŞLADAĞ

| Operating Data                      | 3 months ended December 31, |           | 12 months ended December 31, |            |
|-------------------------------------|-----------------------------|-----------|------------------------------|------------|
|                                     | 2018                        | 2017      | 2018                         | 2017       |
| Tonnes placed on pad                | – <sup>(1)</sup>            | 3,332,990 | 3,206,494                    | 13,061,861 |
| Average treated head grade (g/t Au) | – <sup>(1)</sup>            | 1.02      | 1.13                         | 1.03       |
| Gold (oz)                           |                             |           |                              |            |
| – Produced                          | 28,196                      | 44,357    | 172,009                      | 171,358    |
| – Sold                              | 28,202                      | 44,318    | 171,741                      | 171,505    |
| Cash operating costs (\$/oz)        | \$547                       | \$604     | \$662                        | \$500      |
| Total cash costs (\$/oz)            | \$770                       | n/a       | \$812                        | n/a        |
| <b>Financial Data</b>               |                             |           |                              |            |
| Gold revenue                        | \$34.8                      | \$56.6    | \$220.4                      | \$215.7    |
| Depreciation and depletion          | 6.2                         | 11.1      | 41.2                         | 35.7       |
| Earnings from mining operations     | 12.0                        | 17.8      | 61.9                         | 90.5       |
| Sustaining capital expenditures     | \$4.2                       | \$11.4    | \$17.8                       | \$27.9     |

(1) Suspension of adding ore to the pad in Q2 2018.

In 2018, Kışladağ produced 172,009 ounces of gold, a slight increase from 171,358 ounces of gold in 2017. This exceeded guidance for the year and reflected the better-than-expected recoveries from longer leach cycles. Revenue increased to \$220.4 million in 2018 compared to \$215.7 million in 2017 as a result of a slightly higher average realized gold price and higher volume of sales. Cash costs per ounce sold increased from \$500 in 2017 to \$662 in 2018, including \$309 of non-cash inventory change impact during 2018 due to inventory draw-downs on the heap leach pad, partially offset by lower production costs as the decision was made to cease placement of ore on the pad in Q2 2018. Subsequent to the adjustment to increase leach pad inventory ounces in Q3 2018, the impact of this non-cash inventory change was then spread over a larger base of ounces, reducing its comparative impact in Q4 2018. Sustaining capital decreased \$10.1 million to \$17.8 million in 2018 from \$27.9 million in 2017, a reflection of reduced mining operations during the year. AISC per ounce sold averaged \$812 in 2018, improving from \$1,010 in Q3 2018 to \$770 in Q4 2018. The improvement from the previous quarter was primarily a result of reduced sustaining capital and reduced impact of inventory change.

Kışladağ reported gold production of 28,196 ounces for Q4 2018, lower than 44,357 ounces in the same period the prior year due to suspension of ore being placed on the pad. Placement of ore on the pad continued to be suspended during Q4 2018 in conjunction with the progression of a feasibility study for a new mill at Kışladağ. Revenue during the quarter of \$34.8 million was lower by 39% from Q4 2017 revenue of \$56.6 million, driven by lower sales volumes. Cash operating costs per ounce sold were 10% lower during the quarter at \$547 compared to \$604 in Q4 2017, reflecting the reduced impact of non-cash inventory change during the quarter, together with reduced mining costs compared to Q4 2017. Sustaining capital during the quarter decreased compared to the same period the prior year, from \$11.4 million in Q4 2017 to \$4.2 million in Q4 2018, due to increased mining operations in Q4 2017.

In January 2019, Eldorado announced that it would resume mining, crushing, stacking and leaching at the Kışladağ mine and that the advancement of the mill project had been suspended. Please refer to our press release date January 30, 2019 (“Eldorado Announces Decision to Resume Mining and Heap Leaching at Kışladağ”) for further information.

## EFEMÇUKURU

| Operating Data                             | 3 months ended December 31, |         | 12 months ended December 31, |         |
|--------------------------------------------|-----------------------------|---------|------------------------------|---------|
|                                            | 2018                        | 2017    | 2018                         | 2017    |
| Tonnes milled                              | 127,991                     | 119,135 | 499,121                      | 481,649 |
| Average treated head grade (g/t Au)        | 6.55                        | 7.45    | 6.76                         | 7.01    |
| Average recovery rate (to concentrate) (%) | 93.3%                       | 95.8%   | 94.2%                        | 94.8%   |
| Gold (oz)                                  |                             |         |                              |         |
| – Produced                                 | 23,544                      | 25,295  | 95,038                       | 96,080  |
| – Sold                                     | 23,528                      | 23,050  | 97,485                       | 92,575  |
| Cash operating costs (\$/oz)               | \$535                       | \$525   | \$511                        | \$524   |
| All-in sustaining costs (\$/oz)            | \$1,041                     | n/a     | \$834                        | n/a     |
| <b>Financial Data</b>                      |                             |         |                              |         |
| Gold revenue                               | \$30.0                      | \$29.6  | \$124.0                      | \$117.6 |
| Depreciation and depletion                 | 8.2                         | 8.5     | 34.4                         | 35.5    |
| Earnings from mining operations            | 8.2                         | 8.2     | 36.9                         | 30.7    |
| Sustaining capital expenditures            | \$9.1                       | \$13.1  | \$24.4                       | \$28.9  |

Efemçukuru produced 95,038 ounces of gold in 2018 compared to 96,080 ounces of gold in 2017. The slightly lower production was a result of lower average grade and recovery partially offset by a 4% increase in mill throughput during the year. Revenues increased 5% to \$124.0 million in 2018 from \$117.6 million in 2017 as a result of a higher realized gold price. Cash operating costs improved from \$524 per ounce sold in 2017 to \$511 per ounce sold in 2018, with the 3% decrease in unit costs a reflection of higher sales and throughput compared to 2017. In 2018 sustaining capital was \$24.4 million, compared to \$28.9 million in 2017. The decrease was due to less underground development and the decommissioning of the gravity circuit at Efemçukuru at the end of 2017. AISC in 2018 averaged \$834 per ounce sold, a reflection of consistent sales and sustaining capital expenditure.

Gold production for the quarter was 23,544 ounces, marginally lower year over year compared to 25,295 ounces in Q4 2017, primarily due to lower average grade and recovery. Revenues in Q4 2018 were \$30.0 million, compared to \$29.6 million in Q4 2017, driven by slightly higher sales volumes. Cash operating costs per ounce sold were marginally higher year over year, at \$535 in Q4 2018 compared to \$525 in Q4 2017 due to higher production costs resulting from the increased throughput. Sustaining capital in Q4 2018 was \$9.1 million compared to \$13.1 million in Q4 2017 as a result of higher mobile equipment overhauls in the comparative period in 2017. AISC averaged \$1,041 during Q4 2018, an increase from Q3 2017 primarily due to sustaining capital spend during the fourth quarter related to equipment overhauls.

## OLYMPIAS

| Operating Data                             | 3 months ended December 31, |         | 12 months ended December 31, |         |
|--------------------------------------------|-----------------------------|---------|------------------------------|---------|
|                                            | 2018                        | 2017    | 2018                         | 2017    |
| Tonnes milled                              | 61,838                      | n/a     | 322,659                      | n/a     |
| Average treated head grade (g/t Au)        | 6.98                        | n/a     | 7.75                         | n/a     |
| Average recovery rate (to concentrate) (%) | 78.1%                       | n/a     | 82.0%                        | n/a     |
| Gold (oz) <sup>(1)</sup>                   |                             |         |                              |         |
| – Produced                                 | 8,101                       | 7,174   | 46,750                       | 18,472  |
| – Sold                                     | 7,126                       | n/a     | 35,030                       | n/a     |
| Silver (oz) <sup>(2)</sup>                 | 126,504                     | 119,774 | 563,267                      | 351,606 |
| Lead (t) <sup>(2)</sup>                    | 1,249                       | 1,163   | 5,545                        | 3,327   |
| Zinc (t) <sup>(2)</sup>                    | 1,554                       | 1,452   | 7,810                        | 4,504   |
| Cash operating costs (\$/oz)               | \$1,237                     | n/a     | \$764                        | n/a     |
| All-in sustaining costs (\$/oz)            | \$2,038                     | n/a     | \$1,297                      | n/a     |
| <b>Financial Data</b>                      |                             |         |                              |         |
| Gold revenue                               | \$7.7                       | n/a     | \$41.5                       | n/a     |
| Silver and base metal revenue              | 6.3                         | n/a     | 27.1                         | n/a     |
| Depreciation and depletion                 | 7.4                         | n/a     | 29.1                         | n/a     |
| Earnings (loss) from mining operations     | (8.7)                       | n/a     | (15.3)                       | n/a     |
| Sustaining capital expenditures            | \$3.9                       | n/a     | \$12.2                       | n/a     |

(1) Includes pre-commercial production in 2017 and payable ounces in Pb–Ag concentrate.

(2) Payable metal produced.

Olympias produced 46,750 ounces of gold in 2018 with an average gold grade of 7.75 grams per tonne, compared to 2017 pre-commercial production of 18,472 ounces. In 2018, Olympias also produced 563,267 payable ounces of silver, 5,545 payable tonnes of lead and 7,810 payable tonnes of zinc. Gold revenue in 2018 amounted to \$41.5 million, and silver and base metal revenue was \$27.1 million. Cash operating costs for the year averaged \$764 per ounce sold, slightly above guidance as a result of strong production performance in the first half of the year, followed by underground paste backfill and metallurgy issues in the second half of 2018 contributing to higher cash costs and lower recoveries. Sustaining capital in 2018 was \$12.2 million, reflecting underground development completed during the year.

In Q4 2018, Olympias produced 8,101 ounces of gold, up from 7,174 ounces in Q4 2017. Other metal production for the quarter was 126,504 payable silver ounces, 1,249 payable lead tonnes and 1,554 payable zinc tonnes. During the second half of 2018, challenges relating to the blending of the ore feed to the mill and start-up of the newly installed paste plant impacted metallurgical performance and contributed to lower second-half production and higher costs compared to the first half of 2018. Gold revenues in the fourth quarter were \$7.7 million and base metal revenues were \$6.3 million. Cash operating costs in Q4 2018 were \$1,237 per ounce sold, reflecting the metallurgical challenges described above.



## STRATONI

| Operating Data                                           | 3 months ended December 31, |         | 12 months ended December 31, |         |
|----------------------------------------------------------|-----------------------------|---------|------------------------------|---------|
|                                                          | 2018                        | 2017    | 2018                         | 2017    |
| Tonnes ore processed (dry)                               | 35,420                      | 35,636  | 146,726                      | 150,734 |
| Pb grade (%)                                             | 6.5%                        | 5.1%    | 6.7%                         | 5.8%    |
| Zn grade (%)                                             | 9.1%                        | 8.9%    | 9.3%                         | 9.4%    |
| Tonnes of concentrate produced                           | 8,630                       | 8,091   | 37,091                       | 36,699  |
| Tonnes of concentrate sold                               | 12,184                      | 11,107  | 34,764                       | 41,693  |
| Average realized concentrate price (\$/t) <sup>(1)</sup> | \$1,090                     | \$1,272 | \$1,204                      | \$1,227 |
| Cash operating costs (\$/t of concentrate sold)          | \$1,113                     | \$1,361 | \$1,135                      | \$1,062 |
| <b>Financial Data (\$ millions)</b>                      |                             |         |                              |         |
| Concentrate revenues                                     | \$13.3                      | \$14.1  | \$41.9                       | \$51.2  |
| Depreciation and depletion                               | n/a                         | n/a     | n/a                          | n/a     |
| Earnings from mining operations                          | (0.3)                       | (1.2)   | 1.4                          | 5.4     |
| Sustaining capital expenditures                          | \$0.0                       | \$0.1   | \$0.0                        | \$0.6   |

(1) Average realized price includes mark-to-market adjustments.

Stratoni produced 37,091 tonnes of concentrate during 2018 at an average cash cost per tonne of \$1,135, reflecting a slight increase in production from 36,699 tonnes produced in 2017. Cash operating costs were slightly higher than 2017 at \$1,062 per tonne. Increased tonnes of concentrate produced were due to higher lead and silver feed grades which more than offset slightly lower mill throughput. Lower tonnes of concentrate sold year over year were due to unsold lead and zinc concentrate inventory at the end of 2018. Revenue in 2018 was \$41.9 million, a decrease from \$51.2 million in 2017, and a reflection of lower sales volumes. Evaluation and exploration expenditures for 2018 totalled \$14.9 million.

Concentrate production in Q4 2018 was 8,630 tonnes, compared to 8,091 tonnes in Q4 2017 as a result of higher lead and zinc grades. Revenue was slightly lower year over year for the quarter at \$13.3 million, down from \$14.1 million in Q4 2017. The decrease was due to softening in average realized lead prices by 14%, which more than offset a slight increase in sales volumes. Exploration and evaluation expenditures during the quarter were \$4.2 million.

## VILA NOVA

Vila Nova remained on care and maintenance during 2018. No iron ore shipments were completed during the year.

## Development Projects

### LAMAQUE – CANADA

In December 2018, a major milestone was achieved ahead of schedule with the first pouring of gold from the Sigma Mill. Eldorado acquired the Lamaque project in July 2017. In the 18 months following the acquisition, Eldorado filed a prefeasibility study ("PFS"), drilled over 150,000 m, completed 14,000 m of underground development and largely completed refurbishment of the existing Sigma Mill, which began commissioning in November 2018. During 2017 and 2018, a total of 42,411 ounces were produced from a series of toll milling campaigns. Excluding proceeds from gold sales, total 2017 and 2018 capital spending was slightly above the PFS estimate. The increase related primarily to the decision to purchase rather than lease certain mobile equipment, additional costs associated with underground development, and further work on the existing tailings dam to increase storage capacity, offset by the deferral of construction of the Sigma paste plant. Lamaque is expected to declare commercial production in Q1 2019 and is planning to mine and process over 500,000 tonnes of ore in 2019 at an average grade of 7.0 g/t. Production is expected to be 100,000–110,000 ounces of gold (including pre-commercial production), at cash operating costs of \$550–600 per ounce of gold sold.

Spending in Q4 2018 totalled \$97.5 million, offset by \$39.7 million of pre-commercial sales. During Q3 2018, the Certificate of Authorization ("CofA") of the operations permit for the Sigma Mill was received, allowing for the operation of the Sigma Mill complex. All permits were received in the quarter to enable start-up.

Underground development continued to ramp up slightly ahead of plan, with over 2,600 m of underground development completed at the Triangle Deposit during the quarter. The main ramp reached a vertical depth of 325 m and development on the western portion progressed to a vertical depth of 297 m. In the eastern portion of the deposit, development was completed to level 202. During the quarter, approximately 71,000 tonnes were processed at two custom milling facilities nearby, with excellent recoveries.

During Q4 2018, the tailings management facility construction was completed ahead of schedule. The permit of operation to allow tailings disposal in the facility was also received. Key activities at the Sigma Mill focused on advancing the construction, pre-commissioning and commissioning of the process plant. In December the operations team commenced pre-commercial ore processing with a total of 27,321 tonnes from the Triangle Deposit processed through the plant. During the quarter, construction activity peaked in the Sigma Mill with over 250 people working on two shifts. The construction crew started progressive demobilization in mid-November and operational readiness activities also began to ramp up during the quarter with the hiring and training of the operations team. The project remains on track for commercial production in Q1 2019.

### KIŞLADAĞ MILL PROJECT – TURKEY

Following the publication of an NI-43-101-compliant PFS on the Kışladağ Mill study in March 2018, management decided to advance engineering and develop a feasibility study. During the year work was focused on the completion of basic engineering and identification of opportunities for early detailed engineering progress in key areas. Enabling works commenced on site with water management activities and the completion of geotechnical drilling. Project mobilization began with a focus on construction management team mobilization, engineering procurement construction management ("EPCM") negotiations, and contractor pre-qualification.

During Q4 2018, key activities under existing commitments continued, but no new significant commitments were made. Negotiations for long-lead items progressed towards year end but no commitments were made.

On January 30, 2019, the Company announced the decision to resume mining, crushing, stacking and heap leaching. Advancement of the previously announced mill project was suspended. While the mill project has been suspended, the project remains viable in the short term. The viability of the mill project will continue to be assessed in light of the results from ongoing heap leach metallurgical testwork on deeper material and in view of other investment opportunities within the portfolio.

### SKOURIES PROJECT – GREECE

During Q4 2018, the Skouries site continued to transition to care and maintenance (C&M). Storm activity at the site earlier in the year delayed the final handover to Operations C&M teams until the end of Q4 2018. The process plant was handed over to operations for ongoing C&M in Q3 2018. Capital spending during the year totalled \$23 million.

Storm water management construction, tailings dam embankment works and final open pit grading works were the primary works advanced during Q4 2018. Capital spending in the quarter totalled \$2.7 million.

## TOCANTINZINHO PROJECT – BRAZIL

A value engineering exercise on the Tocantinzinho project continued during the year. Project economics continued to be examined for opportunities for improvement with a focus on material reductions to project capital. Spending on the project in the year was \$6.5 million. A report to demonstrate these value engineering improvements to the project was advanced during the quarter and the updated PFS report is expected in Q2 2019. Spending on the project in the quarter totalled \$1.6 million.

## CERTEJ PROJECT – ROMANIA

In 2018, design work advanced on engineering studies for process optimization, tailings impoundment and waste rock storage. Evaluation of the limestone quarry and oxidation process requirements continued. In Q4 2018, off-site infrastructure construction work continued, including water tank installation, water supply pipeline installation and power line construction. Spending in the quarter totalled \$2.7 million.

## Exploration

A total of \$28.3 million, expensed and capitalized, was spent on exploration programs during the year. Drilling programs were conducted at projects in Canada, Greece, Romania and Turkey. In Q4 2018, the Company spent \$6.0 million and completed 26,138 m of exploration drilling, for a year end total of 116,368 m. A majority of the exploration completed during the year focused on brownfields resource expansion at the Company's mining operations and development projects.

At the Lamaque project, 45,718 m of surface exploration drilling were completed in 2018, including 8,022 m in Q4 2018. Drilling tested lower parts of the Triangle Deposit and targets in the Parallel Deposit area. Results continued to highlight the resource expansion potential of the lower Triangle Deposit, with several holes expanding the known extent of the lower mineralized shear zones and one intersecting a significant interval of high grade stockwork style mineralization. These results contributed to the marked increase in Inferred Resources as of the end of Q3 (5,368 thousand tonnes in 2017 versus 8,397 thousand tonnes in 2018). Re-interpretation and addition of new zones below C5, including a maiden stockwork resource associated with C9, formed the basis of this increase. Expanding resources below C5 will comprise the primary exploration focus at Triangle during 2019 and 2020. In addition, resource conversion drilling of the existing Inferred Resources in the C4 vein as well as the entire C5 vein is planned in order to expand mineral reserves in that area. The anticipated reserve increases will potentially enable an increase in production by as much as 30% within a five-year plan, and the engineering teams are currently examining the requirements in mine infrastructure to access and handle the increased tonnage.

At Efemçukuru, 11,050 m of exploration drilling during the quarter from both surface and underground platforms tested the Kestanebeleni vein footwall area and resource expansion targets at the Kokarpinar vein. With good exploration potential and continued success, the current mine life of nine years is expected to be extended. Turkey greenfields exploration programs focused on advancing the Bambal project in Central Turkey and early-stage licences in the Pontide belt.

Exploration drilling in 2018 at Olympias totalled 5,786 m, including 1,496 m in Q4 2018. This drilling focused on resource expansion within the East Zone and in the poorly tested area between the West and East zones. At Stratoni, 189 m of underground exploration development were completed during the year to provide platforms for resource expansion drilling. Drilling tested down-dip and along-strike extensions to the Mavres Petres orebody, with 2,622 m completed in Q4 2018 and 9,622 m for the year. This drilling identified a new mineralized massive sulfide lens down-dip from areas currently in production, which will be further delineated in 2019. Updated mineral resources at Stratoni, based on Q1–Q3 drilling results, included a significant increase in high-grade Ag–Pb–Zn Inferred Resources (245 thousand tonnes in 2017 versus 1,120 thousand tonnes in 2018). The Company is targeting similar growth in the mineral resources in 2019 based on continued stepout drilling. If realized, a sufficient inventory of resources will be available to conduct a preliminary economic assessment of strategies to optimize the financial performance of the Stratoni mine.

The first phase of resource drilling at the Bolcana exploration project in Romania was completed in Q3 2018, with 25,631 m drilled during the year. The two-year exploration program at Bolcana focused on the drill definition of a major copper gold deposit and outlined a maiden Inferred Resource of 381 million tonnes at 0.53 grams per tonne gold and 0.18% copper, containing 6.5 million ounces of gold and 686,000 tonnes of copper. In Q4 2018, exploration drilling continued on the adjacent Certej North exploration licence (2,670 m), which covers the northern edge of the Bolcana system. The Company is currently reviewing options for advancing the Bolcana project, and will be conducting further resource expansion drilling on the Certej North licence in 2019.

## Non-IFRS Measures

The Company has included certain non-IFRS measures in this document, as discussed below. The Company believes that these measures, in addition to conventional measures prepared in accordance with IFRS, provide investors an improved ability to evaluate the underlying performance of the Company. The non-IFRS measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These measures do not have any standardized meaning prescribed under IFRS, and therefore may not be comparable to other issuers.

### CASH OPERATING COSTS, CASH OPERATING COSTS PER OUNCE SOLD

Cash operating costs and cash operating cost per ounce sold are non-IFRS measures. In the gold mining industry, these metrics are common performance measures but do not have any standardized meaning under IFRS. Cash operating costs include mine site operating costs such as mining, processing and administration, but exclude royalty expenses, depreciation and depletion and share-based payment expenses and reclamation costs. Cash operating cost per ounce sold is based on ounces sold and is calculated by dividing cash operating costs by volume of gold ounces sold. The Company discloses cash operating costs and cash operating cost per ounce sold as it believes the measures provide valuable assistance to investors and analysts in evaluating the Company's operational performance and ability to generate cash flow. We calculate costs according to the Gold Institute Standard. The most directly comparable measure prepared in accordance with IFRS is production costs. Cash operating costs and cash operating cost per ounce of gold sold should not be considered in isolation or as a substitute for measures prepared in accordance with IFRS.

### RECONCILIATION OF PRODUCTION COSTS TO CASH OPERATING COSTS

|                                                     | Q4 2018       | Q4 2017       | 2018           | 2017           |
|-----------------------------------------------------|---------------|---------------|----------------|----------------|
| <b>Production costs</b>                             | <b>\$58.8</b> | <b>\$56.8</b> | <b>\$268.0</b> | <b>\$192.7</b> |
| Vila Nova and Stratoni production costs             | 13.7          | 15.1          | 40.2           | 47.1           |
| Production costs – excluding Vila Nova and Stratoni | 45.1          | 41.7          | 227.8          | 145.6          |
| By-product credits and other adjustments            | (5.9)         | (1.0)         | (30.1)         | (4.6)          |
| Royalty expense and production taxes                | (2.4)         | (1.8)         | (7.4)          | (6.7)          |
| <b>Cash operating cost</b>                          | <b>\$36.8</b> | <b>\$38.9</b> | <b>\$190.3</b> | <b>\$134.3</b> |
| Gold ounces sold                                    | 58,856        | 67,367        | 304,256        | 264,080        |
| <b>Cash operating cost per ounce sold</b>           | <b>\$626</b>  | <b>\$577</b>  | <b>\$625</b>   | <b>\$509</b>   |

### RECONCILIATION OF CASH OPERATING COSTS AND CASH OPERATING COST PER OUNCE SOLD, BY ASSET, FOR THE THREE MONTHS ENDED DECEMBER 31, 2018

|                           | Direct mining costs | By-product credits | Refining and selling costs | Other <sup>(1)</sup> | Cash operating costs | Cash operating cost/oz sold | Gold oz sold  |
|---------------------------|---------------------|--------------------|----------------------------|----------------------|----------------------|-----------------------------|---------------|
| Kışladağ                  | \$10.3              | (\$0.3)            | \$0.1                      | \$5.3                | \$15.4               | \$547                       | 28,202        |
| Efemçukuru                | 12.0                | (0.6)              | 1.5                        | (0.3)                | 12.6                 | 535                         | 23,528        |
| Olympias                  | 17.2                | (6.3)              | 1.7                        | (3.7)                | 8.8                  | 1,237                       | 7,126         |
| <b>Total consolidated</b> | <b>\$39.5</b>       | <b>(\$7.1)</b>     | <b>\$3.2</b>               | <b>\$1.2</b>         | <b>\$36.8</b>        | <b>\$626</b>                | <b>58,856</b> |

(1) Other costs indicated are primarily inventory change costs.

**RECONCILIATION OF CASH OPERATING COSTS AND CASH OPERATING COST PER OUNCE SOLD, BY ASSET,  
FOR THE YEAR ENDED DECEMBER 31, 2018**

|                           | Direct<br>mining<br>costs | By-product<br>credits | Refining and<br>selling costs | Other <sup>(1)</sup> | Cash<br>operating<br>costs | Cash<br>operating<br>cost/oz sold | Gold<br>oz sold |
|---------------------------|---------------------------|-----------------------|-------------------------------|----------------------|----------------------------|-----------------------------------|-----------------|
| Kışladağ                  | \$61.4                    | (\$1.2)               | \$0.6                         | \$53.0               | \$113.7                    | \$662                             | 171,741         |
| Efemçukuru                | 45.6                      | (2.9)                 | 6.2                           | 0.9                  | 49.8                       | 511                               | 97,485          |
| Olympias                  | 63.4                      | (27.1)                | 7.7                           | (17.3)               | 26.8                       | 764                               | 35,030          |
| <b>Total consolidated</b> | <b>\$170.4</b>            | <b>(\$31.3)</b>       | <b>\$14.5</b>                 | <b>\$36.6</b>        | <b>\$190.2</b>             | <b>\$625</b>                      | <b>304,256</b>  |

(1) Other costs indicated are primarily inventory change costs.

**Non-cash Operating Costs, Non-cash Operating Costs per Ounce**

Non-cash operating costs and non-cash operating costs per ounce are non-IFRS measures. In the gold mining industry, these metrics are common performance measures but do not have any standardized meaning under IFRS. Non-cash operating costs separate non-cash items such as inventory change from cash operating costs. The measure is intended to assist readers in evaluating non-cash operating costs and non-cash operating costs per ounce realized at Kışladağ.

**RECONCILIATION OF NON-CASH OPERATING COSTS AND NON-CASH OPERATING COSTS PER OUNCE SOLD, AT KIŞLADAĞ,  
FOR THE THREE MONTHS ENDED DECEMBER 31, 2018**

|          | Cash<br>operating<br>costs | Gold oz sold | Cash operating<br>costs/oz sold | Non-cash<br>operating costs | Non-cash<br>operating costs/<br>oz sold |
|----------|----------------------------|--------------|---------------------------------|-----------------------------|-----------------------------------------|
| Kışladağ | \$15.4                     | 28,202       | \$547                           | \$5.3                       | \$188                                   |

**RECONCILIATION OF NON-CASH OPERATING COSTS AND NON-CASH OPERATING COSTS PER OUNCE SOLD, AT KIŞLADAĞ,  
FOR THE YEAR ENDED DECEMBER 31, 2018**

|          | Cash<br>operating<br>costs | Gold oz sold | Cash operating<br>costs/oz sold | Non-cash<br>operating costs | Non-cash<br>operating costs/<br>oz sold |
|----------|----------------------------|--------------|---------------------------------|-----------------------------|-----------------------------------------|
| Kışladağ | \$113.7                    | 171,741      | \$662                           | \$53.0                      | \$309                                   |

**All-in Sustaining Cost**

AISC and AISC per ounce sold are non-IFRS measures. These measures are intended to assist readers in evaluating the total costs of producing gold from current operations. While there is no standardized meaning across the industry for this measure, the Company's definition conforms to the definition of AISC set out by the World Gold Council and the updated guidance note dated November 14, 2018. The Company defines AISC as the sum of operating costs (as defined and calculated above), royalty expenses, sustaining capital, corporate expenses and reclamation cost accretion related to current operations. Corporate expenses include G&A expenses, transaction related costs, severance expenses for management changes and interest income. AISC excludes growth capital and reclamation cost accretion not related to current operations, all financing charges (including capitalized interest), except for financing charges related to leasing arrangements, costs related to business combinations, asset acquisitions and asset disposals, and adjustments made to normalize earnings (for example, impairments on non-current assets, one-time material severance charges, or legal costs or settlements related to significant lawsuits).

### RECONCILIATION OF ALL-IN SUSTAINING COSTS AND ALL-IN SUSTAINING COSTS PER OUNCE SOLD

|                                                   | Q4 2018        | Q4 2017        | 2018           | 2017           |
|---------------------------------------------------|----------------|----------------|----------------|----------------|
| <b>Cash operating costs</b>                       | <b>\$36.8</b>  | <b>\$38.9</b>  | <b>\$190.3</b> | <b>\$134.3</b> |
| Royalties and production taxes                    | 2.4            | 1.8            | 7.4            | 6.7            |
| Corporate and allocated G&A                       | 12.3           | 8.6            | 44.3           | 44.5           |
| Exploration costs                                 | 1.3            | 0.5            | 2.8            | 1.1            |
| Reclamation costs and amortization <sup>(1)</sup> | 0.6            | –              | 3.1            | –              |
| Sustaining capital expenditure                    | 17.2           | 24.5           | 54.4           | 56.8           |
| <b>AISC</b>                                       | <b>\$70.6</b>  | <b>\$74.4</b>  | <b>\$302.3</b> | <b>\$243.4</b> |
| Gold ounces sold                                  | 58,856         | 67,367         | 304,256        | 264,080        |
| <b>AISC per ounce sold</b>                        | <b>\$1,200</b> | <b>\$1,104</b> | <b>\$994</b>   | <b>\$922</b>   |

(1) In 2017 reclamation costs and amortization were included in corporate and allocated G&A.

### RECONCILIATION OF ALL-IN SUSTAINING COSTS AND ALL-IN SUSTAINING COSTS PER OUNCE SOLD, BY OPERATING ASSET AND CORPORATE OFFICE, FOR THE THREE MONTHS ENDED DECEMBER 31, 2018

|                           | Cash operating costs | Royalties & production taxes | Corporate & allocated G&A | Exploration costs | Reclamation costs & amortization | Sustaining capex | Total AISC    | Gold oz sold  | Total AISC/oz sold |
|---------------------------|----------------------|------------------------------|---------------------------|-------------------|----------------------------------|------------------|---------------|---------------|--------------------|
| Kışladağ                  | \$15.4               | \$1.1                        | \$0.8                     | –                 | \$0.2                            | \$4.2            | \$21.7        | 28,202        | \$770              |
| Efemçukuru                | 12.6                 | 1.1                          | 0.6                       | 0.9               | 0.2                              | 9.1              | 24.5          | 23,528        | 1,041              |
| Olympias                  | 8.8                  | 0.2                          | 1.0                       | 0.4               | 0.2                              | 3.9              | 14.5          | 7,126         | 2,038              |
| Corporate <sup>(1)</sup>  | –                    | –                            | 9.9                       | –                 | –                                | –                | 9.9           | 58,856        | 168                |
| <b>Total consolidated</b> | <b>\$36.8</b>        | <b>\$2.4</b>                 | <b>\$12.3</b>             | <b>\$1.3</b>      | <b>\$0.6</b>                     | <b>\$17.2</b>    | <b>\$70.6</b> | <b>58,856</b> | <b>\$1,200</b>     |

(1) Excludes G&A expenses related to business development activities and projects. Includes share-based payments expense and defined benefit pension plan expense.

### RECONCILIATION OF ALL-IN SUSTAINING COSTS AND ALL-IN SUSTAINING COSTS PER OUNCE SOLD, BY OPERATING ASSET AND CORPORATE OFFICE, FOR THE YEAR ENDED DECEMBER 31, 2018

|                           | Cash operating costs | Royalties & production taxes | Corporate & allocated G&A | Exploration costs | Reclamation costs & amortization | Sustaining capex | Total AISC     | Gold oz sold   | Total AISC/oz sold |
|---------------------------|----------------------|------------------------------|---------------------------|-------------------|----------------------------------|------------------|----------------|----------------|--------------------|
| Kışladağ                  | \$113.7              | \$3.5                        | \$3.2                     | –                 | \$1.3                            | \$17.8           | \$139.5        | 171,741        | \$812              |
| Efemçukuru                | 49.8                 | 2.9                          | 1.8                       | 1.6               | 0.8                              | 24.4             | 81.3           | 97,485         | 834                |
| Olympias                  | 26.8                 | 1.0                          | 3.3                       | 1.2               | 1.0                              | 12.2             | 45.4           | 35,030         | 1,297              |
| Corporate <sup>(1)</sup>  | –                    | –                            | 36.0                      | –                 | –                                | –                | 36.0           | 304,256        | 118                |
| <b>Total consolidated</b> | <b>\$190.2</b>       | <b>\$7.4</b>                 | <b>\$44.3</b>             | <b>\$2.8</b>      | <b>\$3.1</b>                     | <b>\$54.4</b>    | <b>\$302.3</b> | <b>304,256</b> | <b>\$994</b>       |

(1) Excludes G&A expenses related to business development activities and projects. Includes share-based payments expense and defined benefit pension plan expense.

### RECONCILIATION OF G&A COSTS INCLUDED IN ALL-IN SUSTAINING COSTS, FOR THE THREE MONTHS ENDED DECEMBER 31, 2018 AND 2017

|                                                                                 | 2018         | 2017          |
|---------------------------------------------------------------------------------|--------------|---------------|
| General and administrative expenses (from consolidated statement of operations) | \$13.7       | \$18.7        |
| <b>Add:</b>                                                                     |              |               |
| Share-based payments                                                            | 1.2          | 2.0           |
| Defined benefit pension plan expense from corporate and operating gold mines    | 1.2          | 1.0           |
| Accretion from operating gold mines <sup>(1)</sup>                              | –            | 0.2           |
| <b>Less:</b>                                                                    |              |               |
| General and administrative expenses from non-gold mines                         | (4.8)        | (6.0)         |
| Business development                                                            | (0.8)        | (2.7)         |
| Development projects                                                            | (0.7)        | (0.5)         |
| <b>Adjusted general and administrative expenses</b>                             | <b>\$9.8</b> | <b>\$12.7</b> |

(1) For 2018 accretion from operating gold mines is included in the individual mine site AISC calculation.

### RECONCILIATION OF G&A COSTS INCLUDED IN ALL-IN SUSTAINING COSTS, FOR THE YEAR ENDED DECEMBER 31, 2018 AND 2017

|                                                                                 | 2018          | 2017          |
|---------------------------------------------------------------------------------|---------------|---------------|
| General and administrative expenses (from consolidated statement of operations) | \$46.8        | \$54.6        |
| <b>Add:</b>                                                                     |               |               |
| Share-based payments                                                            | 7.0           | 11.2          |
| Defined benefit pension plan expense from corporate and operating gold mines    | 3.6           | 1.5           |
| Accretion from operating gold mines <sup>(1)</sup>                              | –             | 0.9           |
| <b>Less:</b>                                                                    |               |               |
| General and administrative expenses from non-gold mines                         | (17.0)        | (18.3)        |
| Business development                                                            | (1.9)         | (3.5)         |
| Development projects                                                            | (2.4)         | (1.9)         |
| <b>Adjusted general and administrative expenses</b>                             | <b>\$36.0</b> | <b>\$44.5</b> |

(1) For 2018, Accretion from operating gold mines is included in the individual mine site AISC calculation.

#### Cash Flow from Operations before Changes in Non-cash Working Capital

The Company uses cash flow from operations (or operating activities) before changes in non-cash working capital to supplement its Consolidated Financial Statements, and calculates it by not including the period to period movement of non-cash working capital items, like accounts receivable, advances and deposits, inventory, accounts payable and accrued liabilities. The Company believes this provides an alternative indication of its cash flow from operations and may be meaningful to investors in evaluating our past performance or future prospects. It is not meant to be a substitute for cash flow from operations (or operating activities), which is calculated according to IFRS.

#### Sustaining and Growth Capital

Sustaining capital and growth capital are non-IFRS measures. The Company defines sustaining capital as capital required to maintain current operations at existing levels. Growth capital is defined as capital expenditures for major growth projects or enhancement capital for significant infrastructure improvements at existing operations.

#### Average Realized Price per Ounce Sold

In the gold mining industry, average realized price per ounce sold is a common performance measure that does not have any standardized meaning. The most directly comparable measure prepared in accordance with IFRS is revenue from gold sales. Average realized price per ounce sold should not be considered in isolation or as a substitute for measures prepared in accordance with IFRS. The measure is intended to assist readers in evaluating the total revenues realized in a period from current operations.

#### AVERAGE REALIZED PRICE PER OUNCE SOLD IS RECONCILED FOR THE FOLLOWING PERIODS

|                                              | Q4 2018        | Q4 2017        | 2018           | 2017           |
|----------------------------------------------|----------------|----------------|----------------|----------------|
| Realized gold revenue                        | \$73.3         | \$86.2         | \$386.0        | \$333.3        |
| Gold ounces sold                             | 58,856         | 67,367         | 304,256        | 264,080        |
| <b>Average realized price per ounce sold</b> | <b>\$1,245</b> | <b>\$1,280</b> | <b>\$1,269</b> | <b>\$1,262</b> |

#### Adjusted Net Earnings/(Loss)

Adjusted net earnings/(loss) from continuing operations and adjusted net earnings/(loss) per share from continuing operations are used by management and investors to measure the underlying operating performance of the Company. Adjusted net earnings/(loss) from continuing operations is defined as net earnings/(loss) adjusted to exclude the after-tax impact of specific items that are significant, but not reflective of the underlying operations of the Company, including impairment adjustments; foreign exchange on deferred tax balances; changes in tax rates; gain (loss) on sale of securities; gain (loss) on disposal of assets; other write-down of assets; transaction costs and executive severance payments; and other non-recurring items. Adjusted net earnings/(loss) per share from continuing operations is calculated using the weighted average number of shares outstanding for adjusted net earnings/(loss) per share from continuing operations.

#### RECONCILIATION OF NET EARNINGS/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY TO ADJUSTED NET EARNINGS/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

|                                                                                 | Q4 2018          | Q4 2017         | 2018             | 2017           |
|---------------------------------------------------------------------------------|------------------|-----------------|------------------|----------------|
| <b>Net earnings/(loss)</b>                                                      | <b>(\$218.2)</b> | <b>(\$20.7)</b> | <b>(\$361.9)</b> | <b>(\$9.9)</b> |
| Gain (loss) on disposition of subsidiary                                        | –                | 0.1             | –                | 2.9            |
| Gain (loss) on available-for-sale securities                                    | –                | 0.1             | 0.2              | (28.3)         |
| Unrealized gain (loss) on foreign exchange translation of deferred tax balances | (7.9)            | 12.2            | 30.9             | 2.3            |
| Other write-down of assets, net of tax                                          | 0.1              | 2.7             | 1.2              | 37.5           |
| Impairment of property, plant and equipment, net of tax                         | 234.4            | –               | 328.4            | –              |
| Transaction costs                                                               | –                | 0.5             | –                | 6.2            |
| Changes in Greek tax rate                                                       | (25.0)           | –               | (25.0)           | –              |
| Other non-recurring items                                                       | (2.3)            | 4.7             | (2.4)            | 4.6            |
| <b>Total adjusted net earnings/(loss)</b>                                       | <b>(\$18.9)</b>  | <b>(\$0.4)</b>  | <b>(\$28.6)</b>  | <b>\$15.2</b>  |
| Weighted average shares outstanding                                             | 158,404          | 150,531         | 158,509          | 150,531        |
| <b>Adjusted net earnings/(loss) per share (\$/share)</b>                        | <b>(\$0.11)</b>  | <b>(\$0.02)</b> | <b>(\$0.17)</b>  | <b>\$0.10</b>  |

#### Net Earnings from Gold Mining Operations

Net earnings from gold mining operations represents gross revenues from gold mining operations less production costs and depreciation, depletion and amortization related to those operations.



## RECONCILIATION OF NET EARNINGS (LOSS) FROM MINE OPERATIONS TO NET EARNINGS (LOSS) FROM GOLD MINING OPERATIONS

|                                                          | Q4 2018       | Q4 2017       | 2018          | 2017           |
|----------------------------------------------------------|---------------|---------------|---------------|----------------|
| <b>Net earnings (loss) from mine operations</b>          | <b>\$10.8</b> | <b>\$24.8</b> | <b>\$83.8</b> | <b>\$126.1</b> |
| Net earnings from Stratoni mine                          | (0.3)         | (1.2)         | 1.4           | 5.4            |
| Net earnings (loss) from Vila Nova mine                  | –             | (0.2)         | –             | 0.5            |
| Other <sup>(1)</sup>                                     | (2.9)         | 0.2           | (1.1)         | (1.0)          |
| <b>Adjusted net earnings/(loss) per share (\$/share)</b> | <b>\$14.0</b> | <b>\$26.0</b> | <b>\$83.5</b> | <b>\$121.2</b> |

(1) Includes Corporate office depreciation.

### Earnings before Interest, Taxes and Depreciation and Amortization (“EBITDA”) from Continuing Operations, Adjusted Earnings before Interest, Taxes and Depreciation and Amortization (“Adjusted EBITDA”) from Continuing Operations

EBITDA from continuing operations represents net earnings from continuing operations before interest, taxes, depreciation and amortization. In addition to conventional measures prepared in accordance with IFRS, the Company and certain investors use EBITDA from continuing operations and Adjusted EBITDA from continuing operations as an indicator of the Company's ability to generate liquidity by producing operating cash flow to fund working capital needs, service debt obligations and fund capital expenditures. EBITDA is also frequently used by investors and analysts for valuation purposes based on an observed or inferred relationship between EBITDA and market values to determine the approximate total enterprise value of a company. EBITDA from continuing operations and Adjusted EBITDA from continuing operations are intended to provide additional information to investors and analysts and do not have any standardized definition under IFRS, and should not be considered in isolation or as substitutes for measures of performance prepared in accordance with IFRS. EBITDA and Adjusted EBITDA exclude the impact of cash costs of financing activities and taxes, and the effects of changes in operating working capital balances, and therefore is not necessarily indicative of operating earnings or cash flow from operations as determined under IFRS. Other companies may calculate EBITDA differently.

## RECONCILIATION OF NET EARNINGS (LOSS) FROM CONTINUING OPERATIONS BEFORE TAX TO EBITDA AND ADJUSTED EBITDA

|                                                                     | Q4 2018          | Q4 2017         | 2018             | 2017          |
|---------------------------------------------------------------------|------------------|-----------------|------------------|---------------|
| <b>Earnings (loss) from continuing operations before income tax</b> | <b>(\$346.3)</b> | <b>(\$20.4)</b> | <b>(\$466.1)</b> | <b>\$0.8</b>  |
| Depreciation, depletion and amortization                            | 22.2             | 19.9            | 105.7            | 72.1          |
| Interest income                                                     | (2.1)            | (1.3)           | (7.7)            | (6.8)         |
| Interest and financing costs                                        | (2.3)            | 1.1             | 4.3              | 3.2           |
| Accretion expense                                                   | 0.5              | 0.5             | 2.0              | 2.0           |
| <b>EBITDA</b>                                                       | <b>(\$327.9)</b> | <b>(\$0.2)</b>  | <b>(\$361.8)</b> | <b>\$71.4</b> |
| Other write-down of assets                                          | 0.1              | 12.4            | 1.5              | 46.7          |
| Inventory write-down                                                | 1.0              | –               | 1.5              | 0.4           |
| Non-cash adjustments <sup>(1)</sup>                                 | 1.2              | (5.8)           | 36.6             | (35.8)        |
| Share-based compensation                                            | 1.2              | 2.0             | 7.0              | 11.2          |
| Impairment (reversal of impairment) of mining interests             | 330.2            | –               | 447.8            | –             |
| (Gain) loss on disposal of assets                                   | –                | 0.1             | (0.1)            | 0.5           |
| <b>Adjusted EBITDA</b>                                              | <b>\$6.0</b>     | <b>\$8.4</b>    | <b>\$132.4</b>   | <b>\$94.3</b> |

(1) Includes inventory change.

**Working Capital**

Working capital is a non-IFRS measure. In the gold mining industry, working capital is a common measure of liquidity, but does not have any standardized meaning. The most directly comparable measure prepared in accordance with IFRS is current assets and current liabilities. Working capital is calculated by deducting current liabilities from current assets. Working capital should not be considered in isolation or as a substitute from measures prepared in accordance with IFRS. The measure is intended to assist readers in evaluating the Company's liquidity.

**WORKING CAPITAL FOR THE PERIODS HIGHLIGHTED**

|                        | As at December 31, 2018 | As at December 31, 2017 |
|------------------------|-------------------------|-------------------------|
| Current assets         | \$514.7                 | \$737.5                 |
| Current liabilities    | 141.7                   | 114.0                   |
| <b>Working capital</b> | <b>\$373.0</b>          | <b>\$623.5</b>          |

**Quarterly Results**

|                                                                | 2018      |           |          |         | 2017     |         |        |         |
|----------------------------------------------------------------|-----------|-----------|----------|---------|----------|---------|--------|---------|
|                                                                | Q4        | Q3        | Q2       | Q1      | Q4       | Q3      | Q2     | Q1      |
| Total revenue                                                  | \$92.8    | \$81.1    | \$153.2  | \$131.9 | \$101.4  | \$95.4  | \$82.7 | \$111.9 |
| Impairment charge on property, plant and equipment, net of tax | 234.4     | 94.1      | –        | –       | 37.5     | –       | –      | –       |
| Net earnings/(loss)                                            | (\$218.2) | (\$128.0) | (\$24.4) | \$8.7   | (\$20.7) | (\$4.2) | \$11.2 | \$3.8   |
| Net earnings (loss) per share                                  |           |           |          |         |          |         |        |         |
| – basic                                                        | (1.38)    | (0.81)    | (0.15)   | 0.06    | (0.15)   | (0.03)  | 0.08   | 0.03    |
| – diluted                                                      | (1.38)    | (0.81)    | (0.15)   | 0.06    | (0.15)   | (0.03)  | 0.08   | 0.03    |

## Financial Condition and Liquidity

### OPERATING ACTIVITIES

Net cash generated from operating activities increased to \$66.3 million as at December 31, 2018 from \$30.8 million as at December 31, 2017, excluding discontinued operations. Operating activities generated \$69.1 million in cash in 2018, before changes in non-cash working capital, severance and property reclamation payments, compared to \$69.6 million in 2017.

### INVESTING ACTIVITIES

The Company invested \$274.1 million in capital expenditures in 2018. Evaluation and development expenditures, including capitalized drilling programs, totalled \$214.9 million while sustaining capital spending at producing mines totalled \$54.4 million. A total of \$36.8 million in interest was capitalized and charged to capital projects. \$2.0 million in land acquisitions in Turkey and Romania were completed in 2018. The remaining \$2.8 million related to fixed assets of our Corporate offices in Canada, Brazil, Turkey, Greece and Romania. In addition, cash proceeds of \$48.9 million related to pre-commercial production sales in Lamaque were recorded as cash flows from investing activities.

### FINANCING ACTIVITIES

As previously announced, the Company suspended cash payment of its semi-annual dividend effective the first quarter of 2018.

## Capital Resources

|                                          | 2018    | 2017    |
|------------------------------------------|---------|---------|
| Cash, cash equivalents and term deposits | \$293.0 | \$485.0 |
| Working capital                          | 373.0   | 623.5   |
| Restricted collateralized accounts       | 0.3     | 0.3     |
| Debt – long-term                         | \$596.0 | \$593.8 |

In conjunction with the plan to resume heap leach operations at Kışladağ in 2019, management believes that the working capital at December 31, 2018, together with future cash flows from operations and, where appropriate, select financing options, including the undrawn credit facility, are sufficient to support the Company's planned and foreseeable commitments for the next 12 months. The Company does not anticipate drawing on the revolving credit facility during this time period. Evaluation of the Company's available financing options is ongoing and continues to be assessed in support of the Company's medium to long-term capital needs.

## Contractual Obligations

As at December 31, 2018:

|                      | Within 1 year | 2–3 years      | 4–5 years     | Over 5 years  | Total          |
|----------------------|---------------|----------------|---------------|---------------|----------------|
| Debt                 | –             | \$600.0        | –             | –             | \$600.0        |
| Purchase obligations | 30.9          | 0.3            | 0.2           | –             | 31.4           |
| Capital leases       | 4.3           | 6.8            | 0.6           | –             | 11.7           |
| Operating leases     | 9.3           | 15.9           | 14.8          | 24.6          | 64.6           |
| <b>Total</b>         | <b>\$44.5</b> | <b>\$623.0</b> | <b>\$15.6</b> | <b>\$24.6</b> | <b>\$707.7</b> |

Purchase obligations relate primarily to mine development expenditures at Olympias and Lamaque and mine operating costs at Efemçukuru and Kışladağ. The table does not include interest on debt.

As of December 31, 2018, Hellas Gold, a subsidiary of Eldorado, had entered into off-take agreements pursuant to which Hellas Gold agreed to sell a total of 52,500 dry metric tonnes of zinc concentrates, 5,250 dry metric tonnes of lead/silver concentrates, and 241,000 dry metric tonnes of gold concentrate, through the year ending December 31, 2019.

In April 2007, Hellas Gold agreed to sell to Silver Wheaton (Caymans) Ltd., a subsidiary of Wheaton Precious Metals ("Wheaton Precious Metals") all of the payable silver contained in lead concentrate produced within an area of approximately 7 km<sup>2</sup> around Stratoni. The sale was made in consideration of a prepayment to Hellas Gold of \$57.5 million in cash, plus a fixed price per ounce of payable silver to be delivered based on the lesser of \$3.90 and the prevailing market price per ounce, adjusted higher by 1% every year. The Agreement was amended in October 2015 to provide for increases in the fixed price paid by Wheaton Precious Metals upon completion of certain expansion drilling milestones. 10,000 m of expansion drilling was reached during the second quarter of 2018 and in accordance with the terms of the agreement, the fixed price has been adjusted by an additional \$2.50 per ounce. Accordingly, the fixed price as of July 1, 2018 is equal to \$6.77 per ounce.

In May 2013, the Company, in connection with Hellas Gold, entered into a Letter of Guarantee in favour of the Greek Ministry of Environment and Energy, in the amount of €50.0 million, as security for the due and proper performance of rehabilitation works committed in connection with the Environmental Impact Assessment approved for the Kassandra Mines (Stratoni, Olympias and Skouries). The Letter of Guarantee is renewed annually and expires on July 26, 2026. The Letter of Guarantee has an annual fee of 57 basis points.

In June 2017, the Company, in connection with Hellas Gold, entered into a Letter of Guarantee in favour of the Greek Ministry of Environment and Energy, in the amount of €7.5 million, as security for the due and proper performance of the Kokkinolakkas Tailings Management Facility, committed in connection with the Environmental Impact Assessment approved for the Kassandra Mines. The Letter of Guarantee is renewed annually and expires on July 26, 2026. The Letter of Guarantee has an annual fee of 45 basis points.

As at December 31, 2018, Tüprag Metal Madencilik Sanayi Ve Ticaret A.S. ("Tüprag"), a subsidiary of Eldorado had entered into off-take agreements pursuant to which Tüprag agreed to sell a total of 45,000 dry metric tonnes of gold concentrate through the year ending December 31, 2019.

## Debt

### REVOLVING CREDIT FACILITY

In November 2012, the Company entered into a \$375 million revolving credit facility with a syndicate of banks. This credit facility was amended and restated in June 2016 ("the amended and restated credit agreement" or "ARCA") and reduced to an available credit of \$250 million with the option to increase by an additional \$100 million through an accordion feature. The maturity date is June 13, 2020. The ARCA is secured by the shares of SG Resources and Tüprag, wholly-owned subsidiaries of the Company. Fees of \$2.0 million were paid on the amendment dated June 2016. This amount has been deferred as pre-payment for liquidity services and is being amortized to financing costs over the term of the credit facility. As at December 31, 2018, the pre paid loan cost on the consolidated statement of financial position was \$0.7 million (2017: \$1.3 million).

The ARCA contains covenants that restrict, among other things, the ability of the Company to incur aggregate unsecured indebtedness exceeding \$850 million, incur secured indebtedness exceeding \$200 million and permitted unsecured indebtedness exceeding \$150 million. The ARCA also contains restrictions for making distributions in certain circumstances, selling material assets and conducting business other than that which relates to the mining industry. Significant financial covenants include a maximum Net Debt to EBITDA of 3.5:1 and a minimum EBITDA to Interest of 3:1. The Company is in compliance with these covenants as at December 31, 2018.

Loan interest on the revolving credit facility is variable, dependent on a net leverage ratio pricing grid. The Company's current net leverage ratio is approximately 2.26:1. At this ratio, interest charges and fees are as follows: LIBOR plus margin of 2.625% and undrawn standby fee of 0.725%.

No amounts were drawn down under the ARCA in 2018 and as at December 31, the balance is \$nil (2017: \$nil).

## SENIOR NOTES

On December 10, 2012, the Company completed an offering of \$600 million senior notes ("the notes") at par value, with a coupon rate of 6.125% due December 15, 2020. The notes pay interest semi-annually on June 15 and December 15. The Company received proceeds of \$589.5 million from the offering, which is net of the commission payment. The notes are redeemable by the Company in whole or in part, for cash.

The fair market value of the notes as at December 31, 2018 is \$550 million.

Net deferred financing costs of \$4.0 million (2017: \$6.2 million) have been included as an offset in the balance of the notes in the Consolidated Financial Statements and are being amortized over the term of the notes. The debt balance as at December 31, 2018 was \$596.0 million (2017: \$593.8 million).

## Defined Benefit Plans

The Company operates defined benefit pension plans in Canada, including a registered pension plan ("the Pension Plan") and a supplemental pension plan ("the SERP"). During the second quarter of 2012, the SERP was converted into a Retirement Compensation Arrangement ("RCA"), a trust account. As it is a trust account, the assets in the account are protected from the Company's creditors. The RCA requires the Company to remit 50% of any contributions and any realized investment gains to the Receiver General of Canada as refundable tax.

These plans, which are available only to certain qualifying employees, provide benefits based on an employee's years of service and final average earnings at retirement. Annual contributions related to these plans are actuarially determined and are made at or in excess of minimum requirements prescribed by legislation.

Eldorado's plans have actuarial valuations performed for funding purposes. The last actuarial valuations for funding purposes performed for the Pension Plan and the SERP are as of January 1, 2017, and the next valuations will be prepared in accordance with the funding policy as of January 1, 2019. The measurement date to determine the pension obligation and assets for accounting purposes was December 31, 2018.

The SERP is designed to provide supplementary pension benefits to qualifying employees affected by the maximum pension limits under the *Income Tax Act* pursuant to the registered Pension Plan. Further, the Company is not required to pre-fund any benefit obligation under the SERP.

### Total Cash Payments

No contributions were required to the Pension Plan and the SERP during 2018 (2017: \$1.4 million). Cash payments totalling \$4.2 million were made directly to beneficiaries during the year (2017: \$1.5 million). For 2019, the expected amount of contributions to the Pension Plan is \$0. No contributions are expected to the SERP.

## Equity

### Common Shares Outstanding

|                           |             |
|---------------------------|-------------|
| – as of February 21, 2019 | 158,801,722 |
| – as of December 31, 2018 | 158,801,722 |

|                                                  |           |
|--------------------------------------------------|-----------|
| Share purchase options – as of February 21, 2019 | 5,052,516 |
|--------------------------------------------------|-----------|

(Weighted average exercise price per share: CDN\$22.16)

## SHARE CONSOLIDATION

Eldorado obtained shareholder approval at its Annual Meeting on June 21, 2018 for an amendment to Eldorado's restated articles of incorporation to implement a proposed share consolidation with a ratio of 5:1 in order to regain compliance with the NYSE's continued listing requirements. Subsequent to this, the Company reported that it had filed its articles of amendment effective December 27, 2018 in respect of the previously announced 5:1 consolidation of the common shares of the Company. At the opening of trading on December 31, 2018, Eldorado's common shares commenced trading on the Toronto Stock Exchange and the New York Stock Exchange on a post-consolidated basis. Following the share consolidation, Eldorado had 158,801,722 issued and outstanding common shares.

## Managing Risk

In its exploration, development and mining of mineral deposits, the Company is subject to various significant risks. Several of these financial and operational risks could have a significant impact on the Company's cash flows and profitability. The most significant risks and uncertainties faced by the Company include: the price of gold; the uncertainty of production estimates, including the ability to extract anticipated tonnes and successfully realize estimated grades; changes to operating and capital cost assumptions; the inherent risk associated with project development and permitting processes; the uncertainty of the mineral resources and their development into mineral reserves; the replacement of depleted reserves and the expected impact on reserves and the carrying value of our properties; the updating of resource and reserve models and life of mine plans; foreign exchange risks; regulatory; financing; tax as well as health, safety, and environmental risks. For more extensive discussion on risks and uncertainties, refer to the Company's current Annual Information Form ("AIF") for the year ended December 31, 2017, and those to be set out in the Company's AIF to be filed for the year ended December 31, 2018, for additional information regarding these risks and other risks and uncertainties in respect of the Company's business and share price.

Management monitors risk using a risk management review process. Management prepares a risk assessment report every quarter outlining the operational and financial risks. The Board reviews the report to evaluate and assess the risks that the Company is exposed to in various markets, and discusses the steps management takes to manage and mitigate them.

### FINANCIAL RISK

#### Liquidity and Financing Risk

Liquidity risk is the risk that the Company cannot meet its financial obligations. The Company mitigates liquidity risk through the implementation of its capital management policy by spreading the maturity dates of investments over time, managing its capital expenditures and operational cash flows, and by maintaining adequate lines of credit. Management uses a rigorous planning, budgeting and forecasting process to help determine the funds the Company will need to support ongoing operations and development plans.

Management believes that the working capital at December 31, 2018, together with expected cash flows from operations and, where appropriate, select financing options, including the undrawn credit facility, are sufficient to support the Company's planned and foreseeable commitments for the next 12 months. However, if planning and budgeting is materially different to that forecasted, or financing, if required, is not available to the Company on terms satisfactory to meet these material changes to planning or budgeting, then this may adversely affect the ability of the Company to meet its financial obligations and operational and development plans.

#### Credit Risk

Credit risk is the risk that the counterparty to any financial instrument to which the Company is a party will not meet its obligations and will cause the Company to incur a financial loss. The Company limits counterparty risk by entering into business arrangements with high-credit-quality counterparties, limiting the amount of exposure to each counterparty and monitoring the financial condition of counterparties. For cash, cash equivalents and accounts receivable, credit risk is represented by the carrying amount on the balance sheet.

Payment for metal sales is normally in advance or within 15 days of shipment depending on the buyer. While the historical level of customer defaults is negligible, which has reduced the credit risk associated with trade receivables at December 31, 2018, there is no guarantee that buyers, including those under exclusive sales arrangements, will not default on its commitments, which may have an adverse impact on the Company's financial performance.

The Company invests its cash and cash equivalents in major financial institutions and in government issuances, according to our short-term investment policy. The credit risk associated with these investments is considered to be low. As at December 31, 2018, the Company holds a significant amount of cash and cash equivalents with five financial institutions in North America, the United Kingdom and Turkey.

#### Currency Risk

The Company sells gold in U.S. dollars, but incurs costs mainly in U.S. dollars, Canadian dollars, Turkish lira, Brazilian real, euros, and Romanian lei. Any change in the value of any of these currencies against the U.S. dollar can change production costs and capital expenditures, which can affect future cash flows. As of December 31, 2018, over 90% of cash is held in U.S. dollars.

The Company has a risk management policy that includes hedging its foreign exchange exposure to reduce the risk associated with currency fluctuations. The Company currently does not have any currency hedges, but may hedge in the future.

The table below shows the Company's assets and liabilities and debt held in currencies other than the U.S. dollar at December 31, 2018. The Company recognized a gain of \$3.6 million on foreign exchange this year, compared to a loss of \$2.4 million in 2017.

## 2018

| (thousands)                              | Canadian dollar | Australian dollar | Euro            | Turkish lira   | Chinese renminbi | Serbian dinar | Romanian lei | British pound | Brazilian real |
|------------------------------------------|-----------------|-------------------|-----------------|----------------|------------------|---------------|--------------|---------------|----------------|
|                                          | \$              | \$                | €               | TRY            | ¥                | din           | lei          | £             | R\$            |
| Cash and cash equivalents                | 19,030          | 433               | 6,861           | 2,664          | 72               | 8,848         | 1,904        | 923           | 4,539          |
| Marketable securities                    | 3,509           | –                 | –               | –              | –                | –             | –            | –             | –              |
| Accounts receivable and other            | 23,672          | 3                 | 15,552          | 54,772         | –                | 8,386         | 4,487        | –             | 9,970          |
| Accounts payable and accrued liabilities | (102,027)       | (7)               | (34,488)        | (44,516)       | –                | (1,004)       | (2,286)      | –             | (2,941)        |
| Other non-current liabilities            | (10,064)        | –                 | (9,191)         | (15,877)       | –                | –             | –            | –             | –              |
| <b>Net balance</b>                       | <b>(65,880)</b> | <b>429</b>        | <b>(21,266)</b> | <b>(2,957)</b> | <b>72</b>        | <b>16,230</b> | <b>4,105</b> | <b>923</b>    | <b>11,568</b>  |
| Equivalent in U.S. dollars               | (48,292)        | 302               | (24,334)        | (562)          | 11               | 157           | 1,010        | 1,180         | 2,982          |

## 2017

| (thousands)                              | Canadian dollar | Australian dollar | Euro            | Turkish lira   | Chinese renminbi | Serbian dinar | Romanian lei  | British pound | Brazilian real |
|------------------------------------------|-----------------|-------------------|-----------------|----------------|------------------|---------------|---------------|---------------|----------------|
|                                          | \$              | \$                | €               | TRY            | ¥                | din           | lei           | £             | R\$            |
| Cash and cash equivalents                | 18,280          | 482               | 13,030          | 4,965          | 77               | 4,845         | 9,730         | 366           | 15,991         |
| Marketable securities                    | 6,286           | –                 | –               | –              | –                | –             | –             | –             | –              |
| Accounts receivable and other            | 13,706          | 4                 | 24,508          | 60,111         | –                | 43,157        | 7,542         | –             | 12,547         |
| Accounts payable and accrued liabilities | (30,900)        | (42)              | (45,751)        | (50,099)       | –                | (9,000)       | (6,174)       | –             | (5,559)        |
| Other non-current liabilities            | (1,269)         | –                 | (6,516)         | (17,999)       | –                | –             | –             | –             | –              |
| <b>Net balance</b>                       | <b>6,103</b>    | <b>444</b>        | <b>(14,729)</b> | <b>(3,022)</b> | <b>77</b>        | <b>39,002</b> | <b>11,098</b> | <b>366</b>    | <b>22,979</b>  |
| Equivalent in U.S. dollars               | 4,865           | 347               | (17,664)        | (802)          | 12               | 394           | 2,874         | 495           | 6,946          |

Accounts receivable and other current and long-term assets relate to goods and services taxes receivable, income taxes receivable, value-added taxes and insurance receivables.

### Interest Rate Risk

Interest rates determine how much interest the Company pays on its debt, and how much is earned on cash and cash equivalent balances, which can affect future cash flows.

All of the Company's outstanding debt is in the form of notes with a fixed interest rate of 6.125%. However, borrowings under the Company's revolving credit facility, if drawn, are at variable rates of interest and any borrowings would expose the Company to interest rate cost and interest rate risk. In the future the Company may enter into interest rate swaps that involve the exchange of floating for fixed-rate interest payments in order to reduce interest rate volatility.

### Metal Price and Global Market Risk

The profitability of the Company's operations depend, in large part, upon gold and other metal prices and the global concentrate market. Gold and metal prices can fluctuate widely and can be influenced by many factors beyond its control, including but not limited to: industrial demand; political and economic events (global and regional); gold and financial market volatility, including demand for concentrate and other market factors; and central bank purchases and sales of gold and gold lending.

The supply of gold is made up of new production from mining, and existing stocks of bullion, scrap and fabricated gold held by governments, public and private financial institutions, industrial organizations and private individuals.

If metal prices decline significantly, or decline for an extended period, or the demand for concentrate continues to be soft, then Eldorado might not be able to continue operations, develop properties, or fulfill obligations under the permits and licences, or under the agreements with partners. This could result in losing interest in some or all of the Company's properties, or being forced to sell them, which could have a negative effect on the business, results of operations, financial condition and share price.

The cost of production, development and exploration varies depending on the market prices of certain mining consumables, including diesel fuel and electricity. Electricity is regionally priced in Turkey and semi-regulated by the Turkish government, which reduces the risk of price fluctuations. The Company has elected not to hedge its exposure to metal price risk but may use, from time to time, commodity price contracts to manage its exposure to fluctuations in the price of gold and other metals.

## OTHER RISKS AND UNCERTAINTIES

In addition to the financial risks identified above, the Company faces a number of other risks and uncertainties. Certain key risks are set out below.

### Development and Mining Operations

Gold and other metal exploration is highly speculative in nature, involves many risks and is often not productive; there is no assurance that the Company will be successful in its gold exploration efforts.

Eldorado's ability to increase mineral reserves and mine life is dependent on a number of factors, including the geological and technical expertise of the management and exploration teams, the quality of land available for exploration and other factors. Once gold mineralization is discovered, it can take several years of exploration and development before production is possible, and the economic feasibility of production can change during that time.

Substantial expenditures are required to carry out exploration and development activities to establish proven and probable mineral reserves and determine the optimal metallurgical process to extract the metals from the ore.

Once ore is found in sufficient quantities and grades to be considered economic for extraction, metallurgical testing is required to determine whether the metals can be extracted economically. There may be associated metals or minerals that make the extraction process more difficult. This would include graphite-bearing minerals if trying to extract using cyanide and carbon to recover the gold. There may be minerals that behave like the precious metals that the Company is trying to recover that make the downstream metallurgical process more difficult. For instance, arsenic is often associated with gold, but requires a special process to be used in the smelter, which increases the treatment cost, or requires that the smelter uses blending of the high-arsenic material with other lower arsenic materials to complete the smelting process. Any of these instances may result in the Company having problems developing a process that allows the Company to extract the ore economically. Alternatively, the ore may not be as valuable as anticipated due to the lower recoveries received or the penalties associated with extraction of deleterious materials that are sold as part of the saleable product.

There is no assurance that exploration programs undertaken by the Company will expand the current mineral reserves or replace them with new mineral reserves. Failure to replace or expand mineral reserves or expand mine life could have an adverse effect on the Company.

Substantial expenditures are required to build mining and processing facilities for new properties. The capital expenditures and time required to develop new mines are considerable and changes in cost or construction schedules can significantly increase both the time and capital required to build the project. The project development schedules are dependent on obtaining the governmental approvals necessary for the operation of a project, and the timeline to obtain these government approvals is often beyond our control.

It is not unusual in the mining industry for new mining operations to experience unexpected problems during the start-up phase, resulting in delays in expected production and requiring more capital than anticipated. As a result of the substantial expenditures involved in development projects, developments are prone to material cost overruns.

Development projects depend on successfully completing feasibility studies and environmental assessments, obtaining the necessary government permits and receiving adequate financing. Economic feasibility is based on several factors, including: estimated mineral reserves; anticipated metallurgical recoveries; environmental considerations and permitting; anticipated capital and operating costs for the projects; and timely execution of development plans.

Development projects have no operating history upon which to base estimates of future capital and operating costs. With development projects in particular, estimates of proven and probable mineral reserves and operating costs are largely based on: interpreting the geological data obtained from drill holes and other sampling techniques; and feasibility studies, which derive estimated capital and operating costs, based on a number of factors. These include the expected tonnage and grades of ore to be mined and processed; the configuration of the ore body; expected recovery rates of gold from the ore; estimated operating costs; and anticipated climate conditions and other factors.

It is therefore possible that actual cash operating costs and economic returns will differ significantly from what the Company estimated for a project before starting production.



It is not unusual for new mining operations to experience unexpected problems during the start-up phase, and delays can often happen when production begins. In the past, Eldorado has adjusted estimates based on changes to assumptions and actual results. There is no guarantee that such adjustments will alleviate the effects of such delays or problems. There is no assurance that the profitability or economic feasibility of a project will not be adversely affected by factors beyond the control of the Company.

### **Production and Cost Estimates**

Estimates of total future production and costs for mining operations are based on the Company's mining plans. These estimates can change, or the Company might not achieve them, which could have a material adverse effect on any or all of future cash flow, business, results of operations, financial condition and share price.

The Company's plans are based on, among other things, mining experience, reserve estimates, assumptions about ground conditions and physical characteristics of ores (such as hardness and the presence or absence of certain metallurgical characteristics), estimated rates and costs of production, and financing requirements. Actual production and costs may be significantly different from the Company's estimates for a variety of reasons. These reasons include the risks and hazards discussed above and in General Operational Matters, and actual ore mined varying from estimates in grade; tonnage and metallurgical and other characteristics; mining dilution; ground conditions including, but not limited to, pit wall failures or cave-ins; industrial accidents and environmental incidents; changes in power costs and potential power shortages; imposition of a moratorium on our operations; impact of the disposition of mineral assets; shortages and timing delays, of principal supplies needed for operation, including explosives, fuels, chemical reagents, water, equipment parts and lubricants.

Any of these events could result in damage to mineral properties, property belonging to the Company or others, interruptions in production, injury or death to persons, monetary losses and legal liabilities. This could cause a mineral deposit to become unprofitable, even if it was mined profitably in the past.

Production estimates for properties not yet in production, or in production and slated for expansion, are based on similar factors (including feasibility studies prepared by our personnel or by third-party consultants, in some instances), but it is possible that actual cash operating costs and economic returns will differ significantly from the Company's current estimates. It is not unusual for new mining operations to experience unexpected problems during the start-up phase, and delays in production can often happen.

Any decrease in production or change in timing of production or the prices the Company realizes for gold will directly affect the amount and timing of cash flow from operations. A production shortfall or any of these other factors would change the timing of projected cash flows and the ability of the Company to use the cash to fund capital expenditures, including spending for projects.

### **Geopolitical Climate**

The Company operates in five countries outside of North America: Turkey, Brazil, Greece, Romania and Serbia. Operations in these countries may be subject to political, economic and other risks that may affect future operations and the Company's financial position. Management reviews these and other risks related to the business in foreign countries on an ongoing basis. Such reviews may cause re-evaluation of business objectives and periodic re-alignment of strategic direction, including considering suspension of projects or disposition of certain assets.

### **Extraction Risk**

A number of factors can affect the ability of the Company to extract ore efficiently in the quantities that are budgeted. These risks include, but are not limited to: ground conditions; rock characteristics (faults, fractured zones, angle of shear); and hydrogeological conditions. These factors may result in a less than optimal operation and lower throughput or lower recovery, which may have an effect on the Company's production schedule. Although the Company reviews and assesses the risks related to extraction and has put appropriate mitigating measures in place, there is no assurance that the Company has foreseen or accounted for every possible factor that might cause the project to be delayed, which could have an effect on the business, results of operations, financial condition and share price.

### **Estimation of Mineral Reserves and Mineral Resources**

Mineral reserve and mineral resource estimates are only estimates; the Company may not produce gold in the quantities estimated. Proven and probable mineral reserve estimates may need to be revised based on various factors, including: actual production experience; the Company's ability to continue to own and operate the mines and property; fluctuations in the market price of gold; results of drilling or metallurgical testing; production costs; and recovery rates.

The cut-off grades for the mineral reserves and mineral resources are based on the Company's assumptions about plant recovery, gold price, mining dilution and recovery, and estimates for operating and capital costs, which are based on historical production figures. The Company may have to recalculate the estimated mineral reserves and resources based on actual production or the results of exploration.

Fluctuations in the market price of gold, production costs or recovery rates can make it unprofitable for the Company to develop or operate a particular property for a period of time. If there is a material decrease in the mineral reserve estimates, or the Company's ability to extract the mineral reserves, it could have a material adverse effect on the Company's future cash flow, business, results of operations, financial condition and share price.

There are uncertainties inherent in estimating Proven and Probable Mineral Reserves and Measured, Indicated and Inferred Mineral Resources, including many factors beyond the control of the Company. Estimating Mineral Reserves and Resources is a subjective process. Accuracy depends on the quantity and quality of available data and assumptions and judgements used in engineering and geological interpretation, which may be unreliable or subject to change. It is inherently impossible to have full knowledge of particular geological structures, faults, voids, intrusions, natural variations in and within rock types and other occurrences. Additional knowledge gained or failure to identify and account for such occurrences in the Company's assessment of mineral reserves and resources may make mining more expensive and cost-ineffective, which will have a material adverse effect on future cash flow, business, results of operations, financial condition and share price.

There is no assurance that the estimates are accurate, that Mineral Reserve and Resource figures are accurate, or that the Mineral Reserves or Resources can be mined or processed profitably. Mineral Resources that are not classified as Mineral Reserves do not have demonstrated economic viability. It must not be assumed that all or any part of the Measured Mineral Resources, Indicated Mineral Resources, or an Inferred Mineral Resource will ever be upgraded to a higher category or that any or all of an Inferred Mineral Resource exists or is economically or legally feasible to mine.

Because mines have limited lives based on Proven and Probable Mineral Reserves, the Company must continually replace and expand the Mineral Reserves and any necessary associated surface rights as the mines produce gold and their life of mine is reduced. The ability of the Company to maintain or increase annual production of gold and other metals will depend significantly on the Company's mining operations, ability to conduct successful exploration efforts, and ability to develop new projects and make acquisitions.

If the Company is unable to maintain or increase its annual production of gold and other metals, it could have an adverse effect on the business, results of operations, financial condition and share price.

#### **Mineral Tenure and Permits**

Acquiring title to mineral properties is a detailed and time-consuming process. The Company takes steps, in accordance with industry standards, to verify and secure legal title to mineral properties that the Company has, or is seeking, an interest in. Although the Company takes every precaution to ensure that legal title to its properties is properly recorded in its name, there can be no assurance it will ultimately secure title on every property. Legal title to the Company's properties depends on the laws in the countries it operates in, and their appropriate and consistent application.

Activities in the nature of the Company's business and operations can only be conducted pursuant to a wide range of permits and licences obtained or renewed in accordance with the relevant laws and regulations in the countries in which it operates. The duration and success of each permitting process are contingent upon many factors that the Company does not control. In the case of foreign operations, the granting of government approvals, permits and licences is, as a practical matter, subject to the discretion of the applicable governments or government officials. In Greece, the Company has experienced delays in the timely receipt of necessary permits and authorizations.

There is no assurance that the Company will be able to obtain or renew the permits needed to conduct business and operations in a timely manner, or at all, or that the Company will be in a position to comply with all conditions that are imposed. The failure to obtain or renew certain permits, or the imposition of extensive conditions upon certain permits, could have a material adverse effect on the Company business, results of operations, financial condition and share price.

#### **Foreign Investment and Operations**

Most of the Company's activities and investments are in foreign countries including operations and/or exploration and development projects in Greece, Turkey, Brazil, Romania and Serbia. These investments are subject to risks normally associated with conducting business in foreign countries. Some risks are more prevalent in less-developed countries or those with emerging economies, including:

- uncertain political and economic environments;
- risks of war, regime changes and civil disturbances or other risks;
- risk of adverse changes in laws or policies of particular countries, including government royalties and taxation;
- delays in or the inability to obtain necessary government permits, approvals and consents;
- limitations on ownership and repatriation of earnings;
- foreign exchange controls and currency devaluations;
- import and export regulations, including restrictions on exporting gold; and
- exposure to occupation of our project sites for political or other purposes.

In all jurisdictions where the Company operates, it is regarded as a foreign entity and consequently may be subject to greater restrictions and requirements in these jurisdictions. The occurrence of any of these risks could have a material adverse effect on its business, results of operations, financial condition and share price.

Management reviews these and other risks related to the business in foreign countries on an ongoing basis. Such reviews may cause re-evaluation of business objectives and periodic realignment of strategic direction from time to time, including considering the suspension of projects or disposition of certain assets.

**Environment**

There may be environmental hazards at the Company's mines or projects that management is unaware of. The Company may be liable for any associated losses, or be forced to do extensive remedial cleanup or pay for governmental remedial cleanup, even if the hazards were caused by previous or existing owners or operators of the property, past or present owners of adjacent properties or by natural conditions.

Mining companies face inherent risks in their operations, including with respect to tailings dams, structures built for the containment of the metals and mining waste, known as tailings, which exposes us to certain risks. Unexpected failings of tailings dams may release muddy tailings downstream, flood communities and cause extensive environmental damage to the surrounding area. Dam failures could result in the immediate suspension of mining operations by government authorities and cause significant expenses or write-offs of material assets or the recognition of provisions for remediation, which affect the balance sheet and income statement.

The unexpected failure of one of our tailings dams could subject us to any or all of the potential impacts discussed above, among others. If any such risks were to occur, this could materially and adversely affect our reputation and our ability to conduct our operations, and could make us subject to liability; as a result, they could have a material adverse effect on our business, financial condition and results of operations.

**Laws, Regulations and Permits**

Regulatory requirements have a significant impact on the Company's mining operations, and can have a material adverse effect on future cash flow, business, results of operations, financial condition and share price.

The Company has operations in a number of jurisdictions outside of Canada, mainly in Turkey, Greece, Brazil, Serbia and Romania. The laws in each of these countries are significantly different, and are subject to change. Mining operations, development and exploration activities are subject to extensive laws and regulations governing, among other things, prospecting; development; production; imports and exports; taxes and royalties; mineral tenure, land title and land use; labour standards; occupational health; environmental monitoring; water management, including access and use, quality control and containment; restrictions on use of chemicals and explosives; and environmental protection and remediation.

Any regulatory or judicial action against the Company for failure to comply with applicable laws and regulations could therefore materially affect the operating costs and delay or curtail operations. There is no assurance that the Company has been or will be at all times in compliance with all applicable laws and regulations, that compliance will not be challenged or that the costs of complying with current and future laws and regulations will not materially or adversely affect the business, results of operations, financial condition and share price.

New laws and regulations, amendments to existing laws and regulations or administrative interpretation, or more stringent enforcement of existing laws and regulations, whether in response to changes in the political, social or economic environment in which the Company operates or otherwise, could occur. Eldorado constantly works to comply with global best practices relating to sustainability, community relations, governance and the environment, and this could have a material adverse effect on future cash flow, business, results of operations, financial condition and share price.

**Litigation**

All industries, including the mining industry, are subject to legal claims that are with and without merit. The Company is from time to time party to other legal and regulatory proceedings involving its business. While management believes it is unlikely that the final outcome of these proceedings will have a material and adverse effect on the Company's financial condition or results of operations, due to the inherent uncertainty of the litigation and dealings with regulatory bodies, there is no assurance that any legal or regulatory proceeding will be resolved in a manner that will not have a material and adverse effect on the Company's future cash flow, results of operations, business or financial condition and defense and settlement costs can be substantial, even for claims that are without merit.

**Unavailability of Insurance**

Where practical, a reasonable amount of insurance is maintained against risks in the operation of the Company's business, but coverage has exclusions and limitations. There is no assurance that the insurance will be adequate to cover any liabilities, or that it will continue to be available, and at terms management believes are economically acceptable.

There are some cases where coverage is not available, or we believe it is too expensive relative to the perceived risk. For example, insurance against risks such as loss of title to mineral property, environmental pollution, or other hazards as a result of exploration and production is generally not available to the Company or other companies in the mining industry on acceptable terms. Losses from these uninsured events may cause the Company to incur significant costs that could have a material adverse effect upon the business, results of operations, financial condition and share price.

### Information Technology Systems

The Company's operations depend, in part, upon information technology systems. The Company's information technology systems are subject to disruption, damage or failure from a number of sources, including, but not limited to, hacking, computer viruses, security breaches, natural disasters, power loss, vandalism, theft and defects in design. The Company may also be targets of cyber surveillance or a cyber-attack from cyber criminals, industrial competitors or government actors. Any of these and other events could result in information technology systems failures, operational delays, production downtimes, loss of revenues due to a disruption of activities, incurring of remediation costs (including ransom payments), destruction or corruption of data, release of confidential information in contravention of applicable laws, litigation, fines and liability for failure to comply with privacy and information security laws, unauthorized access to proprietary or sensitive information, security breaches or other manipulation or improper use of data, systems and networks, regulatory investigations and heightened regulatory scrutiny, any of which could have adverse effects on the reputation, business, results of operations, financial condition and share price.

Although to date the Company has not experienced any material losses relating to cyber-attacks or other information security breaches, there is no assurance that the Company will not incur such losses in the future. The risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect the Company's systems, computers, software, data and networks from attack, damage or unauthorized access remain a priority. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities. Risks related to cyber security are monitored on an ongoing basis by Eldorado Gold senior management and Eldorado Gold Board of Directors. Eldorado Gold is in the process of developing a cyber response protocol.

### Conflicts of Interest

Certain of the Company's directors also serve as directors of other companies involved in natural resource exploration and development. There is a possibility that such other companies may compete with Eldorado for the acquisition of assets. Consequently there exists the possibility for such directors to be in a position of conflict. If any such conflict of interest arises, then a director who has a conflict must disclose the conflict to a meeting of Eldorado Gold directors and must abstain from and will be unable to participate in discussion or decisions pertaining to the matter. In appropriate cases, Eldorado Gold will establish a special committee of independent directors to review a matter in which several directors, or management, may have a conflict.

### Health, Safety and Environmental Risks and Hazards

Eldorado's operations are subject to various health and safety laws and regulations that impose various duties on the operations relating to, among other things, worker safety and the surrounding communities. These laws and regulations also grant the authorities broad powers to, among other things, levy financial and other penalties, close unsafe operations and order corrective action relating to health and safety matters. The costs associated with the compliance with such health and safety laws and regulations may be substantial and any amendments to such laws and regulations, or more stringent implementation thereof, could cause additional expenditure or impose restrictions on, or suspensions of, the Company's operations. Eldorado has made, and expects to make in the future, significant expenditures to comply with the extensive laws and regulations governing the protection of the environment, waste disposal, worker safety, mine development and protection of endangered and other special status species, and, to the extent reasonably practicable, create social and economic benefit in the surrounding communities.

Although the Company monitors the sites for potential environmental hazards, there is no assurance that the Company has detected or can detect all possible risks to the environment arising from the business and operations. Eldorado expends significant resources to comply with environmental laws, regulations and permitting requirements, and expects to continue to do so in the future. Failure to comply with applicable environmental laws, regulations and permitting requirements may result in injunctions, damages, suspension or revocation of permits and imposition of penalties. There is no assurance that the Company has been, or will be at all times in complete compliance with such laws, regulations and permitting requirements, or with any new or amended laws, regulations and permitting requirements that may be imposed from time to time. There is also no assurance that Eldorado's compliance will not be challenged, or that the costs of compliance will be economic, and will not materially or adversely affect future cash flow, results of operations and financial condition.

The Company may be subject to proceedings in respect of alleged failures to comply with increasingly strict environmental laws, regulations or permitting requirements or of posing a threat to or of having caused hazards or damage to the environment or to persons or property. While any such proceedings are in process, the Company could suffer delays, impediments to, or suspension of development and construction of projects and operations and, even if the Company is ultimately successful, the Company may not be compensated for the losses resulting from any such proceedings or delays.

There may be existing environmental hazards, contamination or damage at the mines or projects that the Company is unaware of. The Company may be held responsible for addressing environmental hazards, contamination or damage caused by current or former activities at the mines or projects or exposure to hazardous substances, regardless of whether or not hazard, damage, contamination or exposure was caused by the activities of Eldorado or by previous owners or operators of the property, or adjacent properties, or by natural conditions and whether or not such hazard, damage, contamination or exposure was unknown or undetectable.

Any finding of liability in such proceedings could result in additional substantial costs, delays in the exploration, development and operation of the Company's properties and other penalties and liabilities related to associated losses. These could include, but are not limited to, monetary penalties (including fines); restrictions on or suspension of our activities; loss of our rights, permits and property, including loss of our ability to operate in that country or generally; and seizure of funds or forfeiture of bonds.

The costs of complying with any orders made or any cleanup required and related liabilities from such proceedings or events may be significant and could have a material adverse effect on the business, results of operations, financial condition and share price.

### Community Relations and Social Licence

Maintaining a positive relationship with the communities in which the Company operates is critical to continuing successful operation of the existing mines as well as construction and development of existing and new projects. Community support is a key component of a successful mining project or operation.

As a mining business, the Company may come under pressure in the jurisdictions in which it operates, or will operate in the future, to demonstrate that other stakeholders (including employees, communities surrounding operations and the countries in which the Company operates) benefit and will continue to benefit from commercial activities, and/or that the Company operates in a manner that will minimize any potential damage or disruption to the interests of those stakeholders. The Company may face opposition with respect to current and future development and exploration projects which could materially adversely affect the business, results of operations, financial condition and share price.

Community relations are impacted by a number of factors, both within and outside of the control of the Company. Relations may be strained or social licence lost by poor performance by the Company in areas such as health and safety, environmental impacts from the mine, increased traffic or noise. External factors such as press scrutiny or other distributed information about Eldorado specifically or extractive industries generally from media, governments, non-governmental organizations or interested individuals can also influence sentiment and perceptions toward the Company and its operations.

Surrounding communities may affect operations and projects through restriction of site access for equipment, supplies and personnel or through legal challenges. This could interfere with work on the Company's operations, and potentially pose a security threat to employees or equipment. Social licence may also impact the Company's permitting ability, Company reputation and the ability to build positive community relationships in exploration areas or around newly acquired properties.

Erosion of social licence or activities of third parties seeking to call into question social licence may have the effect of slowing down the development of new projects and potentially may increase the cost of constructing and operating these projects. Productivity may be reduced due to restriction of access, requirements to respond to security threats or proceedings initiated or delays in permitting and there may also be extra costs associated with improving the relationship between Eldorado and the surrounding communities. The Company seeks to mitigate these risks through a commitment to operating in a socially responsible manner; however, there is no guarantee that the Company's efforts in this respect will mitigate these risks.

**These are not the only risks that could have an effect on the Company's business, results of operations, financial condition and share price and other risks may become more material to the Company in the future or the above risks could diminish in importance, depending on the current circumstances of its business and operations.**

**The reader should carefully review each of the risk factors set out in the Company's most recently filed AIF, in respect of the year ended December 31, 2017 and those to be set out in the Company's AIF in respect of the year ended December 31, 2018 which risk factors provide a detailed discussion of the foregoing risks as well as a detailed discussion of other relevant risks. The discussion under "Risk Factors in our Business" in such AIFs filed, or to be filed, on SEDAR under the Company name, are incorporated by reference in this document.**

### CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of Consolidated Financial Statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each period end. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant areas requiring the use of management assumptions, estimates and judgements include determining leach pad inventory, impairment of non-current assets, estimated recoverable reserves and resources, current and deferred taxes, business combinations, commencement of commercial production and functional currency.

Actual results could differ from these estimates. Outlined on the next page are some of the areas which require management to make significant judgements, estimates and assumptions.

### **Inventories**

The Company values finished goods (including metal concentrates, and doré), work-in-process, heap leach ore and stockpiled ore at the lower of production cost or its net realizable value – whichever is lower.

The Company considers ore stacked on its leach pads and in process at its mines as work-in-process inventory and records its value in earnings, and includes it in the cost of sales based on ounces of gold sold, using the following assumptions in its estimates:

- the amount of gold and other metals estimated to be in the ore stacked on the leach pads;
- the amount of gold and other metals expected to be recovered from the stacks;
- the amount of gold and other metals in the mill circuits;
- the amount of gold and other metals in concentrates; and
- the gold and other metal prices expect to be realized when sold.

If these estimates or assumptions are inaccurate, the Company could be required to write down the value it has recorded on its work-in-process inventories, which would reduce earnings and working capital. At December 31, 2018, the cost of inventory was below its net realizable value.

### **Reserves and Resources**

The Company's estimates for Efemçukuru, Kışladağ, Lamaque, Perama Hill, Tocantinzinho, Skouries, Olympias, Stratoni, Piavitsa, Sapes, Certej and Vila Nova are based on the definitions adopted by the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM"), and in compliance with NI 43-101, developed by the Canadian Securities Administrators.

The reader will not be able to compare the mineral reserve and resource information in this MD&A with similar information from U.S. companies. The United States Securities & Exchange Commission ("SEC") defines a mineral reserve as the part of a mineral deposit that can be economically and legally extracted or produced. It does not recognize the terms measured, indicated and inferred mineral resources (mining terms under NI 43-101), and does not accept them in reports and registration statements. The reader should not assume that:

- the mineral reserves defined in this Report qualify as reserves under SEC standards
- the measured and indicated mineral resources in this Report will ever be converted to reserves
- the inferred mineral resources in this Report are economically mineable, or will ever be upgraded to a higher category.

Mineral resources that are not mineral reserves do not have demonstrated economic viability.

### **Value Beyond Proven and Probable Reserves**

On acquisition of a mineral property, the Company prepares an estimate of the fair value of the exploration potential of that property and records this amount as an asset, called value beyond proven and probable ("VBPP"), as at the date of acquisition. As part of its annual business cycle, the Company prepares estimates of proven and probable reserves for each mineral property. The change in reserves, net of production, is used to determine the amount to be converted from VBPP to proven and probable reserves subject to amortization.

### **Property, Plant and Equipment**

The Company depreciates most of its mining properties, plant and equipment using the unit-of-production method, where the value of property is reduced as reserves are depleted. The Company bases this on mining rates and its estimates of reserves. If these change, the Company could be required to write down the recorded value of its mining properties, plant and equipment, or to increase the amount of future depreciation, depletion and amortization expense, both of which would reduce its earnings and net assets.

At each reporting period, if there are indicators of an impairment of property, plant and equipment management assesses whether there has been impairment. In the event of impairment the Company would be required to write down the recorded value of its mining properties, plant and equipment, which would reduce its earnings and net assets.

For producing properties, the Company bases its assessment on the future net cash flows it expects the property will generate. There may be an impairment if metal prices have declined, production costs have increased, or metal recoveries are lower than previously estimated.

For non-producing properties, the Company bases its assessment on whether there are factors that might indicate the need for a write-down. There may be an impairment if the Company believes current economics or permitting issues will prevent the Company from recovering the costs deferred for the property.

### Goodwill and Impairment Testing

The Company accounts for business combinations using the purchase method of accounting. The Company records the fair market value of assets acquired and liabilities assumed as of the date of acquisition, and records any excess of the purchase price over fair value as goodwill. When the excess is negative it is recognized immediately in income. The assumptions underlying fair value estimates are subject to significant risks and uncertainties.

The Company reviews and evaluates the carrying amount of goodwill in the fourth quarter of every fiscal year, and when events or changes in circumstances suggest that the carrying amount may not be fully recoverable. Management is required to make a judgement with respect to which CGU's should be grouped together for goodwill testing purposes, including the assessment of operating segments, the highest level at which goodwill can be tested.

To test the recoverability of the carrying amount of goodwill management compares the fair value of CGUs or operating segments to their carrying amounts. Calculating the estimated fair values of these CGUs or operating segments requires management to make estimates and assumptions with respect to future production levels, operating and capital costs in the LOM plans, long-term metal prices, foreign exchange rates and discount rates. Changes in any of the assumptions or estimates used in determining the fair values could impact the impairment analysis. If a CGU's or operating segment's carrying value exceeds its fair value, management compares its carrying value to the implied fair value of its goodwill, and charges the amount the carrying value exceeds fair value to operations.

### Income Taxes

The Company records income taxes using income tax rates it expects to apply in the years it estimates the various temporary differences will be recovered or settled. Where the tax laws and regulations are unclear or subject to varying interpretations, these estimates could change, and materially affect the amount of income tax liabilities recorded at the balance sheet date.

## Accounting Matters

### Adoption of New Accounting Standards and Upcoming Changes

The following standards and amendments to existing standards have been adopted by the Company commencing January 1, 2018:

- IFRS 9 '*Financial Instruments*' – This standard was published in July 2014 and replaces the existing guidance in IAS 39, '*Financial Instruments: Recognition and Measurement*'. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company's accounting policy with respect to financial liabilities is substantially unchanged. The Company has changed its accounting policy with respect to the clarification of financial assets that were recognized at the date of transition, January 1, 2018. The change did not impact the presentation or carrying value of any financial assets on the transition date.

As part of the implementation of this standard, the Company completed an assessment of its financial instruments as at January 1, 2018 in compliance with IFRS 9. The following table shows the original classification under IAS 39 and the new classification under IFRS 9.

|                                          | Original classification IAS 39                     | New classification IFRS 9 |
|------------------------------------------|----------------------------------------------------|---------------------------|
| <b>Financial assets</b>                  |                                                    |                           |
| Cash and cash equivalents                | Amortized cost                                     | Amortized cost            |
| Term deposit                             | Amortized cost                                     | Amortized cost            |
| Restricted cash                          | Amortized cost                                     | Amortized cost            |
| Trade receivables                        | Amortized cost                                     | Amortized cost            |
| Settlement receivables                   | Embedded derivative separately identified as FVTPL | FVTPL                     |
| Marketable securities                    | Available-for-sale                                 | FVTOCI                    |
| Derivatives                              | FVTPL                                              | FVTPL                     |
| <b>Financial liabilities</b>             |                                                    |                           |
| Accounts payable and accrued liabilities | Amortized cost                                     | Amortized cost            |
| Debt                                     | Amortized cost                                     | Amortized cost            |

Upon adoption of IFRS 9, the Company made an irrevocable election to classify marketable securities as FVTOCI since they are not held for trading and are held for strategic reasons.

- IFRS 15 '*Revenue from Contracts with Customers*' – This standard introduces a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. The Company's revenue recognition policy under the previous standard recognized revenue when persuasive evidence of an arrangement existed, the bullion, doré, metal concentrates and iron ore had been shipped, title had passed to the purchaser, the price was fixed or determinable, and collection was reasonably assured. The Company has adopted this standard with a modified retrospective approach and has changed its accounting policy for revenue recognition. There was no adjustment to prior periods as a result of the implementation of this standard. The Company has provided additional disclosures required by this standard in Note 28 of these audited Consolidated Financial Statements. There was no adjustment to prior periods as a result of the implementation of this standard.
- IFRS 2 '*Share-Based Payments*' – In June 2016, the IASB issued final amendments to this standard and clarified the classification and measurement of share-based payment transactions. These amendments deal with variations in the final settlement arrangements including:
  - accounting for cash-settled share-based payment transactions that include a performance condition;
  - classification of share-based payment transactions with net settlement features; and
  - accounting for modifications of share-based payment transactions from cash-settled to equity.

At January 1, 2018, the Company adopted this standard and there was no impact on the Consolidated Financial Statements for the year ended December 31, 2018.

The following standard and interpretation will be adopted by the Company in the annual accounting periods beginning January 1, 2019:

- IFRS 16 '*Leases*' – This standard was published in January 2016 and replaces the existing guidance in IAS 17, '*Leases*'. IFRS 16 introduces a single accounting model for lessees and for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee will be required to recognize a right-of-use asset, representing its right to use the underlying asset, and a lease liability, representing its obligation to make lease payments. The accounting treatment for lessors will remain largely the same as under IAS 17.  
The Company will adopt this standard effective January 1, 2019. Under this standard, the present value of lease commitments will be shown as a liability on the balance sheet together with an asset representing the right of use, including those leases classified as operating leases under the current standard IAS 17. This implies higher amounts of depreciation expense and interest expense on lease liabilities will be recorded in the Company's consolidated net earnings or loss in 2019 and future years. Additionally, a corresponding reduction in G&A costs and/or production costs is expected.  
The Company is in the process of completing its review and analysis of IFRS 16 and will apply IFRS 16 using the cumulative catch-up approach where the additional right-of-use assets and lease liabilities will be recorded from that date forward and will not require restatement of prior years comparative information.  
The Company will provide the quantitative impact of adopting IFRS 16 in its Q1 2019 unaudited condensed consolidated interim financial statements.
- IFRIC 23 '*Uncertainty over Income Tax Treatments*' – This interpretation sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The interpretation requires an entity to determine whether uncertain tax positions are assessed separately or as a group; and assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings. If yes, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings. If no, the entity should reflect the effect of uncertainty in determining its accounting tax position. The interpretation is effective January 1, 2019. Entities can apply the interpretation with either full retrospective application or modified retrospective application without restatement of comparatives retrospectively or prospectively. The Company does not expect that the application of the interpretation will have a significant impact on the Company's Consolidated Financial Statements.

There are other new standards, amendments to standards and interpretations that have been published and are not yet effective. The Company believes they will have no material impact on its Consolidated Financial Statements.



## Accounting Policies

### FINANCIAL ASSETS

#### (i) Classification and Measurement

The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

The classification of investments in debt instruments is driven by the business model for managing the financial assets and their contractual cash flow characteristics. Investments in debt instruments are measured at amortized cost if the business model is to hold the instrument for collection of contractual cash flows and those cash flows are solely principal and interest. If the business model is not to hold the debt instrument, it is classified as FVTPL. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as FVTOCI.

##### (a) Financial Assets at FVTPL

Financial assets carried as FVTPL are initially recorded at fair value with all transaction costs expensed in the consolidated statement of operations. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in the consolidated statement of operations in the period in which they arise. Derivatives are also categorised as FVTPL unless they are designated as hedges.

##### (b) Financial Assets at FVTOCI

Investments in equity instruments as FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

##### (c) Financial Assets at Amortized Cost

Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

#### (ii) Impairment of Financial Assets

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date the credit risk on the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses. For trade receivables the Company applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

#### (iii) Derecognition of Financial Assets

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred.

Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recognized in the consolidated statement of operations. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

### DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Derivatives are recognized initially at fair value on the date a derivative contract is entered into. Subsequent to initial recognition, derivatives are remeasured at their fair value. The method of recognizing any resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged.

Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognized immediately in the consolidated statement of operations.

##### (a) Fair Value Hedge

Changes in the fair values of derivatives that are designated and qualify as fair value hedges are recorded in the consolidated statement of operations, together with any changes in the fair values of the hedged assets or liabilities that are attributable to the hedged risk.

##### (b) Cash-flow Hedge

The effective portions of changes in the fair values of derivatives that are designated and qualify as cash-flow hedges are recognized in equity. The gain or loss relating to any ineffective portion is recognized immediately in the consolidated statement of operations.

Amounts accumulated in the hedge reserve are recycled in the consolidated statement of operations in the periods when the hedged items will affect profit or loss (for instance when the forecast sale that is hedged takes place). If a forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a liability, the gains and losses previously deferred in the hedge reserve are included in the initial measurement of the cost of the asset or liability.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in the hedge reserve at that time remains in the reserve and is recognized when the forecast transaction is ultimately recognized in the consolidated statement of operations. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to the consolidated statement of operations.

The Company has not designated any derivative contracts as hedges and therefore has not applied hedge accounting in these Consolidated Financial Statements.

#### *Trade Receivables*

Trade receivables are amounts due from customers for the sale of bullion and metals in concentrate in the ordinary course of business.

Trade receivables are recognized initially at fair value and subsequently at amortized cost using the effective interest rate method. Trade receivables are recorded net of lifetime expected credit losses.

Settlement receivables arise from the sale of metals in concentrate. Settlement receivables are classified as fair value through profit and loss and are recorded at fair value at each reporting period. Changes in fair value of settlements receivable are recorded in revenue.

IFRS 15 'Revenue from Contracts with Customers' – This standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgemental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The Company has adopted this standard effective January 1, 2018, with a modified retrospective approach.

The following is the new accounting policy for revenue recognition under IFRS 15.

#### *Revenue Recognition*

Revenue is generated from the sale of bullion and metals in concentrate. The Company produces doré, gold concentrate and other metal concentrates. The Company's performance obligations relate primarily to the delivery of these products to customers, with each shipment representing a separate performance obligation.

Revenue from the sale of bullion and metals in concentrates is recognized at the point the customer obtains control of the product. Control is transferred when title has passed to the purchaser, the product is physically delivered to the customer, the customer controls the risks and rewards of ownership and the Company has a present right to payment for the product.

#### **(i) Metals in Concentrate**

Control over metals in concentrates is transferred to the customer and revenue is recognized upon the placing of the material on board the vessel for shipment which is when the product is considered to be physically delivered to the customer under the terms of the customer contract.

Metals in concentrate are sold under pricing arrangements where final prices are determined by market prices subsequent to the date of sale (the "quotational period"). Revenue from concentrate sales is recorded based on the estimated amounts to be received, based on the respective metals forward price at the expected settlement date. Adjustments are made to settlements receivable in subsequent periods based on fluctuations in the forward prices until the date of final metal pricing. These subsequent changes in the fair value of the settlements receivable are recorded in revenue separate from revenue from contracts with customers.

Provisional invoices for metals in concentrate sales are typically issued for 80–90% of the estimated total value shortly after or on the passage of control of the product to the customer. Additional invoices are issued as final product weights and assays are determined over the quotational period. Provisionally invoiced amounts are generally collected promptly.

#### **(ii) Metals in Doré**

The refiners who receive doré from the Company, refine the materials on the Company's behalf and arrange for sale of the refined metal on the Precious Metal Market of the Borsa Istanbul, formerly the "Istanbul Gold Exchange." Control over the refined gold or silver produced from doré is transferred to the customer and revenue recognized upon delivery to the customer's bullion account on the Precious Metal Market of the Borsa Istanbul.

Refined metals are sold at spot prices on the Precious Metal Market of the Borsa Istanbul. Sales proceeds are collected within several days of the completion of the sale transaction.

### Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that material information is gathered and reported to management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), as appropriate to allow for timely decisions about public disclosure.

Management, including the CEO and CFO, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures as at December 31, 2018, as defined in the rules of the U.S. Securities and Exchange Commission and Canadian Securities Administrators. Based on this evaluation and the material weakness in internal controls outlined below, management concluded that the disclosure controls and procedures were not effective in providing reasonable assurance that the information required to be disclosed in reports filed or submitted by the Company under United States and Canadian securities legislation was recorded, processed, summarized and reported within the time periods specified in those rules.

### Internal Controls over Financial Reporting

Management, including the CEO and CFO, is responsible for establishing and maintaining adequate internal control over financial reporting, as such term as defined in Rule 13a-15(f) of the Exchange Act of 1934 and NI 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*, and uses the Committee of Sponsoring Organizations of the Treadway Commission (2013) framework on Internal Control – Integrated Framework (2013) to evaluate the effectiveness of the Company's internal controls over financial reporting. The Company's internal control over financial reporting may not prevent or detect all misstatements because of inherent limitations. Additionally, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because changes in conditions or deterioration in the degree of compliance with the Company's policies and procedures. Based on this assessment and the material weakness in internal controls outlined below, management concluded that the Company's internal controls over financial reporting were not effective as of December 31, 2018.

A material weakness is a control deficiency, or combination of control deficiencies, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements would not be prevented or detected.

During the 2018 year end audit process, a material weakness was identified in internal controls performed by management in their evaluation of impairment of goodwill and mining property, plant and equipment; specifically, the review controls performed failed to detect an error in the application of discounting to the cash flow models used in the estimation of fair value less costs of disposal. Internal controls were not effective to ensure consistent and correct application of mid-period discounting as used in prior periods. This resulted in a \$39.5 million overstatement of the impairment charge initially recorded to property, plant and equipment in respect of the Company's Olympias CGU as at December 31, 2018. This overstatement has been corrected in the Company's financial statements by reducing the impairment charge in Q4 2018 from \$370 million to \$330 million (\$248 million net of deferred tax recovery). There was no misstatement to prior period published Consolidated Financial Statements.

Impairment testing requires management to make judgements, estimates and assumptions that affect the application of discount rates, discount factor conventions, commodity prices and other key inputs.

KPMG LLP, an independent registered public accounting firm, has audited the effectiveness of internal control over financial reporting, and has expressed an adverse opinion in their report included with the Company's annual Consolidated Financial Statements.

### Management's Remediation Plan

Management believes this material weakness in internal controls is an isolated event and is not pervasive.

Management is committed to remediating the material weakness in a timely manner, with appropriate oversight from the Audit Committee. The remediation plan includes strengthening of the controls and processes to track and approve changes in the impairment models, particularly those relating to convention changes, and updating the control precision levels pertaining to logged changes to the impairment analysis.

### Changes in Internal Control over Financial Reporting

There have been no changes in the Company's internal control over financial reporting during the quarter and for the year ended December 31, 2018 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting, other than the identification of the material weakness identified above.

### Limitations of Controls and Procedures

Management, including the CEO and CFO, believe that any disclosure controls and procedures or internal controls over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgements in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any systems of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

## Qualified Person

Except as otherwise noted, Paul Skayman, FAusIMM, the Company's Chief Operating Officer, is the Qualified Person under NI 43-101 responsible for preparing and supervising the preparation of the scientific or technical information contained in this MD&A and verifying the technical data disclosed in this document relating to the Company's operating mines and development projects.

## Forward-Looking Statements and Information

Certain of the statements made and information provided in this MD&A are forward-looking statements or information within the meaning of the United States Private Securities Litigation Reform Act of 1995 and applicable Canadian securities laws. Often, these forward-looking statements and forward-looking information can be identified by the use of words such as "plans", "expects", "is expected", "budget", "continue", "projected", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or the negatives thereof or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

Forward-looking statements or information contained in this MD&A include, but are not limited to, statements or information with respect to: our guidance and outlook, including expected production, cost guidance and recoveries of gold, including higher heap leach recoveries at Kışladağ, favourable economics for our heap leaching plan and the ability to extend mine life at our projects, including at Kışladağ through further metallurgical tests on deeper material, planned capital and exploration expenditures; conversion of mineral resources to mineral reserves; our expectation as to our future financial and operating performance, including expectations around generating significant free cash flow, expected metallurgical recoveries, gold price outlook and the global concentrate market; and our strategy, plans and goals, including our proposed exploration, development, construction, permitting and operating plans and priorities and related timelines and schedules.

Forward-looking statements and forward-looking information by their nature are based on assumptions and involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or information.

We have made certain assumptions about the forward-looking statements and information, including assumptions about the geopolitical, economic, permitting and legal climate that we operate in; the future price of gold and other commodities; the global concentrate market; exchange rates; anticipated costs and expenses; production, mineral reserves and resources and metallurgical recoveries; the impact of acquisitions, dispositions, suspensions or delays on our business and the ability to achieve our goals. In particular, except where otherwise stated, we have assumed a continuation of existing business operations on substantially the same basis as exists at the time of this MD&A.

Even though our management believes that the assumptions made and the expectations represented by such statements or information are reasonable, there can be no assurance that the forward-looking statement or information will prove to be accurate. Many assumptions may be difficult to predict and are beyond our control.

Furthermore, should one or more of the risks, uncertainties or other factors materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements or information. These risks, uncertainties and other factors include, among others: results of further testwork, recoveries of gold and other metals; geopolitical and economic climate (global and local), risks related to mineral tenure and permits; gold and other commodity price volatility; continued softening of the global concentrate market; risks regarding potential and pending litigation and arbitration proceedings relating to the Company's, business, properties and operations; expected impact on reserves and the carrying value; the updating of the reserve and resource models and life of mine plans; mining operational and development risk; financing risks; foreign country operational risks; risks of sovereign investment; regulatory risks and liabilities including environmental regulatory restrictions and liability; discrepancies between actual and estimated production; additional funding requirements; currency fluctuations; community and non-governmental organization actions; the speculative nature of gold exploration; dilution; share price volatility; competition; loss of key employees; and defective title to mineral claims or properties, as well as those risk factors discussed in the section titled "Managing Risk" above. The reader is also directed to carefully review the detailed risk discussion in our most recent AIF filed in respect of the year ended December 31, 2017 and in the AIF in respect of the year ended December 31, 2018 to be filed on SEDAR under our Company name, for a fuller understanding of the risks and uncertainties that affect the Company's business and operations.

Forward-looking statements and information are designed to help you understand management's current views of our near and longer-term prospects, and they may not be appropriate for other purposes.

There can be no assurance that forward-looking statements or information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, you should not place undue reliance on the forward-looking statements or information contained herein. Except as required by law, we do not expect to update forward-looking statements and information continually as conditions change.

**CAUTIONARY NOTE TO U.S. INVESTORS CONCERNING ESTIMATES OF MEASURED, INDICATED AND INFERRED RESOURCES**

The terms "mineral resource", "measured mineral resource", "indicated mineral resource", and "inferred mineral resource" used herein are Canadian mining terms used in accordance with NI 43-101 under the guidelines set out in the Canadian Institute of Mining and Metallurgy and Petroleum (the "CIM") Standards on Mineral Resources and Mineral Reserves, adopted by the CIM Council, as may be amended from time to time. These definitions differ from the definitions in the United States Securities & Exchange Commission ("SEC") Industry Guide 7. In the United States, a mineral reserve is defined as a part of a mineral deposit which could be economically and legally extracted or produced at the time the mineral reserve determination is made.

While the terms "mineral resource", "measured mineral resource", "indicated mineral resource", and "inferred mineral resource" are recognized and required by Canadian regulations, they are not defined terms under standards in the United States and normally are not permitted to be used in reports and registration statements filed with the SEC. As such, information contained herein concerning descriptions of mineralization and resources under Canadian standards may not be comparable to similar information made public by U.S. companies in SEC filings.

Accordingly, information herein containing descriptions of our mineral deposits may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements under U.S. federal securities laws and the rules and regulations thereunder.

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The management of Eldorado Gold Corporation is responsible for the integrity and fair presentation of the financial information contained in this Annual Report. Where appropriate, the financial information, including Consolidated Financial Statements, reflects amounts based on management's best estimates and judgements. The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. Financial information presented elsewhere in the Annual Report is consistent with that disclosed in the Consolidated Financial Statements.

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Management has established and maintains a system of internal accounting control designed to provide reasonable assurance that assets are safeguarded from loss or unauthorized use, financial information is reliable and accurate and transactions are properly recorded and executed in accordance with management's authorization. This system includes established policies and procedures, the selection and training of qualified personnel and an organization providing for appropriate delegation of authority and segregation of responsibilities. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Management has a process in place to evaluate internal control over financial reporting based on the criteria established by the Committee of Sponsoring Organizations of the Treadway Commission (2013) in Internal Control – Integrated Framework. Based on this assessment, management determined that as at December 31, 2018, the Company had a material weakness in internal controls over financial reporting. As a result, management concluded that the Company's internal control over financial reporting was not effective.

A material weakness is a control deficiency, or combination of control deficiencies, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected.

Specifically, effective controls were not maintained to ensure the consistent application of the mid-period discounting convention used in the discounted cash flow models used by management in the performance of its impairment testing for goodwill and mining properties, plant and equipment as at December 31, 2018. The impact of this omission has been corrected in the Company's Consolidated Financial Statements for the year ended December 31, 2018. Management's assessment of the effectiveness of its internal control over financial reporting is contained under the heading Internal Control over Financial Reporting in the Company's Management's Discussion and Analysis of Financial Condition and Results of Operations for the year ended December 31, 2018, and this material weakness is further described therein.

The Board of Directors oversees management's responsibility for financial reporting and internal control systems through an Audit Committee, which is composed entirely of independent directors. The Audit Committee meets periodically with management, the Company's outside advisors and the independent auditors to review the scope and results of the annual audit and to review the Consolidated Financial Statements and related financial reporting and internal control matters before the Consolidated Financial Statements are approved by the Board of Directors and submitted to the Company's shareholders.

KPMG LLP, an independent registered public accounting firm, appointed by the shareholders, has audited the Company's Consolidated Financial Statements in accordance with the standards of the Public Company Accounting Oversight Board (United States) and has expressed their opinion in their report titled "Independent Auditors' Report of Registered Public Accounting Firm". The effectiveness of the Company's internal control over financial reporting as at December 31, 2018 has also been audited by KPMG LLP, and their adverse opinion is included in their report titled "Report of Independent Registered Public Accounting Firm".

*"George Burns"*

*"Philip Yee"*

**George Burns**  
President & Chief Executive Officer

**Philip Yee**  
Executive Vice President & Chief Financial Officer

February 21, 2019  
Vancouver, British Columbia, Canada

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of Eldorado Gold Corporation

### OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated statements of financial position of Eldorado Gold Corporation (the Company) as of December 31, 2018 and December 31, 2017, the related consolidated statements of operations, comprehensive loss, cash flows, and changes in equity for each of the years in the two-year period ended December 31, 2018, and the related notes (collectively, the Consolidated Financial Statements). In our opinion, the Consolidated Financial Statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and its financial performance and its cash flows for each of the years in the two-year period ended December 31, 2018, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission", and our report dated February 21, 2019 expressed an adverse opinion on the effectiveness of the Company's internal control over financial reporting.

### CHANGE IN ACCOUNTING PRINCIPLE

As discussed in Note 5 to the Consolidated Financial Statements, the Company has changed its accounting policies for revenue and financial instruments as of January 1, 2018 due to the adoption of IFRS 15 – Revenue from Contracts with Customers and IFRS 9 – Financial Instruments.

### BASIS FOR OPINION

These Consolidated Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the Consolidated Financial Statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the Consolidated Financial Statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Consolidated Financial Statements. We believe that our audits provide a reasonable basis for our opinion.

*"KPMG LLP"*

Chartered Professional Accountants

We have served as the Company's auditor since 2009.

*Vancouver, Canada*  
February 21, 2019

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of Eldorado Gold Corporation

### OPINION ON INTERNAL CONTROL OVER FINANCIAL REPORTING

We have audited Eldorado Gold Corporation's (the Company) internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, because of the effect of the material weakness, described below, on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statements of financial position of the Company as of December 31, 2018 and December 31, 2017, the related consolidated statements of operations, comprehensive loss, cash flows, and changes in equity for each of the years in the two-year period ended December 31, 2018, and the related notes (collectively, the Consolidated Financial Statements), and our report dated February 21, 2019 expressed an unqualified opinion on those Consolidated Financial Statements.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. A material weakness related to the review and approval of changes in discounting methodology in models used to evaluate impairment of goodwill and mining properties, plant and equipment has been identified and included in management's assessment. The material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2018 Consolidated Financial Statements, and this Report does not affect our report on those Consolidated Financial Statements.

### BASIS FOR OPINION

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying report titled "Management's Discussion and Analysis of Financial Condition and Results of Operations – Internal Controls over Financial Reporting". Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### DEFINITION AND LIMITATIONS OF INTERNAL CONTROL OVER FINANCIAL REPORTING

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

"KPMG LLP"

Chartered Professional Accountants

Vancouver, Canada

February 21, 2019



## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(As at December 31, 2018 and December 31, 2017)

(Expressed in thousands of U.S. dollars)

| As at December 31                                               | Note | 2018                | 2017                |
|-----------------------------------------------------------------|------|---------------------|---------------------|
| <b>ASSETS</b>                                                   |      |                     |                     |
| <b>Current assets</b>                                           |      |                     |                     |
| Cash and cash equivalents                                       | 7    | \$ 286,312          | \$ 479,501          |
| Term deposits                                                   |      | 6,646               | 5,508               |
| Restricted cash                                                 | 8    | 296                 | 310                 |
| Marketable securities                                           |      | 2,572               | 5,010               |
| Accounts receivable and other                                   | 9    | 80,987              | 78,344              |
| Inventories                                                     | 10   | 137,885             | 168,844             |
|                                                                 |      | <b>514,698</b>      | <b>737,517</b>      |
| Restricted cash                                                 | 8    | 13,449              | 12,617              |
| Other assets                                                    | 11   | 10,592              | 10,285              |
| Defined benefit pension plan                                    | 18   | 9,120               | 9,919               |
| Property, plant and equipment                                   | 13   | 3,988,476           | 4,227,397           |
| Goodwill                                                        | 14   | 92,591              | 92,591              |
|                                                                 |      | <b>\$ 4,628,926</b> | <b>\$ 5,090,326</b> |
| <b>LIABILITIES &amp; EQUITY</b>                                 |      |                     |                     |
| <b>Current liabilities</b>                                      |      |                     |                     |
| Accounts payable and accrued liabilities                        | 15   | \$ 140,878          | \$ 110,541          |
| Current portion of asset retirement obligations                 | 17   | 824                 | 3,489               |
|                                                                 |      | <b>141,702</b>      | <b>114,030</b>      |
| Debt                                                            | 16   | 595,977             | 593,783             |
| Lease liability                                                 |      | 6,538               | 110                 |
| Defined benefit pension plan                                    | 18   | 14,375              | 13,599              |
| Asset retirement obligations                                    | 17   | 93,319              | 96,195              |
| Deferred income tax liabilities                                 | 19   | 429,929             | 549,127             |
|                                                                 |      | <b>1,281,840</b>    | <b>1,366,844</b>    |
| <b>Equity</b>                                                   |      |                     |                     |
| Share capital                                                   | 20   | 3,007,924           | 3,007,924           |
| Treasury stock                                                  |      | (10,104)            | (11,056)            |
| Contributed surplus                                             |      | 2,620,799           | 2,616,593           |
| Accumulated other comprehensive loss                            |      | (24,494)            | (21,350)            |
| Deficit                                                         |      | (2,310,453)         | (1,948,569)         |
| <b>Total equity attributable to shareholders of the Company</b> |      | <b>3,283,672</b>    | <b>3,643,542</b>    |
| <b>Attributable to non-controlling interests</b>                |      | <b>63,414</b>       | <b>79,940</b>       |
|                                                                 |      | <b>3,347,086</b>    | <b>3,723,482</b>    |
|                                                                 |      | <b>\$ 4,628,926</b> | <b>\$ 5,090,326</b> |

Guarantees, Commitments and Contractual Obligations (Notes 17, 24). Contingencies (Note 25).

The accompanying notes are an integral part of these Consolidated Financial Statements.

Approved on behalf of the Board of Directors

"John Webster"

"George Burns"

**John Webster**  
Director

**George Burns**  
Director

Date of approval: February 21, 2019

## CONSOLIDATED STATEMENTS OF OPERATIONS

For the years ended December 31, 2018 and December 31, 2017

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

| For the year ended December 31                                      | Note | 2018                | 2017               |
|---------------------------------------------------------------------|------|---------------------|--------------------|
| <b>Revenue</b>                                                      |      |                     |                    |
| Metal sales                                                         | 28   | \$ 459,016          | \$ 391,406         |
| <b>Cost of sales</b>                                                |      |                     |                    |
| Production costs                                                    | 29   | 267,980             | 192,740            |
| Inventory write-down                                                | 10   | 1,465               | 444                |
| Depreciation and amortization                                       |      | 105,732             | 72,130             |
|                                                                     |      | <b>375,177</b>      | <b>265,314</b>     |
| <b>Earnings from mine operations</b>                                |      | <b>83,839</b>       | <b>126,092</b>     |
| Exploration and evaluation expenses                                 |      | 33,842              | 38,261             |
| Mine standby costs                                                  |      | 16,510              | 4,886              |
| Other operating items                                               |      | –                   | 3,658              |
| General and administrative expenses                                 |      | 46,806              | 54,574             |
| Acquisition costs                                                   | 6    | –                   | 4,270              |
| Defined benefit pension plan expense                                | 18   | 3,555               | 3,451              |
| Share-based payments                                                | 21   | 6,989               | 11,218             |
| Impairment of property, plant, and equipment                        | 13   | 447,808             | –                  |
| Other write-down of assets                                          |      | 1,528               | 46,697             |
| Foreign exchange loss (gain)                                        |      | 3,574               | (2,382)            |
| <b>Loss from operations</b>                                         |      | <b>(476,773)</b>    | <b>(38,541)</b>    |
| Gain (loss) on disposal of assets                                   |      | 130                 | (462)              |
| Gain on derivatives and other investments                           |      | 665                 | 27,425             |
| Other income                                                        |      | 16,151              | 17,575             |
| Asset retirement obligation accretion                               | 17   | (2,038)             | (2,006)            |
| Interest and financing costs                                        |      | (4,264)             | (3,199)            |
| <b>Earnings (loss) from continuing operations before income tax</b> |      | <b>(466,129)</b>    | <b>792</b>         |
| Income tax expense (recovery)                                       | 19   | (86,498)            | 19,383             |
| <b>Loss from continuing operations</b>                              |      | <b>(379,631)</b>    | <b>(18,591)</b>    |
| <b>Loss from discontinued operations</b>                            |      | <b>–</b>            | <b>(2,797)</b>     |
| <b>Net loss for the year</b>                                        |      | <b>\$ (379,631)</b> | <b>\$ (21,388)</b> |
| <b>Attributable to:</b>                                             |      |                     |                    |
| Shareholders of the Company                                         |      | (361,884)           | (9,935)            |
| Non-controlling interests                                           |      | (17,747)            | (11,453)           |
| <b>Net loss for the year</b>                                        |      | <b>\$ (379,631)</b> | <b>\$ (21,388)</b> |
| <b>Net loss attributable to shareholders of the Company:</b>        |      |                     |                    |
| Continuing operations                                               |      | (361,884)           | (7,138)            |
| Discontinued operations                                             |      | –                   | (2,797)            |
|                                                                     |      | <b>\$ (361,884)</b> | <b>\$ (9,935)</b>  |

The accompanying notes are an integral part of these Consolidated Financial Statements.

Continued on next page

## CONSOLIDATED STATEMENTS OF OPERATIONS (CONTINUED)

Continued from previous page

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

| For the year ended December 31                                                                 | Note | 2018      | 2017      |
|------------------------------------------------------------------------------------------------|------|-----------|-----------|
| <b>Weighted average number of shares outstanding (thousands)</b>                               | 30   |           |           |
| Basic                                                                                          |      | 158,509   | 150,531   |
| Diluted                                                                                        |      | 158,509   | 150,531   |
| <b>Net loss per share attributable to shareholders of the Company:</b>                         |      |           |           |
| Basic loss per share                                                                           |      | \$ (2.28) | \$ (0.07) |
| Diluted loss per share                                                                         |      | \$ (2.28) | \$ (0.07) |
| <b>Net loss per share attributable to shareholders of the Company – continuing operations:</b> |      |           |           |
| Basic loss per share                                                                           |      | \$ (2.28) | \$ (0.05) |
| Diluted loss per share                                                                         |      | \$ (2.28) | \$ (0.05) |

The accompanying notes are an integral part of these Consolidated Financial Statements.

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

For the years ended December 31, 2018 and December 31, 2017

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

| For the year ended December 31                                              | Note | 2018                | 2017               |
|-----------------------------------------------------------------------------|------|---------------------|--------------------|
| Loss for the year                                                           |      | \$ (379,631)        | \$ (21,388)        |
| Other comprehensive loss:                                                   |      |                     |                    |
| Items that will not be reclassified to earnings or loss:                    |      |                     |                    |
| Change in fair value of investments in equity securities                    |      | (2,306)             | (160)              |
| Actuarial losses on defined benefit pension plans                           | 18   | (1,197)             | (3,121)            |
| Income tax recovery on losses on defined benefit pension plans              |      | 359                 | –                  |
|                                                                             |      | <b>(3,144)</b>      | <b>(3,281)</b>     |
| Items that may be reclassified subsequently to earnings or loss:            |      |                     |                    |
| Change in fair value of investments in equity securities                    |      | –                   | 16,038             |
| Income tax on change in fair value of investments in equity securities      |      | –                   | (2,595)            |
| Reclassification of the gain on equity securities on acquisition of Integra | 6    | –                   | (28,363)           |
| Income tax on the gain on equity securities on acquisition of Integra       | 6    | –                   | 4,023              |
|                                                                             |      | –                   | <b>(10,897)</b>    |
| <b>Total other comprehensive loss for the year</b>                          |      | <b>(3,144)</b>      | <b>(14,178)</b>    |
| <b>Total comprehensive loss for the year</b>                                |      | <b>\$ (382,775)</b> | <b>\$ (35,566)</b> |
| Attributable to:                                                            |      |                     |                    |
| Shareholders of the Company                                                 |      | (365,028)           | (24,113)           |
| Non-controlling interests                                                   |      | (17,747)            | (11,453)           |
|                                                                             |      | <b>\$ (382,775)</b> | <b>\$ (35,566)</b> |

The accompanying notes are an integral part of these Consolidated Financial Statements.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2018 and December 31, 2017

(Expressed in thousands of U.S. dollars)

| For the year ended December 31                                            | Note | 2018              | 2017              |
|---------------------------------------------------------------------------|------|-------------------|-------------------|
| Cash flows generated from (used in):                                      |      |                   |                   |
| <b>Operating activities</b>                                               |      |                   |                   |
| Loss for the year from continuing operations                              |      | \$ (379,631)      | \$ (18,591)       |
| <i>Items not affecting cash:</i>                                          |      |                   |                   |
| Asset retirement obligation accretion                                     |      | 2,038             | 2,006             |
| Depreciation and amortization                                             |      | 105,732           | 72,130            |
| Unrealized foreign exchange gain                                          |      | 704               | (471)             |
| Deferred income tax recovery                                              |      | (118,839)         | (19,849)          |
| Loss (gain) on disposal of assets                                         |      | (130)             | 462               |
| Gain on derivatives and other investments                                 |      | (665)             | (27,425)          |
| Impairment of property, plant and equipment                               | 13   | 447,808           | –                 |
| Other write-down of assets                                                |      | 1,528             | 46,697            |
| Share-based payments                                                      |      | 6,989             | 11,218            |
| Defined benefit pension plan expense                                      |      | 3,555             | 3,451             |
|                                                                           |      | 69,089            | 69,628            |
| Property reclamation payments                                             |      | (5,536)           | (3,097)           |
| Severance payments                                                        |      | (2,299)           | –                 |
| Changes in non-cash working capital                                       | 22   | 5,062             | (35,755)          |
| <b>Net cash provided by operating activities of continuing operations</b> |      | <b>66,316</b>     | <b>30,776</b>     |
| <b>Net cash used by operating activities of discontinued operations</b>   |      | <b>–</b>          | <b>(2,797)</b>    |
| <b>Investing activities</b>                                               |      |                   |                   |
| Net cash paid on acquisition of subsidiary                                | 6    | –                 | (121,664)         |
| Purchase of property, plant and equipment                                 |      | (274,070)         | (309,133)         |
| Capitalized interest                                                      | 13   | (36,750)          | (36,750)          |
| Proceeds from the sale of property, plant and equipment                   |      | 7,882             | 252               |
| Proceeds on pre-commercial production sales                               | 13   | 48,868            | 38,200            |
| Value added taxes related to mineral property expenditures, net           |      | (1,261)           | 22,804            |
| Investment in term deposits                                               |      | (1,138)           | (216)             |
| Increase in restricted cash                                               |      | (928)             | (9,817)           |
| <b>Net cash used by investing activities of continuing operations</b>     |      | <b>(257,397)</b>  | <b>(416,324)</b>  |
| <b>Financing activities</b>                                               |      |                   |                   |
| Issuance of common shares for cash                                        |      | –                 | 586               |
| Dividend paid to shareholders                                             |      | –                 | (10,610)          |
| Purchase of treasury stock                                                |      | (2,108)           | (5,301)           |
| <b>Net cash used by financing activities of continuing operations</b>     |      | <b>(2,108)</b>    | <b>(15,325)</b>   |
| <b>Net decrease in cash and cash equivalents</b>                          |      | <b>(193,189)</b>  | <b>(403,670)</b>  |
| <b>Cash and cash equivalents – beginning of year</b>                      |      | <b>479,501</b>    | <b>883,171</b>    |
| <b>Cash and cash equivalents – end of year</b>                            |      | <b>\$ 286,312</b> | <b>\$ 479,501</b> |

Supplementary cash flow information (Note 22).

The accompanying notes are an integral part of these Consolidated Financial Statements.

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2018 and December 31, 2017

(Expressed in thousands of U.S. dollars)

| For the year ended December 31                                  | Note      | 2018                  | 2017                  |
|-----------------------------------------------------------------|-----------|-----------------------|-----------------------|
| <b>Share capital</b>                                            |           |                       |                       |
| Balance beginning of year                                       |           | \$ 3,007,924          | \$ 2,819,101          |
| Shares issued upon exercise of share options, for cash          |           | –                     | 586                   |
| Transfer of contributed surplus on exercise of options          |           | –                     | 176                   |
| Shares issued on acquisition of Integra Gold Corp.              | 6         | –                     | 188,061               |
| <b>Balance end of year</b>                                      | <b>20</b> | <b>\$ 3,007,924</b>   | <b>\$ 3,007,924</b>   |
| <b>Treasury stock</b>                                           |           |                       |                       |
| Balance beginning of year                                       |           | \$ (11,056)           | \$ (7,794)            |
| Purchase of treasury stock                                      |           | (2,108)               | (5,301)               |
| Shares redeemed upon exercise of restricted share units         |           | 3,060                 | 2,039                 |
| <b>Balance end of year</b>                                      |           | <b>\$ (10,104)</b>    | <b>\$ (11,056)</b>    |
| <b>Contributed surplus</b>                                      |           |                       |                       |
| Balance beginning of year                                       |           | \$ 2,616,593          | \$ 2,606,567          |
| Share-based payments                                            |           | 7,266                 | 12,241                |
| Shares redeemed upon exercise of restricted share units         |           | (3,060)               | (2,039)               |
| Transfer to share capital on exercise of options                |           | –                     | (176)                 |
| <b>Balance end of year</b>                                      |           | <b>\$ 2,620,799</b>   | <b>\$ 2,616,593</b>   |
| <b>Accumulated other comprehensive loss</b>                     |           |                       |                       |
| Balance beginning of year                                       |           | \$ (21,350)           | \$ (7,172)            |
| Other comprehensive loss for the year                           |           | (3,144)               | (14,178)              |
| <b>Balance end of year</b>                                      |           | <b>\$ (24,494)</b>    | <b>\$ (21,350)</b>    |
| <b>Deficit</b>                                                  |           |                       |                       |
| Balance beginning of year                                       |           | \$ (1,948,569)        | \$ (1,928,024)        |
| Dividends paid                                                  |           | –                     | (10,610)              |
| Loss attributable to shareholders of the Company                |           | (361,884)             | (9,935)               |
| <b>Balance end of year</b>                                      |           | <b>\$ (2,310,453)</b> | <b>\$ (1,948,569)</b> |
| <b>Total equity attributable to shareholders of the Company</b> |           | <b>\$ 3,283,672</b>   | <b>\$ 3,643,542</b>   |
| <b>Non-controlling interests</b>                                |           |                       |                       |
| Balance beginning of year                                       |           | \$ 79,940             | \$ 88,786             |
| Loss attributable to non-controlling interests                  |           | (17,747)              | (11,453)              |
| Contributions from non-controlling interests                    |           | 1,221                 | 2,607                 |
| <b>Balance end of year</b>                                      |           | <b>\$ 63,414</b>      | <b>\$ 79,940</b>      |
| <b>Total equity</b>                                             |           | <b>\$ 3,347,086</b>   | <b>\$ 3,723,482</b>   |

The accompanying notes are an integral part of these Consolidated Financial Statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. General Information

Eldorado Gold Corporation (individually or collectively with its subsidiaries, as applicable, "Eldorado" or the "Company") is a gold mining, development, and exploration company. The Company has mining operations, ongoing development projects and exploration in Turkey, Canada, Greece, Brazil, Romania and Serbia. In July 2017, the Company acquired Integra Gold Corporation ("Integra"), a Canadian mining company with mineral assets in Quebec, Canada (Note 6).

Eldorado is a public company listed on the Toronto Stock Exchange ("TSX") and the New York Stock Exchange ("NYSE") and is incorporated in the province of British Columbia, Canada.

The Company's head office, principal address and records are located at 550 Burrard Street, Suite 1188, Vancouver, British Columbia, Canada, V6C 2B5.

### 2. Basis of Preparation

These Consolidated Financial Statements, including comparatives, have been prepared in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The significant accounting policies applied in these Consolidated Financial Statements are presented in Note 3 and have been applied consistently to all years presented, unless otherwise noted.

Certain prior period balances have been reclassified to conform to current period presentation.

The Consolidated Financial Statements were approved by the Company's Board of Directors on February 21, 2019.

The Consolidated Financial Statements have been prepared on a historical cost basis except for certain financial assets and liabilities that are measured at fair value.

The preparation of the Consolidated Financial Statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Consolidated Financial Statements, are disclosed in Note 4.

### 3. Significant Accounting Policies

Except as disclosed in Note 5, the principal accounting policies are set out below and have been applied consistently to all years presented in these Consolidated Financial Statements, and have been applied consistently by all Eldorado subsidiaries.

#### 3.1 BASIS OF PRESENTATION AND PRINCIPLES OF CONSOLIDATION

##### (i) Subsidiaries and Business Combinations

Subsidiaries are those entities controlled by Eldorado. Control exists when Eldorado is exposed to, or has rights to, variable returns from the subsidiary and has the ability to affect those returns through its power over the subsidiary. Power is defined as existing rights that give the Company the ability to direct the relevant activities of the subsidiary. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the Consolidated Financial Statements from the date that control commences until the date that control ceases. All intercompany transactions, balances, income and expenses are eliminated in full upon consolidation.

The acquisition method of accounting is used to account for business acquisitions. The cost of an acquisition is measured at the fair value of the assets acquired, equity instruments issued and liabilities incurred or assumed at the date of exchange.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

### 3. Significant Accounting Policies (continued)

The excess of the cost of acquisition over the fair value of Eldorado's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets acquired, the difference or gain is recognized directly in the consolidated statement of operations.

Transaction costs, other than those associated with the issue of debt or equity securities, which the Company incurs in connection with a business combination, are expensed as incurred.

The subsidiaries of the Company as at December 31, 2018 are described below.

| Subsidiary                                              | Location | Ownership interest | Operations and development projects owned          |
|---------------------------------------------------------|----------|--------------------|----------------------------------------------------|
| Tüprag Metal Madencilik Sanayi ve Ticaret AS ("Tüprag") | Turkey   | 100%               | Kışladağ mine<br>Efemçukuru mine                   |
| Hellas Gold SA ("Hellas")                               | Greece   | 95%                | Stratoni mine<br>Olympias mine<br>Skouries project |
| Integra Gold Corporation                                | Canada   | 100%               | Lamaque project                                    |
| Thracean Gold Mining SA                                 | Greece   | 100%               | Perama Hill project                                |
| Thrace Minerals SA                                      | Greece   | 100%               | Sapes project                                      |
| Unamgen Mineração e Metalurgia SA                       | Brazil   | 100%               | Vila Nova Iron Ore mine                            |
| Brazauro Recursos Minerais SA ("Brazauro")              | Brazil   | 100%               | Tocantinzinho project                              |
| Deva Gold SA ("Deva")                                   | Romania  | 80.5%              | Certej project                                     |

#### (ii) Discontinued Operations

A discontinued operation is a component of the Company's business that represents a separate major line of business or geographical area of operations that has been disposed of, has been abandoned or meets the criteria to be classified as held for sale.

Discontinued operations are presented in the consolidated statement of operations as a separate line.

#### (iii) Assets Held for Sale

Assets and businesses classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale and gains or losses on subsequent re-measurements are included in the consolidated statement of operations. No depreciation is charged on assets and businesses classified as held for sale.

Assets and businesses are classified as held for sale if their carrying amount will be recovered or settled principally through a sale transaction rather than through continuing use. The asset or business must be available for immediate sale and the sale must be highly probable within one year.

#### (iv) Investments in Associates

Associates are those entities where Eldorado has the ability to exercise significant influence, but not control, over the financial and operating policies of those entities. Significant influence is presumed to exist when the Company holds between 20% and 50% of the voting power of another entity.

Associates are accounted for using the equity method (equity accounted investees) and are recognized initially at cost. The Consolidated Financial Statements include Eldorado's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of Eldorado, from the date that significant influence commences until the date that significant influence ceases.



### 3. Significant Accounting Policies (continued)

When the Company's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Company has an obligation to make, or has made, payments on behalf of the investee.

At each balance sheet date, each investment in associates is assessed for indicators of impairment.

#### (v) Transactions with Non-controlling Interests

For purchases from non-controlling interests, the difference between any consideration paid and the relevant share of the carrying value of net assets of the subsidiary acquired is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Eldorado treats transactions in the ordinary course of business with non-controlling interests as transactions with third parties.

#### (vi) Transactions Eliminated on Consolidation

Intracompany and intercompany balances and transactions, and any unrealized income and expenses arising from all such transactions, are eliminated in preparing the Consolidated Financial Statements.

### 3.2 FOREIGN CURRENCY TRANSLATION

#### (i) Functional and Presentation Currency

Items included in the financial statements of each of Eldorado's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The Consolidated Financial Statements are presented in U.S. dollars, which is the Company's functional and presentation currency, as well as the functional currency of all significant subsidiaries.

#### (ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognized in the consolidated statement of operations.

### 3.3 PROPERTY, PLANT AND EQUIPMENT

#### (i) Cost and Valuation

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment in value. When an asset is disposed of, it is derecognized and the difference between its carrying value and net sales proceeds is recognized as a gain or loss in the consolidated statement of operations.

#### (ii) Property, Plant and Equipment

Property, plant and equipment includes expenditures incurred on properties under development, significant payments related to the acquisition of land, mineral rights and property, plant and equipment, which are recorded at cost on initial acquisition. Cost includes the purchase price and the directly attributable costs of acquisition or construction required to bring an asset to the location and condition necessary for the asset to be capable of operating in the manner intended by management, including capitalized borrowing costs for qualifying assets.

#### (iii) Depreciation

Mine development costs, property, plant and equipment and other mining assets whose estimated useful life is the same as the remaining life of the mine are depreciated, depleted and amortized over a mine's estimated life using the units-of-production method calculated based on proven and probable reserves.

### 3. Significant Accounting Policies (continued)

Capitalized development costs related to a multi-pit operation are amortized on a pit-by-pit basis over the pit's estimated life using the units-of-production method calculated based on proven and probable reserves related to each pit.

Property, plant and equipment and other assets whose estimated useful lives are less than the remaining life of the mine are depreciated on a straight-line basis over the estimated useful lives of the assets.

Where components of an asset have a different useful life and cost that is significant to the total cost of the asset, depreciation is calculated on each separate component.

Depreciation methods, useful lives and residual values are reviewed at the end of each year and adjusted if appropriate.

#### (iv) Subsequent Costs

Expenditure on major maintenance or repairs includes the cost of replacement parts of assets and overhaul costs. Where an asset or part of an asset is replaced and it is probable that further future economic benefit will flow to the Company, the expenditure is capitalized. Similarly, overhaul costs associated with major maintenance are capitalized when it is probable that future economic benefit will flow to the Company and any remaining costs of previous overhauls relating to the same asset are derecognized. All other expenditures are expensed as incurred.

#### (v) Deferred Stripping Costs

Stripping costs incurred during the production phase of a mine are considered production costs and included in the cost of inventory produced during the period in which the stripping costs are incurred, unless the stripping activity can be shown to provide access to additional mineral reserves, in which case the stripping costs are capitalized. Stripping costs incurred to prepare the ore body for extraction are capitalized as mine development costs (pre-stripping). Capitalized stripping costs are amortized on a unit-of-production basis over the proven and probable reserves to which they relate.

#### (vi) Borrowing Costs

Borrowing costs are expensed as incurred except where they are attributable to the financing of construction or development of qualifying assets requiring a substantial period of time to prepare for their intended future use. Interest is capitalized up to the date when substantially all the activities necessary to prepare the asset for its intended use are complete. Interest is ceased to be capitalized during periods of prolonged suspension of construction or development.

Investment income arising on the temporary investment of proceeds from borrowings is offset against borrowing costs being capitalized.

#### (vii) Mine Standby Costs and Restructuring Costs

Mine standby costs and costs related to restructuring a mining operation are charged directly to expense in the period incurred. Mine standby costs include labour, maintenance and mine support costs incurred during temporary shutdowns of a mine or a development project.

### 3.4 EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURES

#### (i) Exploration

Exploration expenditures reflect the costs related to the initial search for mineral deposits with economic potential or obtaining more information about existing mineral deposits. Exploration expenditures typically include costs associated with the acquisition of mineral licences, prospecting, sampling, mapping, diamond drilling and other work involved in searching for mineral deposits. All expenditures relating to exploration activities are expensed as incurred except for the costs associated with the acquisition of mineral licences that are capitalized.

### 3. Significant Accounting Policies (continued)

#### (ii) Evaluation

Evaluation expenditures reflect costs incurred at projects related to establishing the technical and commercial viability of mineral deposits identified through exploration or acquired through a business combination or asset acquisition.

Evaluation expenditures include the cost of:

- a) establishing the volume and grade of deposits through drilling of core samples, trenching and sampling activities for an ore body that is classified as either a mineral resource or a proven and probable reserve;
- b) determining the optimal methods of extraction and metallurgical and treatment processes;
- c) studies related to surveying, transportation and infrastructure requirements;
- d) permitting activities; and
- e) economic evaluations to determine whether development of the mineralized material is commercially viable, including scoping, prefeasibility and final feasibility studies.

Evaluation expenditures are capitalized if management determines that there is evidence to support probability of generating positive economic returns in the future. A mineral resource is considered to have economic potential when it is expected the technical feasibility and commercial viability of extraction of the mineral resource is demonstrable considering long-term metal prices. Therefore, prior to capitalizing such costs, management determines that the following conditions have been met:

- there is a probable future benefit that will contribute to future cash inflows;
- the Company can obtain the benefit and control access to it; and
- the transaction or event giving rise to the benefit has already occurred.

The evaluation phase is complete once technical feasibility of the extraction of the mineral deposit has been determined through preparation of a reserve and resource statement, including a mining plan as well as receipt of required permits and approval of the Board of Directors to proceed with development of the mine.

#### (iii) Development

Development expenditures are those that are incurred during the phase of preparing a mineral deposit for extraction and processing. These include pre-stripping costs and underground development costs to gain access to the ore that is suitable for sustaining commercial mining, preparing land, construction of plant, equipment and buildings and costs of commissioning the mine and mill. It also includes proceeds received from pre-commercial production.

Expenditures incurred on development projects continue to be capitalized until the mine and mill move into the production stage. The Company assesses each mine construction project to determine when a mine moves into the production stage. The criteria used to assess the start date are determined based on the nature of each mine construction project, such as the complexity of a plant or its location. Various relevant criteria are considered to assess when the mine is substantially complete and ready for its intended use and moved into the production stage. Some of the criteria considered would include, but are not limited to, the following:

- (1) the level of capital expenditures compared to construction cost estimates;
- (2) the completion of a reasonable period of testing of mine plant and equipment;
- (3) the ability to produce minerals in saleable form (within specification); and
- (4) the ability to sustain ongoing production of minerals.

Alternatively, if the factors that impact the technical feasibility and commercial viability of a project change and no longer support the probability of generating positive economic returns in the future, expenditures will no longer be capitalized.

### 3. Significant Accounting Policies (continued)

#### 3.5 GOODWILL

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the net assets of the acquired business at the date of acquisition. When the excess is negative (negative goodwill), it is recognized immediately in income. Goodwill on acquisition of subsidiaries and businesses is shown separately as goodwill in the Consolidated Financial Statements. Goodwill on acquisition of associates is included in investments in significantly influenced companies and tested for impairment as part of the overall investment.

Goodwill is carried at cost less accumulated impairment losses and tested annually for impairment. Impairment losses on goodwill are not reversed. The impairment testing is performed annually or more frequently if events or changes in circumstances indicate that it may be impaired.

Goodwill is allocated to cash-generating units ("CGUs") for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. If the composition of one or more CGUs to which goodwill has been allocated changes due to a re-organization, the goodwill is re-allocated to the units affected.

The gain or loss on disposal of an entity includes the carrying amount of goodwill relating to the entity sold.

#### 3.6 IMPAIRMENT OF NON-FINANCIAL ASSETS

Other long-lived assets are reviewed each reporting period for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If such indicators exist, an impairment test is performed.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal ("FVLCD") and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows or CGUs.

Value in use is determined as the present value of the future cash flows expected to be derived from an asset or CGU based on the detailed mine and/or production plans. The estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

FVLCD is the amount obtainable from the sale of an asset or CGU in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. For mining assets, FVLCD is often estimated using a discounted cash flow approach because a fair value is not readily available from an active market or binding sale agreement. Estimated future cash flows are calculated using estimated future prices, mineral reserves and resources, operating and capital costs. All assumptions used are those that an independent market participant would consider appropriate.

Non-financial assets other than goodwill impaired in prior periods are reviewed for possible reversal of the impairment when events or changes in circumstances indicate that an item of mineral property and equipment or CGU is no longer impaired.

### 3. Significant Accounting Policies (continued)

#### 3.7 FINANCIAL ASSETS

##### (i) Classification and Measurement

The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

The classification of investments in debt instruments is driven by the business model for managing the financial assets and their contractual cash flow characteristics. Investments in debt instruments are measured at amortized cost if the business model is to hold the instrument for collection of contractual cash flows and those cash flows are solely principal and interest. If the business model is not to hold the debt instrument, it is classified as FVTPL. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as FVTOCI.

##### *(a) Financial Assets at FVTPL*

Financial assets carried as FVTPL are initially recorded at fair value with all transaction costs expensed in the consolidated statement of operations. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in the consolidated statement of operations in the period in which they arise. Derivatives are also categorized as FVTPL unless they are designated as hedges.

##### *(b) Financial Assets at FVTOCI*

Investments in equity instruments as FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

##### *(c) Financial Assets at Amortized Cost*

Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

##### (ii) Impairment of Financial Assets

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date the credit risk on the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses. For trade receivables the Company applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

##### (iii) Derecognition of Financial Assets

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recognized in the consolidated statement of operations. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

### 3. Significant Accounting Policies (continued)

#### 3.8 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Derivatives are recognized initially at fair value on the date a derivative contract is entered into. Subsequent to initial recognition, derivatives are remeasured at their fair value. The method of recognizing any resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged.

Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognized immediately in the consolidated statement of operations.

*(a) Fair Value Hedge*

Changes in the fair values of derivatives that are designated and qualify as fair value hedges are recorded in the consolidated statement of operations, together with any changes in the fair values of the hedged assets or liabilities that are attributable to the hedged risk.

*(b) Cash-flow Hedge*

The effective portions of changes in the fair values of derivatives that are designated and qualify as cash-flow hedges are recognized in equity. The gain or loss relating to any ineffective portion is recognized immediately in the consolidated statement of operations.

Amounts accumulated in the hedge reserve are recycled in the consolidated statement of operations in the periods when the hedged items will affect profit or loss (for instance, when the forecast sale that is hedged takes place). If a forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a liability, the gains and losses previously deferred in the hedge reserve are included in the initial measurement of the cost of the asset or liability.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in the hedge reserve at that time remains in the reserve and is recognized when the forecast transaction is ultimately recognized in the consolidated statement of operations. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to the consolidated statement of operations.

The Company has not designated any derivative contracts as hedges and therefore has not applied hedge accounting in these Consolidated Financial Statements.

#### 3.9 INVENTORIES

Inventories are valued at the lower of cost and net realizable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows.

- i) Product inventory consists of stockpiled ore, ore on leach pads, crushed ore, in-circuit material at properties with milling or processing operations, gold concentrate, other metal concentrate, iron ore stockpile awaiting shipment, doré awaiting refinement and unsold bullion. Product inventory costs consist of direct production costs, including mining, crushing and processing; site administration costs; and allocated indirect costs, including depreciation and amortization of mineral property, plant and equipment.

Inventory costs are charged to production costs on the basis of quantity of metal sold. At operations where the ore extracted contains significant amounts of metals other than gold, primarily silver, copper, lead and zinc, cost is allocated between the joint products. The Company regularly evaluates and refines estimates used in determining the costs charged to production costs and costs absorbed into inventory carrying values based upon actual gold recoveries and operating plans.

Net realizable value is the estimated selling price, less the estimated costs of completion and selling expenses.

- ii) Materials and supplies inventory consists of consumables used in operations, such as fuel, chemicals, reagents and spare parts, which are valued at the lower of average cost and net realizable value and, where appropriate, less a provision for obsolescence. Costs include acquisition, freight and other directly attributable costs.

### 3. Significant Accounting Policies (continued)

#### 3.10 TRADE RECEIVABLES

Trade receivables are amounts due from customers for the sale of bullion and metals in concentrate in the ordinary course of business.

Trade receivables are recognized initially at fair value and subsequently at amortized cost using the effective interest rate method. Trade receivables are recorded net of lifetime expected credit losses.

Settlement receivables arise from the sale of metals in concentrate. Settlement receivables are classified as fair value through profit and loss and are recorded at fair value at each reporting period. Changes in fair value of settlements receivable are recorded in revenue.

#### 3.11 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with maturities at the date of acquisition of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the consolidated statement of financial position.

#### 3.12 SHARE CAPITAL

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects. Common shares held by the Company are classified as treasury stock and recorded as a reduction of shareholders' equity.

#### 3.13 TRADE PAYABLES

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

#### 3.14 DEBT AND BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost, calculated using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of operations over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities and other borrowings are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility and other borrowings will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility and borrowings will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the loan to which it relates.

#### 3.15 CURRENT AND DEFERRED INCOME TAX

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the consolidated statement of operations except to the extent that it relates to items recognized either in other comprehensive income or directly in equity, in which case it is recognized in other comprehensive income or in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings. The tax rate used is the rate that is substantively enacted.

### 3. Significant Accounting Policies (continued)

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements. However, deferred income tax is not recorded if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

#### 3.16 EMPLOYEE BENEFITS

##### (i) Defined Benefit Plans

Certain employees have entitlements under Company pension plans that are defined benefit pension plans. For defined benefit plans, the level of benefit provided is based on the length of service and earnings of the person entitled.

The cost of the defined benefit plan is determined using the projected unit credit method. The related pension liability recognized in the consolidated statement of financial position is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets.

The Company obtains actuarial valuations for defined benefit plans for each balance sheet date. Actuarial assumptions used in the determination of defined benefit pension plan liabilities are based on best estimates, including rate of salary escalation and expected retirement dates of employees. The discount rate is based on high-quality bond yields. The assumption used to determine the interest income on plan assets is equal to the discount rate.

Actuarial gains and losses are recognized in full in the period in which they occur in other comprehensive income without recycling to the consolidated statement of operations in subsequent periods. Current service cost, the vested element of any past service cost, the interest income on plan assets and the interest arising on the pension liability are included in the same line items in the consolidated statement of operations or other comprehensive income as the related compensation cost.

Past service costs are recognized immediately to the extent the benefits are vested, and otherwise are amortized on a straight-line basis over the average period until the benefits become vested.

##### (ii) Defined Contribution Plans

The Company's contributions to defined contribution plans are charged to the consolidated statement of operations in the period to which the contributions relate.

##### (iii) Termination Benefits

Eldorado recognizes termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing benefits as a result of an offer made to encourage voluntary termination. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

##### (iv) Short-term Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.



### 3. Significant Accounting Policies (continued)

#### 3.17 SHARE-BASED PAYMENT TRANSACTIONS

The Company applies the fair value method of accounting for all stock option awards and equity settled restricted share units and performance share units. Under this method the Company recognizes a compensation expense for all stock options awarded to employees, based on the fair value of the options on the date of grant which is determined by using the Black-Scholes option pricing model. For equity-settled restricted share units, compensation expense is recognized based on the quoted market value of the shares. For equity-settled performance share units, compensation expense is recognized based on the fair value of the shares on the date of grant which is determined by a valuator.

The fair value of the options, restricted share units and performance share units are expensed over the vesting period of the awards with a corresponding increase in equity. No expense is recognized for awards that do not ultimately vest. Deferred share units are liability awards settled in cash accounted for at the quoted market price at the grant date with the corresponding liability being marked to market at each subsequent reporting date.

#### 3.18 PROVISIONS

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. They are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

##### Rehabilitation and Restoration

A provision is made for mine rehabilitation and restoration when an obligation is incurred. The provision is recognized as a liability with a corresponding asset recognized in relation to the mine site. At each reporting date the rehabilitation liability is re-measured in line with changes in discount rates, and timing or amount of the costs to be incurred. The rehabilitation liability is classified as an "asset retirement obligation" on the consolidated statement of financial position.

The provision recognized represents management's best estimate of the present value of the future costs required. Significant estimates and assumptions are made in determining the amount of restoration and rehabilitation provisions. Those estimates and assumptions deal with uncertainties such as: requirements of the relevant legal and regulatory frameworks, the magnitude of necessary remediation activities and the timing, extent and costs of required restoration and rehabilitation activity.

These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision recognized is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for operating sites are recognized in the consolidated statement of financial position by adjusting both the restoration and rehabilitation asset and provision. Such changes give rise to a change in future depreciation and financial charges.

#### 3.19 REVENUE RECOGNITION

Revenue is generated from the sale of bullion and metals in concentrate. The Company produces doré, gold concentrate and other metal concentrates. The Company's performance obligations relate primarily to the delivery of these products to customers, with each shipment representing a separate performance obligation.

Revenue from the sale of bullion and metals in concentrates is recognized at the point the customer obtains control of the product. Control is transferred when title has passed to the purchaser, the product is physically delivered to the customer, the customer controls the risks and rewards of ownership and the Company has a present right to payment for the product.

### 3. Significant Accounting Policies (continued)

#### (i) Metals in Concentrate

Control over metals in concentrates is transferred to the customer and revenue is recognized upon the placing of the material on board the vessel for shipment which is when the product is considered to be physically delivered to the customer under the terms of the customer contract.

Metals in concentrate are sold under pricing arrangements where final prices are determined by market prices subsequent to the date of sale (the "quotational period"). Revenue from concentrate sales is recorded based on the estimated amounts to be received, based on the respective metal's forward price at the expected settlement date. Adjustments are made to settlements receivable in subsequent periods based on fluctuations in the forward prices until the date of final metal pricing. These subsequent changes in the fair value of the settlements receivable are recorded in revenue separate from revenue from contracts with customers.

Provisional invoices for metals in concentrate sales are typically issued for 80–90% of the estimated total value shortly after or on the passage of control of the product to the customer. Additional invoices are issued as final product weights and assays are determined over the quotational period. Provisionally invoiced amounts are generally collected promptly.

#### (ii) Metals in Doré

The refiners who receive doré from the Company, refine the materials on the Company's behalf and arrange for sale of the refined metal on the Precious Metal Market of the Borsa Istanbul, formerly the "Istanbul Gold Exchange". Control over the refined gold or silver produced from doré is transferred to the customer and revenue recognized upon delivery to the customer's bullion account on the Precious Metal Market of the Borsa Istanbul.

Refined metals are sold at spot prices on the Precious Metal Market of the Borsa Istanbul. Sales proceeds are collected within several days of the completion of the sale transaction.

### 3.20 FINANCE INCOME AND EXPENSES

Finance income comprises interest income on funds invested (including financial assets carried at FVTPL) and changes in the fair value of financial assets at FVTPL. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss and impairment losses recognized on financial assets. All borrowing costs are recognized in profit or loss using the effective interest method, except for those amounts capitalized as part of the cost of qualifying property, plant and equipment.

### 3.21 EARNINGS (LOSS) PER SHARE

The Company presents basic and diluted earnings per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the earnings or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted EPS is determined by adjusting the earnings or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares, which comprise warrants and share options granted to employees.

## 4. Critical Accounting Estimates and Judgements

The preparation of Consolidated Financial Statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each period end. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant areas requiring the use of management assumptions, estimates and judgements include determining leach pad inventory, impairment of non-current assets, estimated recoverable reserves and resources, current and deferred taxes, business combinations, commencement of commercial production and functional currency.

Actual results could differ from these estimates. Outlined below are some of the areas that require management to make significant judgements, estimates and assumptions.

### LEACH PAD INVENTORY

The Company considers ore stacked on its leach pads and in process at its mines as work-in-process inventory and records their value in earnings, and includes them in the cost of sales based on ounces of gold sold, using the following assumptions in its estimates.

- the amount of gold and other metals estimated to be in the ore stacked on the leach pads;
- the amount of gold and other metals expected to be recovered from the stacks;
- the amount of gold and other metals in the mill circuits;
- the amount of gold and other metals in concentrates; and
- the gold and other metal prices expect to be realized when sold.

If these estimates or assumptions are inaccurate, the Company could be required to write down the value it has recorded on its work-in-process inventories, which would reduce earnings and working capital. At December 31, 2018, the cost of inventory was below its net realizable value.

### IMPAIRMENT OF NON-CURRENT ASSETS

Non-current assets are tested for impairment when events or changes in circumstances suggest that the carrying amount may not be fully recoverable. We conduct an annual test for impairment of goodwill in the fourth quarter of each fiscal year and at any other time of the year if an indicator of impairment is identified.

Calculating the estimated FVLCD of CGUs for non-current asset impairment tests and CGUs or groups of CGUs for goodwill impairment tests requires management to make estimates and assumptions with respect to future production levels, operating and capital costs in the Company's life-of-mine ("LOM") plans, long-term metal prices, foreign exchange rates and discount rates. Changes in any of the assumptions or estimates used in determining the fair values could impact the impairment analysis.

### ESTIMATED RECOVERABLE RESERVES AND RESOURCES

Mineral reserve and resource estimates are based on various assumptions relating to operating matters, including, with respect to production costs, mining and processing recoveries, cut-off grades, as well as assumptions relating to long-term commodity prices and, in some cases, exchange rates, inflation rates and capital costs. Cost estimates are based on feasibility study estimates or operating history. Estimates are prepared by appropriately qualified persons, but will be impacted by forecasted commodity prices, inflation rates, exchange rates, capital and production costs and recoveries, amongst other factors. Estimated recoverable reserves and resources are used to determine the depreciation of property, plant and equipment at operating mine sites, in accounting for deferred stripping costs, in performing impairment testing and for forecasting the timing of the payment of decommissioning and restoration costs. Therefore, changes in the assumptions used could impact the carrying value of assets, depreciation and impairment charges recorded in the consolidated statement of operations and the carrying value of the decommissioning and restoration provision.

## 4. Critical Accounting Estimates and Judgements (continued)

### CURRENT AND DEFERRED TAXES

The Company calculates current and deferred tax provisions for each of the jurisdictions in which it operates. Actual amounts of income tax expense are not final until tax returns are filed and accepted by the relevant authorities. This occurs subsequent to the issuance of the Consolidated Financial Statements. Therefore, earnings in subsequent periods will be affected by the amount that estimates differ from the final tax returns.

Estimates of recoverability are required in assessing whether deferred tax assets and deferred tax liabilities are recognized on the consolidated statement of financial position. The Company also evaluates the recoverability of deferred tax assets based on an assessment of the ability to use the underlying future tax deductions before they expire against future taxable income. Deferred tax liabilities arising from temporary differences in investments in subsidiaries, joint ventures and associates are recognized unless the reversal of the temporary differences is not expected to occur in the foreseeable future and can be controlled.

Assumptions about the generation of future taxable earnings and repatriation of retained earnings depend on management's estimates of future production and sales volumes, commodity prices, reserves, operating costs, decommissioning and restoration costs, capital expenditures, dividends and other capital management transactions.

Judgement is also required in the application of income tax legislation. These estimates and judgements are subject to risk and uncertainty and could result in an adjustment to current and deferred tax provisions and a corresponding credit or debit to earnings or loss for the period.

### BUSINESS COMBINATIONS

Determination of whether a set of assets acquired and liabilities assumed constitute the acquisition of a business or asset may require the Company to make certain judgements as to whether or not the assets acquired and liabilities assumed include the inputs, processes and outputs necessary to constitute a business as defined in IFRS 3 – '*Business Combinations*.' If an acquired set of assets and liabilities includes goodwill, the set is presumed to be a business. Based on an assessment of the relevant facts and circumstances, the Company concluded that the acquisitions of Integra (Note 6) met the criteria of a business combination.

Business combinations require estimates to be made at the date of acquisition in relation to determining asset and liability fair values and the allocation of the purchase consideration over the fair value of the assets and liabilities. In respect of mining company acquisitions, purchase consideration is typically allocated to the mineral reserves and resources being acquired. The estimate of reserves and resources is subject to assumptions relating to life of the mine and may change when new information becomes available. Changes in reserves and resources as a result of factors such as production costs, recovery rates, grade or reserves or commodity prices could impact depreciation rates, asset-carrying values and environmental and restoration provisions. Changes in assumptions over long-term commodity prices, market demand and supply, and economic and regulatory climates could also impact the carrying value of assets, including goodwill.

### COMMENCEMENT OF COMMERCIAL PRODUCTION

Until a mining property is declared as being in the commercial production stage, all costs related to its development are capitalized. The determination of the date on which a mine enters the commercial production stage is a matter of judgement that impacts when capitalization of development costs ceases and recognition of revenues and depreciation of the mining property commences and is charged to profit or loss.

### FUNCTIONAL CURRENCY

The functional currency for each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. The Company has determined the functional currency of each entity is the U.S. dollar. Determination of functional currency may involve certain judgements to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

## 5. Adoption of New Accounting Standards

The following standards and amendments to existing standards have been adopted by the Company commencing January 1, 2018.

- IFRS 9 '*Financial Instruments*' – This standard was published in July 2014 and replaces the existing guidance in IAS 39, '*Financial Instruments: Recognition and Measurement*'. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit-loss model for calculating impairment on financial assets, and new general hedge accounting requirements. Most of the requirements in IAS 39 for the classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company's accounting policy with respect to financial liabilities is substantially unchanged. The Company has changed its accounting policy with respect to the clarification of financial assets that were recognized at the date of transition, January 1, 2018. The new policy is included in Note 3, section 3.7. The change did not impact the presentation or carrying value of any financial assets on the transition date.

As part of the implementation of this standard, the Company completed an assessment of its financial instruments as at January 1, 2018 in compliance with IFRS 9. The following table shows the original classification under IAS 39 and the new classification under IFRS 9.

|                                          | Original classification IAS 39                     | New classification IFRS 9 |
|------------------------------------------|----------------------------------------------------|---------------------------|
| <b>Financial assets</b>                  |                                                    |                           |
| Cash and cash equivalents                | Amortized cost                                     | Amortized cost            |
| Term deposit                             | Amortized cost                                     | Amortized cost            |
| Restricted cash                          | Amortized cost                                     | Amortized cost            |
| Trade receivables                        | Amortized cost                                     | Amortized cost            |
| Settlement receivables                   | Embedded derivative separately identified as FVTPL | FVTPL                     |
| Marketable securities                    | Available-for-sale                                 | FVTOCI                    |
| Derivatives                              | FVTPL                                              | FVTPL                     |
| <b>Financial liabilities</b>             |                                                    |                           |
| Accounts payable and accrued liabilities | Amortized cost                                     | Amortized cost            |
| Debt                                     | Amortized cost                                     | Amortized cost            |

Upon adoption of IFRS 9, the Company made an irrevocable election to classify marketable securities as FVTOCI since they are not held for trading and are held for strategic reasons.

- IFRS 15 '*Revenue from Contracts with Customers*' – This standard introduces a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time, or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. The Company's revenue-recognition policy under the previous standard recognized revenue when persuasive evidence of an arrangement existed, the bullion, doré, metal concentrates and iron ore had been shipped, title had passed to the purchaser, the price was fixed or determinable, and collection was reasonably assured. The Company has adopted this standard with a modified retrospective approach and has changed its accounting policy for revenue recognition. The new policy is included in Note 3, section 3.19. There was no adjustment to prior periods as a result of the implementation of this standard. The Company has provided additional disclosures required by this standard in Note 28 of these audited Consolidated Financial Statements.

## 5. Adoption of New Accounting Standards (continued)

- IFRS 2 '*Share-Based Payments*' – In June 2016, the IASB issued final amendments to this standard and clarified the classification and measurement of share-based payment transactions. These amendments deal with variations in the final settlement arrangements including:
  - (a) accounting for cash-settled share-based payment transactions that include a performance condition;
  - (b) classification of share-based payment transactions with net settlement features; and
  - (c) accounting for modifications of share-based payment transactions from cash-settled to equity.

At January 1, 2018, the Company adopted this standard and there was no impact on the Consolidated Financial Statements for the year ended December 31, 2018.

The following standard and interpretation will be adopted by the Company in the annual accounting periods beginning January 1, 2019.

- IFRS 16 '*Leases*' – This standard was published in January 2016 and replaces the existing guidance in IAS 17, '*Leases*'. IFRS 16 introduces a single accounting model for lessees and for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee will be required to recognize a right-of-use asset, representing its right to use the underlying asset, and a lease liability, representing its obligation to make lease payments. The accounting treatment for lessors will remain largely the same as under IAS 17.

The Company will adopt this standard effective January 1, 2019. Under this standard, the present value of lease commitments will be shown as a liability on the balance sheet together with an asset representing the right of use, including those leases classified as operating leases under the current standard IAS 17. This implies higher amounts of depreciation expense, and interest expense on lease liabilities will be recorded in the Company's consolidated net earnings or loss in 2019 and future years. Additionally, a corresponding reduction in G&A costs and/or production costs is expected.

The Company is in the process of completing its review and analysis of IFRS 16 and will apply IFRS 16 using the cumulative catch-up approach where the additional right-of-use assets and lease liabilities will be recorded from that date forward and will not require restatement of prior years comparative information.

The Company will provide the quantitative impact of adopting IFRS 16 in its Q1, 2019 unaudited condensed consolidated interim financial statements.

- IFRIC 23 '*Uncertainty over Income Tax Treatments*' – This interpretation sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The interpretation requires an entity to determine whether uncertain tax positions are assessed separately or as a group, and assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings. If yes, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings. If no, the entity should reflect the effect of uncertainty in determining its accounting tax position. The interpretation is effective January 1, 2019. Entities can apply the interpretation with either full retrospective application or modified retrospective application without restatement of comparatives retrospectively or prospectively. The Company does not expect the application of the Interpretation will have a significant impact on the Company's Consolidated Financial Statements.

There are other new standards, amendments to standards and interpretations that have been published and are not yet effective. The Company believes they will have no material impact on its Consolidated Financial Statements.

## 6. Acquisition of Integra

On July 10, 2017, the Company acquired all of the remaining issued and outstanding common shares of Integra, by way of a plan of arrangement (the "Arrangement"). Pursuant to the Arrangement, Eldorado issued 15,436,179 common shares with a fair value of \$188,061 and paid \$99,823 in cash to the former Integra shareholders. Integra is a resource company engaged in the exploration of mineral properties, with the primary focus on the Lamaque gold project located in Val-d'Or, Quebec.

As part of the consideration, the Company included advances to Integra for \$27,046 and the fair value of the existing available-for-sale Integra investment that it previously owned for \$41,968. The Company recognized a gain on marketable securities for \$28,363 and taxes of \$4,023, as a reversal of the unrealized gain and taxes included in other comprehensive income at the date of acquisition related to this previously owned investment.

The fair value of the common shares issued as part of the consideration paid for Integra was based on the closing share price on July 7, 2017 on the TSX of CDN\$15.70 per share. The foreign exchange rate used at time of acquisition was CDN\$1 = US\$0.776.

Goodwill of \$92,591 resulting from the acquisition arises mainly on the recognition of deferred income tax liabilities and represents, among other things, the exploration potential within the assets acquired and future variability in the price of minerals. None of the goodwill is deductible for tax purposes.

The allocation of the purchase price is as follows.

|                                                                                   | <b>Total</b>      |
|-----------------------------------------------------------------------------------|-------------------|
| 15,436,179 common shares of shares of Eldorado at CDN\$15.70/share <sup>(1)</sup> | \$ 188,061        |
| Cash consideration including advances                                             | 126,869           |
| Fair value of existing Integra investment by Eldorado                             | 41,968            |
| <b>Total consideration</b>                                                        | <b>\$ 356,898</b> |
| <b>Net assets acquired:</b>                                                       |                   |
| Cash and cash equivalents                                                         | \$ 5,205          |
| Marketable securities                                                             | 2,857             |
| Accounts receivable and other                                                     | 5,920             |
| Inventories                                                                       | 2,471             |
| Other assets                                                                      | 3,495             |
| Property, plant and equipment                                                     | 393,647           |
| Goodwill                                                                          | 92,591            |
| Accounts payable and accrued liabilities                                          | (8,028)           |
| Flow-through share premium liability                                              | (4,722)           |
| Other liabilities                                                                 | (9,635)           |
| Deferred income taxes                                                             | (126,903)         |
|                                                                                   | <b>\$ 356,898</b> |

(1) Common shares and price per share shown as post-share consolidation amounts. Please refer to Note 20.

The purchase price allocation was finalized at June 30, 2018. There were no changes from the preliminary allocation as reported in the Company's annual Consolidated Financial Statements for the year ended December 31, 2017.

**7. Cash and Cash Equivalents**

|                          | December 31, 2018 | December 31, 2017 |
|--------------------------|-------------------|-------------------|
| Cash at bank and on hand | \$ 200,644        | \$ 293,437        |
| Short-term bank deposits | 85,668            | 186,064           |
|                          | <b>\$ 286,312</b> | <b>\$ 479,501</b> |

**8. Restricted Cash**

|                                                         | December 31, 2018 | December 31, 2017 |
|---------------------------------------------------------|-------------------|-------------------|
| <b>Current:</b>                                         |                   |                   |
| Restricted cash deposits – Greece                       | \$ 296            | \$ 310            |
|                                                         | 296               | 310               |
| <b>Non-current:</b>                                     |                   |                   |
| Restricted credit card deposits                         | 58                | 43                |
| Restricted cash related to Letter of Guarantee – Greece | 10,670            | 9,743             |
| Environmental guarantee deposits                        | 2,721             | 2,831             |
|                                                         | <b>\$ 13,449</b>  | <b>\$ 12,617</b>  |

Restricted cash is held on account with a financial institution in Canada to support a Letter of Guarantee issued in Canada and counter-guaranteed by the financial institution's Athens branch. The Letter of Guarantee was issued pursuant to the request from the Ministry of Environment and Energy in Greece to support the operation and restoration of the Kokkinolakkas Tailings Management Facility. The funds are invested at prevailing bank rates and interest is accrued monthly. Interest is paid directly to the account with the total balance being recorded as restricted cash. The account allows for any excess, above the notional principal of the Letter of Guarantee, to be remitted back to the Company.

**9. Accounts Receivable and Other**

|                                             | December 31, 2018 | December 31, 2017 |
|---------------------------------------------|-------------------|-------------------|
| Trade receivables                           | \$ 22,072         | \$ 7,746          |
| Value added tax and other taxes recoverable | 34,791            | 44,717            |
| Other receivables and advances              | 8,378             | 7,134             |
| Pre paid expenses and deposits              | 15,746            | 18,747            |
|                                             | <b>\$ 80,987</b>  | <b>\$ 78,344</b>  |



**10. Inventories**

|                                         | December 31, 2018 | December 31, 2017 |
|-----------------------------------------|-------------------|-------------------|
| Ore stockpiles                          | \$ 1,620          | \$ 3,297          |
| In-process inventory and finished goods | 59,974            | 96,651            |
| Materials and supplies                  | 76,291            | 68,896            |
|                                         | <b>\$ 137,885</b> | <b>\$ 168,844</b> |

The cost of materials and supplies consumed during the year and included in production costs amounted to \$87,269 (2017: \$120,422).

Inventory write-downs related to zinc inventory of \$269 (2017: \$444) and to pyrite inventory of \$1,196 (2017: \$nil) were recognized during the year. As at December 31, 2018, all inventories are held at cost.

**11. Other Assets**

|                                                       | December 31, 2018 | December 31, 2017 |
|-------------------------------------------------------|-------------------|-------------------|
| Prepaid loan costs (Note 16a)                         | \$ 749            | \$ 1,272          |
| Pre paid forestry fees                                | 3,175             | 3,628             |
| Long-term value added tax and other taxes recoverable | 6,668             | 5,385             |
|                                                       | <b>\$ 10,592</b>  | <b>\$ 10,285</b>  |

## 12. Non-controlling Interests

The following table summarizes the information relating to each of the Company's subsidiaries that has material non-controlling interests ("NCI"). The amounts disclosed for each subsidiary are based on those included in the Consolidated Financial Statements before intercompany eliminations.

|                                                  | December 31, 2018  |                   |
|--------------------------------------------------|--------------------|-------------------|
|                                                  | Hellas             | Deva              |
| <b>NCI percentage</b>                            | <b>5%</b>          | <b>19.5%</b>      |
| Current assets                                   | \$ 78,308          | \$ 2,177          |
| Non-current assets                               | 1,846,952          | 414,330           |
| Current liabilities                              | (1,212,864)        | (246,089)         |
| Non-current liabilities                          | (160,765)          | (43,581)          |
| <b>Net assets</b>                                | <b>551,631</b>     | <b>126,837</b>    |
| <b>Carrying amount of NCI</b>                    | <b>\$ 17,619</b>   | <b>\$ 44,169</b>  |
| Revenue                                          | 110,487            | –                 |
| Net loss                                         | (298,272)          | (14,100)          |
| Total comprehensive loss                         | (298,272)          | (14,100)          |
| Loss allocated to NCI                            | (14,913)           | (2,750)           |
| Dividends paid to NCI                            | –                  | –                 |
| Cash flows from operating activities             | (66,135)           | (16,695)          |
| Cash flows from investing activities             | (80,306)           | (41)              |
| Cash flows from financing activities             | 133,520            | 15,218            |
| <b>Net decrease in cash and cash equivalents</b> | <b>\$ (12,921)</b> | <b>\$ (1,896)</b> |

|                                                  | December 31, 2017  |                  |
|--------------------------------------------------|--------------------|------------------|
|                                                  | 5%                 | 19.5%            |
| <b>NCI percentage</b>                            | <b>5%</b>          | <b>19.5%</b>     |
| Current assets                                   | \$ 72,454          | \$ 4,958         |
| Non-current assets                               | 2,143,089          | 413,989          |
| Current liabilities                              | (1,113,471)        | (234,386)        |
| Non-current liabilities                          | (291,447)          | (43,623)         |
| <b>Net assets</b>                                | <b>810,625</b>     | <b>140,938</b>   |
| <b>Carrying amount of NCI</b>                    | <b>\$ 31,732</b>   | <b>\$ 46,919</b> |
| Revenue                                          | 51,152             | –                |
| Net loss                                         | (62,365)           | (42,632)         |
| Total comprehensive loss                         | (62,365)           | (42,632)         |
| Loss allocated to NCI                            | (3,118)            | (8,314)          |
| Dividends paid to NCI                            | –                  | –                |
| Cash flows from operating activities             | (9,253)            | (51,328)         |
| Cash flows from investing activities             | (181,116)          | (2,007)          |
| Cash flows from financing activities             | 172,431            | 53,007           |
| <b>Net decrease in cash and cash equivalents</b> | <b>\$ (17,938)</b> | <b>\$ (328)</b>  |

Net earnings or loss allocated to NCI in the consolidated statement of operations includes \$84 related to non-material subsidiaries (2017: \$21, including NCI in discontinued operations). The carrying value of the NCI related to non-material subsidiaries is \$1,626 (2017: \$1,289).

### 13. Property, Plant and Equipment

|                                                         | Land and buildings | Plant and equipment   | Capital works in progress | Mineral properties and leases | Capitalized evaluation | Total                 |
|---------------------------------------------------------|--------------------|-----------------------|---------------------------|-------------------------------|------------------------|-----------------------|
| <b>Cost</b>                                             |                    |                       |                           |                               |                        |                       |
| Balance at January 1, 2017                              | \$ 164,540         | \$ 1,416,948          | \$ 141,922                | \$ 3,877,473                  | \$ 77,495              | \$ 5,678,378          |
| Additions/transfers                                     | 12,322             | 115,684               | (42,933)                  | 254,481                       | 9,536                  | 349,090               |
| Acquisition of Integra (Note 6)                         | 4,820              | 3,646                 | –                         | 385,181                       | –                      | 393,647               |
| Proceeds on pre-commercial production sales             | –                  | –                     | –                         | (38,200)                      | –                      | (38,200)              |
| Other movements                                         | 4,251              | (2,325)               | (12,336)                  | 7,832                         | –                      | (2,578)               |
| Disposals                                               | (10)               | (2,313)               | (29,832)                  | (1,168)                       | –                      | (33,323)              |
| <b>Balance at December 31, 2017</b>                     | <b>\$ 185,923</b>  | <b>\$ 1,531,640</b>   | <b>\$ 56,821</b>          | <b>\$ 4,485,599</b>           | <b>\$ 87,031</b>       | <b>\$ 6,347,014</b>   |
| Balance at January 1, 2018                              | \$ 185,923         | \$ 1,531,640          | \$ 56,821                 | \$ 4,485,599                  | \$ 87,031              | \$ 6,347,014          |
| Additions/transfers                                     | 6,203              | 119,712               | 1,646                     | 229,673                       | 6,202                  | 363,436               |
| Proceeds on pre-commercial production sales             | –                  | (9,179)               | –                         | (39,689)                      | –                      | (48,868)              |
| Olympias commercial production transfers <sup>(1)</sup> | 387                | 465,249               | 53,858                    | (506,206)                     | –                      | 13,288                |
| Other movements                                         | (240)              | 13,011                | 1,769                     | (200)                         | 226                    | 14,566                |
| Disposals                                               | (29)               | (8,400)               | –                         | (20)                          | –                      | (8,449)               |
| <b>Balance at December 31, 2018</b>                     | <b>\$ 192,244</b>  | <b>\$ 2,112,033</b>   | <b>\$ 114,094</b>         | <b>\$ 4,169,157</b>           | <b>\$ 93,459</b>       | <b>\$ 6,680,987</b>   |
| <b>Depreciation and impairment</b>                      |                    |                       |                           |                               |                        |                       |
| Balance at January 1, 2017                              | \$ (38,635)        | \$ (706,641)          | \$ (4,733)                | \$ (1,282,542)                | \$ –                   | \$ (2,032,551)        |
| Depreciation for the year                               | (4,245)            | (79,044)              | –                         | (2,948)                       | –                      | (86,237)              |
| Other movements                                         | (546)              | (2,048)               | –                         | 80                            | –                      | (2,514)               |
| Disposals                                               | –                  | 1,683                 | –                         | 2                             | –                      | 1,685                 |
| <b>Balance at December 31, 2017</b>                     | <b>\$ (43,426)</b> | <b>\$ (786,050)</b>   | <b>\$ (4,733)</b>         | <b>\$ (1,285,408)</b>         | <b>\$ –</b>            | <b>\$ (2,119,617)</b> |
| Balance at January 1, 2018                              | \$ (43,426)        | \$ (786,050)          | \$ (4,733)                | \$ (1,285,408)                | \$ –                   | \$ (2,119,617)        |
| Depreciation for the year                               | (3,125)            | (88,649)              | –                         | (3,774)                       | –                      | (95,548)              |
| Olympias commercial production transfers <sup>(1)</sup> | –                  | (13,288)              | –                         | –                             | –                      | (13,288)              |
| Other movements                                         | (1,060)            | (15,485)              | –                         | (346)                         | –                      | (16,891)              |
| Impairment                                              | (363)              | (105,932)             | –                         | (341,513)                     | –                      | (447,808)             |
| Disposals                                               | –                  | 641                   | –                         | –                             | –                      | 641                   |
| <b>Balance at December 31, 2018</b>                     | <b>\$ (47,974)</b> | <b>\$ (1,008,763)</b> | <b>\$ (4,733)</b>         | <b>\$ (1,631,041)</b>         | <b>\$ –</b>            | <b>\$ (2,692,511)</b> |
| <b>Carrying amounts</b>                                 |                    |                       |                           |                               |                        |                       |
| At January 1, 2017                                      | \$ 125,905         | \$ 710,307            | \$ 137,189                | \$ 2,594,931                  | \$ 77,495              | \$ 3,645,827          |
| At December 31, 2017                                    | 142,497            | 745,590               | 52,088                    | 3,200,191                     | 87,031                 | 4,227,397             |
| <b>Balance at December 31, 2018</b>                     | <b>\$ 144,270</b>  | <b>\$ 1,103,270</b>   | <b>\$ 109,361</b>         | <b>\$ 2,538,116</b>           | <b>\$ 93,459</b>       | <b>\$ 3,988,476</b>   |

(1) Effective January 1, 2018, \$506,206 of costs were transferred at Olympias from mineral properties and leases to relevant categories of property, plant and equipment upon commencement of commercial production.

### 13. Property, Plant and Equipment (continued)

The amount of capitalized interest during the year ended December 31, 2018 included in property, plant and equipment was \$36,750 (2017: \$36,750).

In accordance with the Company's accounting policies each CGU is assessed for indicators of impairment, from both external and internal sources, at the end of each reporting period. If such indicators of impairment exist for any CGUs, those CGUs are tested for impairment. The recoverable amounts of the Company's CGUs are based primarily on the future after-tax cash flows expected to be derived from the Company's mining properties and represent each CGU's FVLCD, a Level 3 fair value measurement.

Determining the estimated fair values of each CGU requires management to use judgement in determining estimates and assumptions with respect to discount rates, exchange rates, future production levels including amount of recoverable reserves, resources and exploration potential, recovery rates and concentrate grades, mining methods, operating and capital costs, long-term metal prices and income taxes. Metal pricing assumptions were based on long-term consensus forecast pricing, and the discount rates were based on the Company's internal weighted average costs of capital, adjusted for country risk. Changes in any of the assumptions or estimates used in determining the fair values could impact the impairment analysis.

#### KIŞLADAĞ

During the quarter ended September 30, 2018, the Company completed a feasibility study of a new mill at Kışladağ and the decision to proceed with the new mill was approved by the Board of Directors on October 25, 2018. The feasibility study shows a transition in the mine plan that shortens the estimated useful life of the leach pad to 2020. Kışladağ updated their production plan for the leach pad with additional drill data.

As a result of the shortened estimated life of the leach pad and the new production plan, the Company assessed the recoverable amounts of leach pad costs and related plant and equipment for the Kışladağ leach pad assets at September 30, 2018 using a value-in-use approach. The projected cash flows used in impairment testing are significantly affected by changes in assumptions for the amount of recoverable ounces, metal prices, and production costs estimates. The Company's impairment testing incorporated the following key assumptions.

|                      | 2018    |
|----------------------|---------|
| Gold price (\$/oz)   | \$1,250 |
| Silver price (\$/oz) | \$17    |
| Discount rate (%)    | 6.5%    |

As at September 30, 2018, the Company recorded an impairment charge to Kışladağ leach pad costs and related plant and equipment of \$117,570 (\$94,056, net of deferred tax). As at December 31, 2018, management determined that no further impairment or reversal of impairment was identified for the Kışladağ CGU (Note 32).

#### OLYMPIAS

As at December 31, 2018, Management determined that continued jurisdictional risk with obtaining permits in Greece, together with the softening global market for the sale of concentrate, represented an indicator of potential impairment for Olympias. No other indicators of impairment for other CGUs were identified.

The key assumptions used for assessing the recoverable amount of the Olympias carrying values as at December 31, 2018 are as follows.

|                      | 2018          |
|----------------------|---------------|
| Gold price (\$/oz)   | \$1,275–1,300 |
| Silver price (\$/oz) | \$17–18       |
| Lead price (\$/t)    | \$2,200–2,300 |
| Zinc price (\$/t)    | \$2,800–2,900 |
| Discount rate (%)    | 7%            |

At December 31, 2018, the Company recorded an impairment charge to the Olympias CGU of \$330,238 (\$247,679, net of deferred tax).

## 14. Goodwill

As a result of the purchase price allocation for the Integra acquisition, the Company recognized goodwill of \$92,591 in 2017 (Note 6). As of December 31, 2018 all goodwill relates to Integra's Lamaque CGU.

### IMPAIRMENT TESTS FOR GOODWILL

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may not be recoverable. Impairment is determined for goodwill by assessing the recoverable amount of each CGU or group of CGUs to which the goodwill relates. Where the recoverable amount of the CGU is less than its carrying amount including goodwill, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

The key assumptions used for assessing the recoverable amount of goodwill in the Lamaque CGU are reflected in the table below. Management used judgement in determining estimates and assumptions with respect to discount rates, exchange rates, future production level including amount of recoverable reserves, resources and exploration potential, recovery rates and concentrate grades, mining methods, operating and capital costs, long-term metal prices and income taxes. Metal pricing assumptions were based on long-term consensus forecast pricing, and the discount rates were based on the Company's internal weighted average costs of capital, adjusted for country risk. Changes in any of the assumptions or estimates used in determining the fair values could impact the recoverable amount of goodwill analysis.

|                                                                                                         | 2018          |
|---------------------------------------------------------------------------------------------------------|---------------|
| Gold price (\$/oz)                                                                                      | \$1,275–1,300 |
| Discount rate (%)                                                                                       | 5%            |
| Conversion factor of resources and exploration potential to proven and probable reserves (%)            | 21%           |
| Fair value per ounce of resources and exploration potential beyond proven and probable reserves (\$/oz) | \$140         |

The estimated recoverable amount of the Lamaque CGU including goodwill exceeded its carrying amount by approximately \$115.6 million. A change in the gold price to \$1,200 per ounce would result in an impairment.

## 15. Accounts Payable and Accrued Liabilities

|                  | December 31, 2018 | December 31, 2017 |
|------------------|-------------------|-------------------|
| Trade payables   | \$ 38,969         | \$ 60,081         |
| Taxes payable    | 201               | 213               |
| Accrued expenses | 101,708           | 50,247            |
|                  | <b>\$ 140,878</b> | <b>\$ 110,541</b> |

## 16. Debt

### *(a) Revolving Credit Facility*

In November 2012, the Company entered into a \$375 million revolving credit facility with a syndicate of banks. This credit facility was amended and restated in June 2016 ("the amended and restated credit agreement" or "ARCA") and reduced to an available credit of \$250 million with the option to increase by an additional \$100 million through an accordion feature. The maturity date is June 13, 2020. The ARCA is secured by the shares of SG Resources and Tüprag, wholly-owned subsidiaries of the Company.

The ARCA contains covenants that restrict, among other things, the ability of the Company to incur aggregate unsecured indebtedness exceeding \$850 million, incur secured indebtedness exceeding \$200 million and permitted unsecured indebtedness exceeding \$150 million. The ARCA also contains restrictions for making distributions in certain circumstances, selling material assets and conducting business other than that which relates to the mining industry. Significant financial covenants include a maximum Net Debt to Earnings before Interest, Taxes, Depreciation and Amortization ("EBITDA") of 3.5:1 and a minimum EBITDA to Interest of 3:1. The Company is in compliance with these covenants as at December 31, 2018.

Loan interest on the revolving credit facility is variable, dependent on a Net Leverage ratio pricing grid. The Company's current net leverage ratio is approximately 2.26:1. At this ratio, interest charges and fees are as follows: LIBOR plus margin of 2.625% and undrawn standby fee of 0.725%. Fees of \$2,031 were paid on the amendment dated June 2016. This amount has been deferred as pre-payment for liquidity services and is being amortized to financing costs over the term of the credit facility. As at December 31, 2018, the pre paid loan cost on the consolidated statement of financial position was \$749 (2017: \$1,272).

No amounts were drawn down under the ARCA in 2018 and as at December 31, the balance is \$nil (2017: \$nil).

### *(b) Senior Notes*

On December 10, 2012, the Company completed an offering of \$600.0 million senior notes ("the notes") at par value, with a coupon rate of 6.125% due December 15, 2020. The notes pay interest semi-annually on June 15 and December 15. The Company received proceeds of \$589.5 million from the offering, which is net of the commission payment. The notes are redeemable by the Company in whole or in part, for cash.

The fair market value of the notes as at December 31, 2018 is \$550 million.

Net deferred financing costs of \$4,023 (2017: \$6,217) have been included as an offset in the balance of the notes in the Consolidated Financial Statements and are being amortized over the term of the notes. The debt balance as at December 31, 2018 was \$595,977 (2017: \$593,783).

## 17. Asset Retirement Obligations

|                               | Turkey        | Canada        | Greece        | Romania      | Brazil       | Total         |
|-------------------------------|---------------|---------------|---------------|--------------|--------------|---------------|
| <b>At January 1, 2018</b>     | \$ 37,321     | \$ 9,453      | \$ 47,461     | \$ 1,405     | \$ 4,044     | \$ 99,684     |
| Accretion during the year     | 896           | –             | 1,035         | 36           | 71           | 2,038         |
| Revisions to estimate         | (1,117)       | 2,762         | (3,512)       | (77)         | (99)         | (2,043)       |
| Settlements                   | (621)         | –             | (4,915)       | –            | –            | (5,536)       |
| <b>At December 31, 2018</b>   | <b>36,479</b> | <b>12,215</b> | <b>40,069</b> | <b>1,364</b> | <b>4,016</b> | <b>94,143</b> |
| Less: Current portion         | –             | –             | (824)         | –            | –            | (824)         |
| Long-term portion             | 36,479        | 12,215        | 39,245        | 1,364        | 4,016        | 93,319        |
| Estimated undiscounted amount | \$ 48,454     | \$ 14,989     | \$ 65,274     | \$ 2,335     | \$ 4,121     | \$ 135,173    |

|                               | Turkey        | Canada       | Greece        | Romania      | Brazil       | Total         |
|-------------------------------|---------------|--------------|---------------|--------------|--------------|---------------|
| <b>At January 1, 2017</b>     | \$ 36,196     | \$ –         | \$ 48,131     | \$ 1,359     | \$ 4,092     | \$ 89,778     |
| Acquired during the year      | –             | 9,453        | –             | –            | –            | 9,453         |
| Accretion during the year     | 913           | –            | 1,025         | 36           | 32           | 2,006         |
| Revisions to estimate         | 502           | –            | 1,112         | 10           | (80)         | 1,544         |
| Settlements                   | (290)         | –            | (2,807)       | –            | –            | (3,097)       |
| <b>At December 31, 2017</b>   | <b>37,321</b> | <b>9,453</b> | <b>47,461</b> | <b>1,405</b> | <b>4,044</b> | <b>99,684</b> |
| Less: Current portion         | –             | –            | (3,489)       | –            | –            | (3,489)       |
| Long-term portion             | 37,321        | 9,453        | 43,972        | 1,405        | 4,044        | 96,195        |
| Estimated undiscounted amount | \$ 49,257     | \$ 12,286    | \$ 71,591     | \$ 2,340     | \$ 4,117     | \$ 139,591    |

The Company's asset retirement obligations relate to the restoration and rehabilitation of the Company's mining operations and projects under development. The expected timing of the cash flows in respect of the provision is based on the estimated life of the various mining operations. The reduction in the estimate of the obligation in 2018 was mainly due to reclamation work performed during the year at Olympias.

The provision is calculated as the present value of estimated future net cash outflows based on the following key assumptions:

| (%)                         | Turkey  | Canada  | Greece  | Romania | Brazil  |
|-----------------------------|---------|---------|---------|---------|---------|
| <b>At December 31, 2017</b> |         |         |         |         |         |
| Inflation rate              | 2.0–2.2 | 2.0–2.2 | 2.0–2.2 | 2.0–2.2 | 2.0–2.2 |
| Discount rate               | 2.3–2.5 | 2.3–2.5 | 1.5–3.0 | 2.7     | 1.8     |
| <b>At December 31, 2018</b> |         |         |         |         |         |
| Inflation rate              | 2.2–2.3 | 2.2–2.3 | 2.2–2.3 | 2.2–2.3 | 2.2–2.3 |
| Discount rate               | 2.7     | 2.7     | 2.5–2.9 | 2.9     | 2.6     |

The discount rate is a risk-free rate based on U.S. Treasury bond rates with maturities commensurate with site mine lives. U.S. Treasury bond rates have been used for all of the mine sites as the liabilities are denominated in U.S. dollars and the majority of the expenditures are expected to be incurred in U.S. dollars. Similarly, the inflation rates used in determining the present value of the future net cash outflows are based on U.S. inflation rates.

## 17. Asset Retirement Obligations (continued)

In relation to the asset retirement obligations in Greece, the Company has the following:

- a) A €50.0 million Letter of Guarantee to the Greek Ministry of Environment, Energy and Climate Change (“MEECC”) as security for the due and proper performance of rehabilitation works committed in relation to the mining and metallurgical facilities of the Cassandra Mines (Stratoni, Olympias and Skouries) and the removal, cleaning and rehabilitation of the old Olympias tailings. This Letter of Guarantee is renewed annually, expires on July 26, 2026 and has an annual fee of 57 basis points.
- b) A €7.5 million Letter of Guarantee to the MEECC for the due and proper performance of the Kokkinolakkas Tailings Management Facility, committed in connection with the Environmental Impact Assessment approved for the Cassandra Mines (Stratoni, Olympias and Skouries). The Letter of Guarantee is renewed annually and expires on July 26, 2026. The Letter of Guarantee has an annual fee of 45 basis points.

## 18. Defined Benefit Plans

|                                                                                                       | December 31, 2018 | December 31, 2017 |
|-------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| Income statement charge for:                                                                          |                   |                   |
| Pension Plan                                                                                          | \$ 3,463          | 2,841             |
| Supplemental Pension Plan                                                                             | 92                | 610               |
|                                                                                                       | <b>\$ 3,555</b>   | <b>\$ 3,451</b>   |
| Actuarial losses recognized in the statement of other comprehensive income in the period (before tax) | \$ (1,197)        | \$ (3,121)        |
| Cumulative actuarial losses recognized in the statement of other comprehensive income (before tax)    | \$ (19,838)       | \$ (18,641)       |

The Company operates defined benefit pension plans in Canada including a registered pension plan (“the Pension Plan”) and a supplemental pension plan (“the SERP”). During the second quarter of 2012, the SERP was converted into a Retirement Compensation Arrangement (“RCA”), a trust account. As it is a trust account, the assets in the account are protected from the Company’s creditors. The RCA requires the Company to remit 50% of any contributions and any realized investment gains to the Receiver General of Canada as refundable tax.

These plans, which are only available to certain qualifying employees, provide benefits based on an employee’s years of service and final average earnings at retirement. Annual contributions related to these plans are actuarially determined and are made at or in excess of minimum requirements prescribed by legislation.

Eldorado’s plans have actuarial valuations performed for funding purposes. The last actuarial valuations for funding purposes performed for the Pension Plan and the SERP are as of January 1, 2017 and the next valuations will be prepared in accordance with the funding policy as of January 1, 2019. The measurement date to determine the pension obligation and assets for accounting purposes was December 31, 2018.

The SERP is designed to provide supplementary pension benefits to qualifying employees affected by the maximum pension limits under the *Income Tax Act* pursuant to the registered Pension Plan. Further, the Company is not required to pre-fund any benefit obligation under the SERP.



## 18. Defined Benefit Plans (continued)

### Total Cash Payments

No contributions were required to the Pension Plan and the SERP during 2018 (2017: \$1,415). Cash payments totalling \$4,182 were made directly to beneficiaries during the year (2017: \$1,542). For the year 2019, the expected amount of contributions to the Pension Plan is \$31. No contributions are expected to the SERP.

### Subsidiaries' Pension Plan

According to Greek and Turkish labour laws, employees are entitled to compensation in case of dismissal or retirement, the amount of which varies depending on salary, years of service and the manner of termination (dismissal or retirement). Employees who resign or are dismissed with cause are not entitled to compensation. The Company considers this a defined benefit obligation. Amounts relating to these pension plans have been included in the tables in this note under "Pension Plan" when applicable.

The amounts recognized in the consolidated statement of financial position for all pension plans are determined as follows.

|                                           | December 31, 2018  |                 |                   | December 31, 2017  |                 |                   |
|-------------------------------------------|--------------------|-----------------|-------------------|--------------------|-----------------|-------------------|
|                                           | Pension Plan       | SERP            | Total             | Pension Plan       | SERP            | Total             |
| Present value of obligations              | \$ (16,239)        | \$ (37,075)     | \$ (53,314)       | \$ (16,028)        | \$ (43,956)     | \$ (59,984)       |
| Fair value of plan assets                 | 1,864              | 46,195          | 48,059            | 2,429              | 53,875          | 56,304            |
| <b>Asset (liability) on balance sheet</b> | <b>\$ (14,375)</b> | <b>\$ 9,120</b> | <b>\$ (5,255)</b> | <b>\$ (13,599)</b> | <b>\$ 9,919</b> | <b>\$ (3,680)</b> |

The movement in the present value of the defined benefit obligation over the years is as follows.

|                                | 2018               |                    |                    | 2017               |                    |                    |
|--------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|                                | Pension Plan       | SERP               | Total              | Pension Plan       | SERP               | Total              |
| Balance at January 1,          | \$ (16,028)        | \$ (43,956)        | \$ (59,984)        | \$ (12,936)        | \$ (37,686)        | \$ (50,622)        |
| Current service cost           | (2,935)            | (269)              | (3,204)            | (2,102)            | (877)              | (2,979)            |
| Past service cost              | –                  | (146)              | (146)              | (206)              | (208)              | (414)              |
| Interest cost                  | (601)              | (1,403)            | (2,004)            | (620)              | (1,508)            | (2,128)            |
| Actuarial gain (loss)          | (1,209)            | 2,512              | 1,303              | (292)              | (2,390)            | (2,682)            |
| Benefit payments               | 1,066              | 2,829              | 3,895              | 1,060              | 1,485              | 2,545              |
| Exchange gain (loss)           | 3,468              | 3,358              | 6,826              | (932)              | (2,772)            | (3,704)            |
| <b>Balance at December 31,</b> | <b>\$ (16,239)</b> | <b>\$ (37,075)</b> | <b>\$ (53,314)</b> | <b>\$ (16,028)</b> | <b>\$ (43,956)</b> | <b>\$ (59,984)</b> |

The movement in the fair value of plan assets over the years is as follows.

|                                | 2018            |                  |                  | 2017            |                  |                  |
|--------------------------------|-----------------|------------------|------------------|-----------------|------------------|------------------|
|                                | Pension Plan    | SERP             | Total            | Pension Plan    | SERP             | Total            |
| At January 1,                  | \$ 2,429        | \$ 53,875        | \$ 56,304        | \$ 2,054        | \$ 49,306        | \$ 51,360        |
| Interest income on plan assets | 73              | 1,726            | 1,799            | 86              | 1,983            | 2,069            |
| Actuarial gain (loss)          | (64)            | (2,436)          | (2,500)          | (55)            | (384)            | (439)            |
| Contributions by employer      | –               | –                | –                | 219             | 1,196            | 1,415            |
| Benefit payments               | (399)           | (2,828)          | (3,227)          | (57)            | (1,485)          | (1,542)          |
| Exchange gain (loss)           | (175)           | (4,142)          | (4,317)          | 182             | 3,259            | 3,441            |
| <b>At December 31,</b>         | <b>\$ 1,864</b> | <b>\$ 46,195</b> | <b>\$ 48,059</b> | <b>\$ 2,429</b> | <b>\$ 53,875</b> | <b>\$ 56,304</b> |

**18. Defined Benefit Plans** (continued)

The amounts recognized in the consolidated statement of operations are as follows.

|                                      | 2018            |              |                 | 2017            |               |                 |
|--------------------------------------|-----------------|--------------|-----------------|-----------------|---------------|-----------------|
|                                      | Pension Plan    | SERP         | Total           | Pension Plan    | SERP          | Total           |
| Current service cost                 | \$ 2,935        | \$ 269       | \$ 3,204        | \$ 2,102        | \$ 877        | \$ 2,979        |
| Interest cost                        | 601             | 1,404        | 2,005           | 620             | 1,508         | 2,128           |
| Past service cost                    | –               | 146          | 146             | 206             | 208           | 414             |
| Expected return on plan assets       | (73)            | (1,727)      | (1,800)         | (87)            | (1,983)       | (2,070)         |
| <b>Defined benefit plans expense</b> | <b>\$ 3,463</b> | <b>\$ 92</b> | <b>\$ 3,555</b> | <b>\$ 2,841</b> | <b>\$ 610</b> | <b>\$ 3,451</b> |

The actual return on plan assets was a loss of \$685 (2017: gain of \$1,416).

The principal actuarial assumptions used were as follows.

| (%)                                                                               | 2018         |        |           |           |              |        |           | 2017      |  |
|-----------------------------------------------------------------------------------|--------------|--------|-----------|-----------|--------------|--------|-----------|-----------|--|
|                                                                                   | Pension Plan |        |           | SERP      | Pension Plan |        |           | SERP      |  |
|                                                                                   | Greece       | Turkey | Canada    | Canada    | Greece       | Turkey | Canada    |           |  |
| Expected return on plan assets                                                    | –            | –      | 3.4       | 3.4       | –            | –      | 3.9       | 3.9       |  |
| Discount rate – beginning of year                                                 | 1.7          | 11.0   | 3.4       | 3.4       | 1.6          | 10.5   | 3.9       | 3.9       |  |
| Discount rate – end of year                                                       | 1.7          | 15.0   | 3.9       | 3.9       | 1.7          | 11.0   | 3.4       | 3.4       |  |
| Rate of salary escalation                                                         | 2.8          | 9.0    | 2.0       | 2.0       | 2.8          | 6.5    | 2.0       | 2.0       |  |
| Average remaining service period of active employees expected to receive benefits | –            | –      | 1.6 years | 1.6 years | –            | –      | 8.2 years | 8.2 years |  |

**Plan Assets**

The assets of the Pension Plan and the amounts deposited in the SERP account are managed by a major investment management company and are invested only in conformity with the investment requirements of applicable pension laws.

The following table summarizes the defined benefit plans' weighted average asset allocation percentages by asset category.

| (%)                    | December 31, 2018 |             | December 31, 2017 |             |
|------------------------|-------------------|-------------|-------------------|-------------|
|                        | Pension Plan      | SERP        | Pension Plan      | SERP        |
| Investment funds       |                   |             |                   |             |
| Money market           | 2                 | 1           | –                 | 6           |
| Canadian fixed income  | 98                | 6           | 100               | 2           |
| Canadian equities      | –                 | 22          | –                 | 20          |
| U.S. equities          | –                 | 10          | –                 | 19          |
| International equities | –                 | 12          | –                 | 7           |
| Other <sup>(1)</sup>   | –                 | 49          | –                 | 46          |
| <b>Total</b>           | <b>100%</b>       | <b>100%</b> | <b>100%</b>       | <b>100%</b> |

(1) Assets held by the Canada Revenue Agency in the refundable tax account.

**18. Defined Benefit Plans (continued)**

The sensitivity of the overall pension obligation to changes in the weighted principal assumptions is:

|                        | Change in assumption | Impact on overall obligation |
|------------------------|----------------------|------------------------------|
| Discount rate          | Increase by 0.5%     | Decrease by \$2,189          |
|                        | Decrease by 0.5%     | Increase by \$2,401          |
| Salary escalation rate | Increase by 0.5%     | Increase by \$nil            |
|                        | Decrease by 0.5%     | Decrease by \$nil            |

**19. Income Taxes**

Total income tax expense (recovery) consists of:

|                       | December 31, 2018  | December 31, 2017 |
|-----------------------|--------------------|-------------------|
| Current tax expense   | \$ 32,341          | \$ 39,232         |
| Deferred tax recovery | (118,839)          | (19,849)          |
|                       | <b>\$ (86,498)</b> | <b>\$ 19,383</b>  |

Total income tax expense (recovery) attributable to each geographical jurisdiction for the Company is as follows.

|                     | 2018               | 2017             |
|---------------------|--------------------|------------------|
| Turkey              | \$ 45,238          | \$ 30,139        |
| Greece              | (129,213)          | (4,598)          |
| Brazil              | 3,608              | (1,087)          |
| Canada              | (3,415)            | 2,960            |
| Romania             | (2,716)            | (8,026)          |
| Other jurisdictions | –                  | (5)              |
|                     | <b>\$ (86,498)</b> | <b>\$ 19,383</b> |

The key factors affecting income tax expense (recovery) for the years are as follows.

|                                                                     | 2018         | 2017   |
|---------------------------------------------------------------------|--------------|--------|
| Earnings (loss) from continuing operations before income tax        | \$ (466,129) | \$ 792 |
| Canadian statutory tax rate                                         | 27%          | 26%    |
| Tax expense (recovery) on net income at Canadian statutory tax rate | \$ (125,855) | \$ 206 |

**Items that cause an increase (decrease) in income tax expense:**

|                                                                  |                    |                  |
|------------------------------------------------------------------|--------------------|------------------|
| Foreign income subject to different income tax rates than Canada | (17,498)           | (11,792)         |
| Reduction in Greek income tax rate                               | (24,968)           | –                |
| Non-tax effected operating losses                                | 12,716             | 9,691            |
| Non-deductible expenses and other items                          | 14,923             | 10,002           |
| Foreign exchange and other translation adjustments               | 36,837             | 6,289            |
| Future and current withholding tax on foreign income dividends   | 20,000             | 5,297            |
| Other                                                            | (2,653)            | (310)            |
| <b>Income tax expense (recovery)</b>                             | <b>\$ (86,498)</b> | <b>\$ 19,383</b> |

**19. Income Taxes (continued)**

The change in the Company's net deferred tax position was as follows.

|                                                              | 2018                | 2017                |
|--------------------------------------------------------------|---------------------|---------------------|
| <b>Net deferred tax asset (liability)</b>                    |                     |                     |
| Balance at January 1,                                        | \$ (549,127)        | \$ (443,501)        |
| Deferred income tax liability related to Integra acquisition | –                   | (126,903)           |
| Deferred income tax recovery in the income statement         | 118,839             | 19,849              |
| Deferred tax recovery in other comprehensive loss            | 359                 | 1,428               |
| <b>Net balance at December 31,</b>                           | <b>\$ (429,929)</b> | <b>\$ (549,127)</b> |

The composition of the Company's net deferred income tax asset and liability and deferred tax expense is as follows.

| Type of temporary difference   | Deferred tax assets |                  | Deferred tax liabilities |                   | Expense (recovery)  |                    |
|--------------------------------|---------------------|------------------|--------------------------|-------------------|---------------------|--------------------|
|                                | 2018                | 2017             | 2018                     | 2017              | 2018                | 2017               |
| Property, plant and equipment  | –                   | –                | \$ 483,561               | \$ 592,062        | \$ (108,501)        | \$ (33,466)        |
| Loss carryforwards             | 37,245              | 31,457           | –                        | –                 | (5,788)             | (4,641)            |
| Liabilities                    | 27,321              | 24,690           | –                        | –                 | (2,631)             | (80)               |
| Future withholding taxes       | –                   | –                | 20,000                   | –                 | 20,000              | –                  |
| Other items                    | 19,477              | 1,997            | 10,411                   | 15,208            | (21,919)            | 18,338             |
| <b>Balance at December 31,</b> | <b>\$ 84,043</b>    | <b>\$ 58,144</b> | <b>\$ 513,972</b>        | <b>\$ 607,270</b> | <b>\$ (118,839)</b> | <b>\$ (19,849)</b> |

**Unrecognized deferred tax assets**

|                                               | 2018              | 2017              |
|-----------------------------------------------|-------------------|-------------------|
| Tax losses                                    | \$ 160,052        | \$ 167,030        |
| Other deductible temporary differences        | 11,967            | 11,253            |
| <b>Total unrecognized deferred tax assets</b> | <b>\$ 172,019</b> | <b>\$ 178,283</b> |

**UNRECOGNIZED TAX LOSSES**

At December 31, 2018 the Company had losses with a tax benefit of \$160,052 (2017: \$167,030) which are not recognized as deferred tax assets. The Company recognizes the benefit of tax losses only to the extent of anticipated future taxable income that can be reduced by the tax losses.

## 19. Income Taxes (continued)

The gross amount of the tax losses for which a tax benefit has not been recorded expire in future years as follows.

| Expiry date                                      | Canada            | Brazil           | Greece           | Total             |
|--------------------------------------------------|-------------------|------------------|------------------|-------------------|
| 2019                                             | –                 | –                | \$ 14,964        | \$ 14,964         |
| 2020                                             | –                 | –                | 25,221           | 25,221            |
| 2021                                             | –                 | –                | 10,451           | 10,451            |
| 2022                                             | –                 | –                | 8,007            | 8,007             |
| 2023                                             | –                 | –                | 10,337           | 10,337            |
| 2025                                             | 7,894             | –                | –                | 7,894             |
| 2026                                             | 14,966            | –                | –                | 14,966            |
| 2027                                             | 10,638            | –                | –                | 10,638            |
| 2028                                             | 25,971            | –                | –                | 25,971            |
| 2029                                             | 23,444            | –                | –                | 23,444            |
| 2030                                             | 7,282             | –                | –                | 7,282             |
| 2031                                             | 45,351            | –                | –                | 45,351            |
| 2032                                             | 74,855            | –                | –                | 74,855            |
| 2033                                             | 64,883            | –                | –                | 64,883            |
| 2034                                             | 58,689            | –                | –                | 58,689            |
| 2035                                             | 55,266            | –                | –                | 55,266            |
| 2036                                             | 50,503            | –                | –                | 50,503            |
| 2037                                             | 27,333            | –                | –                | 27,333            |
| 2038                                             | 9,025             | –                | –                | 9,025             |
| No expiry                                        | –                 | 32,407           | –                | 32,407            |
|                                                  | <b>\$ 476,100</b> | <b>\$ 32,407</b> | <b>\$ 68,980</b> | <b>\$ 577,487</b> |
| <b>Capital losses with no expiry</b>             | <b>64,837</b>     | <b>–</b>         | <b>–</b>         | <b>64,837</b>     |
| <b>Tax effect of total losses not recognized</b> | <b>\$ 137,268</b> | <b>\$ 5,538</b>  | <b>\$ 17,246</b> | <b>\$ 160,052</b> |

### DEDUCTIBLE TEMPORARY DIFFERENCES

At December 31, 2018 the Company had deductible temporary differences for which deferred tax assets of \$11,967 (2017: \$11,253) have not been recognized because it is not probable that future taxable profits will be available against which the Company can utilize the benefits. The vast majority of these temporary benefits have no expiry date.

### TEMPORARY DIFFERENCES ASSOCIATED WITH INVESTMENTS IN SUBSIDIARIES

The Company has not recognized deferred tax liabilities in respect of historical unremitted earnings of foreign subsidiaries for which it is able to control the timing of the remittance and are considered reinvested for the foreseeable future. At December 31, 2018, these earnings amount to \$546,403 (2017: \$788,137). Substantially all of these earnings would be subject to withholding taxes if they were remitted by the foreign subsidiaries.

### OTHER FACTORS AFFECTING TAXATION

During 2018 the Turkish lira weakened, resulting in a deferred income tax expense during the year of \$24,595 due to the decrease in the value of the future tax deductions associated with the Turkish operations. The Company expects that in the future significant foreign exchange movements in the Turkish lira, euro or Brazilian real in relation to the U.S. dollar could cause significant volatility in the deferred income tax expense or recovery.

## 20. Share Capital

### SHARE CAPITAL

Eldorado's authorized share capital consists of an unlimited number of voting common shares without par value and an unlimited number of non-voting common shares without par value. At December 31, 2018 there were no non-voting common shares outstanding (December 31, 2017: nil).

Effective December 27, 2018, the Company consolidated its issued and outstanding common shares (the "Pre-Consolidation Shares") on the basis of one (1) new common share (the "Post-Consolidation Shares") for every five (5) Pre-Consolidation Shares held (the "Share Consolidation"). As a result of the Share Consolidation, the 794,010,680 Pre-Consolidation Shares were consolidated to 158,801,722 Post-Consolidation Shares. The Share Consolidation was previously approved by shareholders at a meeting held on June 21, 2018. All references in the Consolidated Financial Statements including amounts in the comparative period and the notes to the Consolidated Financial Statements have been adjusted to reflect this share consolidation.

| Voting common shares                                   | Number of shares   | Total \$            |
|--------------------------------------------------------|--------------------|---------------------|
| <b>At January 1, 2017</b>                              | <b>143,317,014</b> | <b>\$ 2,819,101</b> |
| Shares issued upon exercise of share options, for cash | 48,529             | 586                 |
| Estimated fair value of share options exercised        | –                  | 176                 |
| Shares issued for acquisition of Integra               | 15,436,179         | 188,061             |
| <b>At December 31, 2017</b>                            | <b>158,801,722</b> | <b>\$ 3,007,924</b> |
| <b>At December 31, 2018</b>                            | <b>158,801,722</b> | <b>\$ 3,007,924</b> |

## 21. Share-Based Payments

Share-based payments expense consists of:

|                                                | December 31, 2018 | December 31, 2017 |
|------------------------------------------------|-------------------|-------------------|
| Share options                                  | \$ 3,392          | \$ 6,736          |
| Restricted shares with no performance criteria | 1,425             | 2,716             |
| Restricted shares with performance criteria    | 175               | –                 |
| Deferred units                                 | (277)             | (1,023)           |
| Performance shares                             | 2,274             | 2,789             |
|                                                | <b>\$ 6,989</b>   | <b>\$ 11,218</b>  |

### (a) Share Option Plans

Previously, the Company had two share option plans (the "Plans") approved, as amended and restated, by the shareholders from time to time. On June 21, 2018, shareholders approved the combination of the two plans into the Incentive Stock Option Plan effective as of June 21, 2018 under which share purchase options ("Options") can be granted to officers, employees and consultants.

The Company's Incentive Stock Option Plan (the "Plan") consists of options that are subject to a five-year maximum term and payable in shares of the Company when vested and exercised. The Plan prohibits the re-pricing of Options without shareholder approval. Options vest at the discretion of the Board of Directors at the time an Option is granted. Generally, Options granted before November 1, 2015 vest in three equal and separate tranches with the first tranche vesting on the grant date and the second and third tranches vesting on the second and third anniversary dates of the grant date. Options granted on or after November 1, 2015 vest in three equal and separate tranches with vesting commencing one year after the date of grant and the second and third tranches vesting on the second and third anniversary of the grant date. Options are subject to withholding tax on exercise, and withholding tax is paid by the Option holder to the Company prior to receipt of the shares received pursuant to exercise.

The Company is responsible for remittance of the withholding tax to the appropriate tax authority. As at December 31, 2018, a total of 3,928,361 options (2017: 3,575,074) were available to grant under the Plan.

## 21. Share-Based Payments (continued)

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows.

|                         | 2018                                    |                   | 2017                                    |                   |
|-------------------------|-----------------------------------------|-------------------|-----------------------------------------|-------------------|
|                         | Weighted average exercise price (CDN\$) | Number of options | Weighted average exercise price (CDN\$) | Number of options |
| <b>At January 1,</b>    | <b>\$ 30.18</b>                         | <b>5,944,510</b>  | <b>\$ 37.75</b>                         | <b>5,779,205</b>  |
| Regular options granted | 6.20                                    | 1,078,797         | 22.15                                   | 1,160,905         |
| Exercised               | –                                       | –                 | 16.10                                   | (48,529)          |
| Expired                 | 51.46                                   | (870,904)         | 73.89                                   | (788,672)         |
| Forfeited               | 26.99                                   | (561,175)         | 33.78                                   | (158,399)         |
| <b>At December 31,</b>  | <b>\$ 22.56</b>                         | <b>5,591,228</b>  | <b>\$ 30.18</b>                         | <b>5,944,510</b>  |

At December 31, 2018, 3,576,150 share purchase options (December 31, 2017: 3,716,685) with a weighted average exercise price of CDN\$28.13 (December 31, 2017: CDN\$36.7) had vested and were exercisable.

| At December 31, 2018            |                  | Total options outstanding                           |                                         | Exercisable options |                                         |
|---------------------------------|------------------|-----------------------------------------------------|-----------------------------------------|---------------------|-----------------------------------------|
| Range of exercise price (CDN\$) | Shares           | Weighted average remaining contractual life (years) | Weighted average exercise price (CDN\$) | Shares              | Weighted average exercise price (CDN\$) |
| \$6.00–6.99                     | 1,070,517        | 4.3                                                 | 6.20                                    | –                   | –                                       |
| \$16.00–16.99                   | 1,350,527        | 2.1                                                 | 16.10                                   | 1,011,048           | 16.10                                   |
| \$18.00–18.99                   | 2,591            | 2.1                                                 | 18.55                                   | 1,727               | 18.55                                   |
| \$19.00–19.99                   | 20,000           | 1.8                                                 | 19.80                                   | 20,000              | 19.80                                   |
| \$21.00–21.99                   | 20,000           | 2.8                                                 | 21.15                                   | 13,333              | 21.15                                   |
| \$22.00–22.99                   | 932,971          | 3.1                                                 | 22.00                                   | 437,527             | 22.00                                   |
| \$23.00–23.99                   | 151,933          | 3.2                                                 | 23.18                                   | 50,643              | 23.18                                   |
| \$29.00–29.99                   | 2,449            | 2.4                                                 | 29.55                                   | 1,632               | 29.55                                   |
| \$30.00–30.99                   | 27,800           | 0.8                                                 | 30.75                                   | 27,800              | 30.75                                   |
| \$31.00–31.99                   | 4,828            | 0.3                                                 | 31.90                                   | 4,828               | 31.90                                   |
| \$33.00–33.99                   | 1,159,157        | 1.1                                                 | 33.35                                   | 1,159,157           | 33.35                                   |
| \$34.00–34.99                   | 20,000           | 0.3                                                 | 34.15                                   | 20,000              | 34.15                                   |
| \$35.00–35.99                   | 20,000           | 1.0                                                 | 35.40                                   | 20,000              | 35.40                                   |
| \$39.00–39.99                   | 808,455          | 0.2                                                 | 39.20                                   | 808,455             | 39.20                                   |
|                                 | <b>5,591,228</b> | <b>2.2</b>                                          | <b>\$ 22.56</b>                         | <b>3,576,150</b>    | <b>\$ 28.13</b>                         |

Share-based payments expense related to share options for the year ended December 31, 2018 was \$3,392 (2017: \$6,736).

The assumptions used to estimate the fair value of options granted during the years ended December 31, 2018 and 2017 were:

|                                     | 2018      | 2017      |
|-------------------------------------|-----------|-----------|
| Risk-free interest rate (range) (%) | 1.80–2.20 | 0.70–1.05 |
| Expected volatility (range) (%)     | 58–64     | 60–65     |
| Expected life (range) (years)       | 1.79–3.79 | 1.80–3.80 |
| Expected dividends (CDN\$)          | –         | 0.02      |
| Forfeiture rate (%)                 | 8.0       | 11.0      |

The weighted average fair value per stock option granted was CDN\$2.32 (2017: CDN\$7.65). Volatility was determined based on the historical volatility over the estimated lives of the options.

**21. Share-Based Payments** (continued)**(b) Restricted Share Unit Plan**

The Company has a Restricted Share Unit ("RSU") Plan whereby restricted share units may be granted to senior management of the Company. The current maximum number of common shares authorized for issue under the RSU Plan is 5,000,000. As at December 31, 2018, 508,127 common shares purchased by the Company remain held in trust in connection with this Plan (2017: 1,706,096) and have been included in treasury stock within equity on the consolidated statement of financial position.

Currently, the Company has two types of RSUs:

*i) RSU with No Performance Criteria*

These RSUs are exercisable into one common share once vested, entitling the holder to receive the common share for no additional consideration. They vest as follows: one-third on the first anniversary of the grant date, one-third on the second anniversary of the grant date and one-third on the third anniversary of the grant date. RSUs with no performance criteria terminate on the third anniversary of the grant date. All vested RSUs that have not been redeemed by the date of termination are automatically redeemed. Such RSUs may be redeemed by the holder in shares or cash, with cash redemptions subject to the approval of the Board. RSU redemptions are subject to withholding tax, which is paid by the RSU holder to the Company prior to receipt of the resultant shares. Cash settlements are paid net of withholding tax. The Company is responsible for remittance of the withholding tax to the appropriate tax authority.

A total of 214,859 RSUs with no performance criteria at an average grant-date fair value of CDN\$5.88 per unit were granted during the year ended December 31, 2018 under the Company's RSU Plan. The fair value of each RSU issued is determined as the closing share price at grant date.

A summary of the status of the RSUs with no performance criteria and changes during the year ended December 31, 2018 is as follows.

|                        | 2018           | 2017           |
|------------------------|----------------|----------------|
| <b>At January 1,</b>   | <b>341,198</b> | <b>248,013</b> |
| Granted                | 214,859        | 187,366        |
| Redeemed               | (181,491)      | (69,968)       |
| Forfeited              | (41,447)       | (24,213)       |
| <b>At December 31,</b> | <b>333,119</b> | <b>341,198</b> |

As at December 31, 2018, 29,371 restricted share units are fully vested and exercisable (2017: 119,356).

Compensation expense related to RSUs with no performance criteria for the year ended December 31, 2018 was \$1,425 (2017: \$2,716).

*ii) RSU with Performance Criteria*

RSUs with performance criteria vest on the third anniversary of the grant date, subject to achievement of pre-determined performance criteria. When fully vested, the number of RSUs redeemed will range from 0% to 200% of the target award, subject to the performance of the share price over the three-year period.

A total of 167,976 RSUs with performance criteria were granted during the year ended December 31, 2018 under the Company's RSU Plan. No RSUs with performance criteria were granted by the Company in previous years.

A summary of the status of the RSUs with performance criteria and changes during the year ended December 31, 2018 is as follows.

|                        | 2018           |
|------------------------|----------------|
| <b>At January 1,</b>   | –              |
| Granted                | 167,976        |
| Forfeited              | (15,049)       |
| <b>At December 31,</b> | <b>152,927</b> |

Compensation expense related to RSUs with performance criteria for the year ended December 31, 2018 was \$175 (2017: \$nil).



## 21. Share-Based Payments (continued)

### (c) Deferred Units Plan

The Company has an Independent Directors Deferred Unit (“DU”) Plan, under which DUs are granted by the Board from time to time to independent directors (“the Participants”). DUs may be redeemed only on retirement of the independent director from the Board (the “Termination Date”) by providing the redemption notice (“Redemption Notice”) to the Company specifying the redemption date which shall be no later than December 15 of the first calendar year commencing after the calendar year in which the Termination Date occurred (the “Redemption Date”). Fifteen (15) trading days after the Redemption Date but no later than December 31 of the first calendar year commencing after the calendar year in which the Termination Date occurred, the Participant shall have the right to receive, and shall receive, with respect to all DUs held at the Redemption Date a cash payment equal to the market value of such DUs as of the Redemption Date. The Company will withhold income tax on redeemed DUs and is responsible for submission of the withholding tax to the tax authority.

At December 31, 2018, 234,125 DUs were outstanding (2017: 119,367) with a value of \$686 (2017: \$866), which is included in accounts payable and accrued liabilities.

Compensation income related to the DUs for the year ended December 31, 2018 was \$277 (2017: \$1,023).

### (d) Performance Share Units Plan

The Company has a Performance Share Unit (“PSU”) Plan whereby PSUs may be granted to senior management of the Company at the discretion of the Board of Directors. Under the Plan, PSUs cliff vest on the third anniversary of the grant date (the “Redemption Date”) and are subject to terms and conditions including the achievement of predetermined performance criteria (the “Performance Criteria”). When fully vested the number of PSUs redeemed will range from 0% to 200% of the target award, subject to the achievement of the Performance Criteria. Once vested, at the option of the Company, PSUs are redeemable as a cash payment equal to the market value of the vested PSUs as of the Redemption Date, common shares of the Company equal to the number of vested PSUs, or a combination of cash and shares equal to the market value of the vested PSUs, for no additional consideration from the PSU holder and to be redeemed as soon as practicable after the Redemption Date. The Company will withhold income tax on redeemed PSUs and is responsible for submission of the withholding tax to the tax authority.

A total of 261,523 PSUs were granted during the year ended December 31, 2018 under the PSU Plan (2017: 113,938). The current maximum number of common shares authorized for issuance from treasury under the PSU Plan is 3,130,000.

|                        | 2018           | 2017           |
|------------------------|----------------|----------------|
| <b>At January 1,</b>   | <b>381,293</b> | <b>286,188</b> |
| Granted                | 261,522        | 113,938        |
| Expired                | (118,605)      | –              |
| Forfeited              | (39,311)       | (18,833)       |
| <b>At December 31,</b> | <b>484,899</b> | <b>381,293</b> |

Compensation expense related to PSUs for the year ended December 31, 2018 was \$2,274 (2017: \$2,789).

## 22. Supplementary Cash Flow Information

|                                            | December 31, 2018 | December 31, 2017  |
|--------------------------------------------|-------------------|--------------------|
| <b>Changes in non-cash working capital</b> |                   |                    |
| Accounts receivable and other              | \$ (1,471)        | \$ (2,456)         |
| Inventories                                | 20,775            | (31,437)           |
| Accounts payable and accrued liabilities   | (14,242)          | (1,862)            |
| <b>Total</b>                               | <b>\$ 5,062</b>   | <b>\$ (35,755)</b> |
| <b>Supplementary cash flow information</b> |                   |                    |
| Income taxes paid                          | \$ 36,879         | \$ 42,293          |
| Interest paid                              | \$ 36,750         | \$ 36,750          |

## 23. Financial Risk Management

### 23.1 FINANCIAL RISK FACTORS

Eldorado's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and price risk), credit risk and liquidity risk. Eldorado's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

#### (i) Market Risk

##### (a) Foreign Exchange Risk

The Company operates principally in Turkey, Canada, Greece, Brazil and Romania, and is therefore exposed to foreign exchange risk arising from transactions denominated in foreign currencies. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.

Eldorado's cash and cash equivalents, accounts receivable, marketable securities, accounts payable and accrued liabilities and debt are denominated in several currencies, and are therefore subject to fluctuation against the U.S. dollar.

Movements in the PSUs during the year ended December 31, 2018 are as follows.

| 2018                                     | Canadian dollar | Australian dollar | Euro            | Turkish lira   | Chinese renminbi | Serbian dinar | Romanian lei | British pound | Brazilian real |
|------------------------------------------|-----------------|-------------------|-----------------|----------------|------------------|---------------|--------------|---------------|----------------|
| (thousands)                              | \$              | \$                | €               | TRY            | ¥                | din           | lei          | £             | R\$            |
| Cash and cash equivalents                | 19,030          | 433               | 6,861           | 2,664          | 72               | 8,848         | 1,904        | 923           | 4,539          |
| Marketable securities                    | 3,509           | –                 | –               | –              | –                | –             | –            | –             | –              |
| Accounts receivable and other            | 23,672          | 3                 | 15,552          | 54,772         | –                | 8,386         | 4,487        | –             | 9,970          |
| Accounts payable and accrued liabilities | (102,027)       | (7)               | (34,488)        | (44,516)       | –                | (1,004)       | (2,286)      | –             | (2,941)        |
| Other non-current liability              | (10,064)        | –                 | (9,191)         | (15,877)       | –                | –             | –            | –             | –              |
| <b>Net balance</b>                       | <b>(65,880)</b> | <b>429</b>        | <b>(21,266)</b> | <b>(2,957)</b> | <b>72</b>        | <b>16,230</b> | <b>4,105</b> | <b>923</b>    | <b>11,568</b>  |
| Equivalent in U.S. dollars               | \$ (48,292)     | \$ 302            | \$ (24,334)     | \$ (562)       | \$ 11            | \$ 157        | \$ 1,010     | \$ 1,180      | \$ 2,982       |

| 2017                                     | Canadian dollar | Australian dollar | Euro            | Turkish lira   | Chinese renminbi | Serbian dinar | Romanian lei  | British pound | Brazilian real |
|------------------------------------------|-----------------|-------------------|-----------------|----------------|------------------|---------------|---------------|---------------|----------------|
| (thousands)                              | \$              | \$                | €               | TRY            | ¥                | din           | lei           | £             | R\$            |
| Cash and cash equivalents                | 18,280          | 482               | 13,030          | 4,965          | 77               | 4,845         | 9,730         | 366           | 15,991         |
| Marketable securities                    | 6,286           | –                 | –               | –              | –                | –             | –             | –             | –              |
| Accounts receivable and other            | 13,706          | 4                 | 24,508          | 60,111         | –                | 43,157        | 7,542         | –             | 12,547         |
| Accounts payable and accrued liabilities | (30,900)        | (42)              | (45,751)        | (50,099)       | –                | (9,000)       | (6,174)       | –             | (5,559)        |
| Other non-current liability              | (1,269)         | –                 | (6,516)         | (17,999)       | –                | –             | –             | –             | –              |
| <b>Net balance</b>                       | <b>6,103</b>    | <b>444</b>        | <b>(14,729)</b> | <b>(3,022)</b> | <b>77</b>        | <b>39,002</b> | <b>11,098</b> | <b>366</b>    | <b>22,979</b>  |
| Equivalent in U.S. dollars               | \$ 4,865        | \$ 347            | \$ (17,664)     | \$ (802)       | \$ 12            | \$ 394        | \$ 2,874      | \$ 495        | \$ 6,946       |

Based on the balances as at December 31, 2018, a 1% increase/decrease in the U.S. dollar exchange rate against all of the other currencies on that date would have resulted in a decrease/increase of approximately \$675 (2017: \$25) in earnings (loss) before taxes. There would be no effect on other comprehensive income.

## 23. Financial Risk Management (continued)

Cash flows from operations are exposed to foreign exchange risk, as commodity sales are set in U.S. dollars and a certain amount of operating expenses are in the currency of the country in which mining operations take place.

### *(b) Metal Price and Global Market Risk*

The Company is subject to price risk for fluctuations in the market price of gold and the global concentrate market. Gold and other metals prices are affected by numerous factors beyond the Company's control, including central bank sales, demand for concentrate, producer hedging activities, the relative exchange rate of the U.S. dollar with other major currencies, global and regional demand and political and economic conditions.

World-wide gold and other metals production levels also affect their prices, and the price of these metals is occasionally subject to rapid short-term changes due to speculative activities. From time to time, the Company may use commodity price contracts to manage its exposure to fluctuations in the price of gold and other metals, but has elected not to at this time.

Other price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. This includes equity price risk, whereby the Company's investments in marketable securities are subject to market price fluctuation.

### *(c) Interest Rate Risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Current financial assets and financial liabilities are generally not exposed to interest rate risk because of their short-term nature. The Company's debt is in the form of notes with a fixed interest rate of 6.125%. However, any future borrowings under the ARCA are at variable rates of interest and would expose the Company to interest rate risk.

## **(ii) Credit Risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents, restricted cash, term deposits and accounts receivable. In accordance with the Company's Investment Policy, term deposits and short-term investments are held with high-credit-quality financial institutions as determined by rating agencies. The carrying value of \$356,823 is the maximum amount exposed to credit risk.

Payment for metal sales is normally in advance or within 15 days of shipment, depending on the buyer. While the historical level of customer defaults is negligible, which has reduced the credit risk associated with trade receivables at December 31, 2018, there is no guarantee that buyers, including those under exclusive sales arrangements, will not default on its commitments, which may have an adverse impact on the Company's financial performance.

## **(iii) Liquidity Risk**

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company manages liquidity by maintaining adequate cash and cash equivalent balances and by using its line of credit as required. Management monitors and reviews both actual and forecasted cash flows, and also matches the maturity profile of financial assets and liabilities. Contractual maturities relating to debt are included in Note 16. All other financial liabilities are due within one year.

## 23.2 CAPITAL RISK MANAGEMENT

Eldorado's objective is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the Company's mining projects. Capital consists of all of the components of equity which includes share capital from ordinary shares, contributed surplus, accumulated other comprehensive income, deficit and non-controlling interests.

Eldorado monitors capital on the basis of the debt to capital ratio and Net Debt to EBITDA. The debt to capital ratio is calculated as debt, including current and non-current debt, divided by capital plus debt. The Net Debt to EBITDA ratio is calculated as debt, including current and non-current debt, less cash, cash equivalents and term deposits, divided by earnings before interest costs, taxes, depreciation and amortization.

As at December 31, 2018, our debt to capital ratio was 15.2% (2017: 13.8%) and our Net Debt to EBITDA ratio was 2.26:1 (2017: 0.9:1).

## 24. Commitments and Contractual Obligations

The Company's commitments and contractual obligations, not recorded on the consolidated statement of financial position, at December 31, 2018, include:

|                      | 2019             | 2020            | 2021            | 2022 and later   |
|----------------------|------------------|-----------------|-----------------|------------------|
| Operating leases     | \$ 9,305         | \$ 8,145        | \$ 7,794        | \$ 39,446        |
| Purchase obligations | 30,883           | 234             | 148             | 278              |
| <b>Total</b>         | <b>\$ 40,188</b> | <b>\$ 8,379</b> | <b>\$ 7,942</b> | <b>\$ 39,724</b> |

Purchase obligations as at December 31, 2018 relate primarily to mine development expenditures in Greece and Canada as well as operating costs in Turkey.

As of December 31, 2018, Hellas Gold, a subsidiary of Eldorado, had entered into off-take agreements pursuant to which Hellas Gold agreed to sell a total of 52,500 dry metric tonnes of zinc concentrates, 5,250 dry metric tonnes of lead/silver concentrates, and 241,000 dry metric tonnes of gold concentrate, through the year ending December 31, 2019.

In April 2007, Hellas Gold agreed to sell to Silver Wheaton (Caymans) Ltd., a subsidiary of Wheaton Precious Metals ("Wheaton Precious Metals") all of the payable silver contained in lead concentrate produced within an area of approximately 7 km<sup>2</sup> around Stratoní. The sale was made in consideration of a prepayment to Hellas Gold of \$57.5 million in cash, plus a fixed price per ounce of payable silver to be delivered based on the lesser of \$3.90 and the prevailing market price per ounce, adjusted higher by 1% every year. The agreement was amended in October 2015 to provide for increases in the fixed price paid by Wheaton Precious Metals upon completion of certain expansion drilling milestones. A total of 10,000 m of expansion drilling was reached during the second quarter of 2018 and in accordance with the terms of the agreement, the fixed price has been adjusted by an additional \$2.50 per ounce. Accordingly, the fixed price as of July 1, 2018 is equal to \$6.77 per ounce.

As at December 31, 2018, Tüprag Metal Madencilik Sanayi Ve Ticaret A.S. ("Tüprag"), a subsidiary of Eldorado had entered into off-take agreements pursuant to which Tüprag agreed to sell a total of 45,000 dry metric tonnes of gold concentrate through the year ending December 31, 2019.

## 25. Contingencies

Due to the size, complexity and nature of the Company's operations, various legal, tax, environmental and regulatory matters are outstanding from time to time. By their nature, contingencies will be resolved only when one or more future events occur or fail to occur. While the outcomes of these matters are uncertain, based upon the information currently available, the Company does not believe that these matters in aggregate will have a material adverse effect on its consolidated financial position, cash flows or results of operations. In the event that management's estimate of the future resolution of these matters changes, the Company will recognize the effects of these changes in its Consolidated Financial Statements in the appropriate period relative to when such changes occur. As at December 31, 2018, the amount of ultimate liability with respect to these actions will not, in the opinion of management, materially affect Eldorado's consolidated financial position, results of operations or cash flows. Accordingly, no amounts have been accrued as at December 31, 2018.

## 26. Related Party Transactions

Key management includes directors (executive and non-executive), officers and senior management. The compensation paid or payable to key management for employee services, including amortization of share-based payments, is shown below.

|                                                 | 2018             | 2017             |
|-------------------------------------------------|------------------|------------------|
| Salaries and other short-term employee benefits | \$ 6,191         | \$ 8,908         |
| Defined benefit pension plan                    | 268              | 754              |
| Share-based payments                            | 2,632            | 5,920            |
| Termination benefits                            | 1,762            | 607              |
| <b>Total</b>                                    | <b>\$ 10,853</b> | <b>\$ 16,189</b> |

## 27. Financial Instruments by Category

### Fair Value

The following table provides the carrying value and the fair value of financial instruments at December 31, 2018 and December 31, 2017.

|                                                | December 31, 2018 |            | December 31, 2017 |            |
|------------------------------------------------|-------------------|------------|-------------------|------------|
|                                                | Carrying amount   | Fair value | Carrying amount   | Fair value |
| <b>Financial Assets</b>                        |                   |            |                   |            |
| <i>Fair value through OCI</i>                  |                   |            |                   |            |
| Marketable securities                          | \$ 2,572          | \$ 2,572   | \$ 5,010          | \$ 5,010   |
| <i>Amortized cost</i>                          |                   |            |                   |            |
| Cash and cash equivalents                      | 286,312           | 286,312    | 479,501           | 479,501    |
| Term deposit                                   | 6,646             | 6,646      | 5,508             | 5,508      |
| Restricted cash                                | 13,745            | 13,745     | 12,927            | 12,927     |
| Accounts receivable and other                  | 46,196            | 46,196     | 33,627            | 33,627     |
| Other assets                                   | 3,924             | 3,924      | 4,900             | 4,900      |
| <b>Financial Liabilities at amortized cost</b> |                   |            |                   |            |
| Accounts payable and accrued liabilities       | 140,878           | 140,878    | 110,541           | 110,541    |
| Debt                                           | \$ 595,977        | \$ 549,606 | \$ 593,783        | \$ 595,698 |

Fair values are determined directly by reference to published price quotations in an active market, when available, or by using a valuation technique that uses inputs observed from relevant markets.

The three levels of the fair value hierarchy are described below.

- **Level 1** – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- **Level 2** – Inputs that are observable, either directly or indirectly, but do not qualify as Level 1 inputs (i.e., quoted prices for similar assets or liabilities).
- **Level 3** – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

Assets measured at fair value as at December 31, 2018 are marketable securities and long lived assets that have been impaired and their carrying values are now at FVLCD (Note 13). No liabilities are measured at fair value on a recurring basis as at December 31, 2018.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily publicly traded equity investments classified as held-for-trading securities or available-for-sale securities. With the exception of the fair market value of the Company's senior notes (Note 16b), which are included in Level 2, all carrying amounts of financial instruments approximate their fair value.

**28. Revenue**

Revenue by metal for the year was as follows.

|                                                                | December 31, 2018 | December 31, 2017 |
|----------------------------------------------------------------|-------------------|-------------------|
| Gold revenue                                                   | \$ 385,953        | \$ 333,342        |
| Zinc revenue                                                   | 39,564            | 30,575            |
| Lead revenue                                                   | 21,625            | 18,272            |
| Silver revenue                                                 | 11,482            | 6,987             |
| Iron revenue                                                   | –                 | 2,347             |
| Revenue from contracts with customers                          | \$ 458,624        | \$ 391,523        |
| Gain (loss) on revaluation of derivatives in trade receivables | 392               | (117)             |
|                                                                | \$ 459,016        | \$ 391,406        |

For the year ended December 31, 2018, revenue from contracts with customers by product and segment was as follows.

|                              | Turkey     | Greece     | Brazil | Total      |
|------------------------------|------------|------------|--------|------------|
| Gold revenue – doré          | \$ 220,382 | –          | –      | \$ 220,382 |
| Gold revenue – concentrate   | 123,960    | 41,611     | –      | 165,571    |
| Silver revenue – doré        | 1,245      | –          | –      | 1,245      |
| Silver revenue – concentrate | 2,941      | 7,296      | –      | 10,237     |
| Lead concentrate             | –          | 21,625     | –      | 21,625     |
| Zinc concentrate             | –          | 39,564     | –      | 39,564     |
|                              | \$ 348,528 | \$ 110,096 | –      | \$ 458,624 |

For the year ended December 31, 2017, revenue from contracts with customers by product and segment was as follows.

|                              | Turkey     | Greece    | Brazil   | Total      |
|------------------------------|------------|-----------|----------|------------|
| Gold revenue – doré          | \$ 215,739 | –         | –        | \$ 215,739 |
| Gold revenue – concentrate   | 117,603    | –         | –        | 117,603    |
| Silver revenue – doré        | 1,400      | –         | –        | 1,400      |
| Silver revenue – concentrate | 3,165      | 2,422     | –        | 5,587      |
| Lead concentrate             | –          | 18,272    | –        | 18,272     |
| Zinc concentrate             | –          | 30,575    | –        | 30,575     |
| Iron ore concentrate         | –          | –         | 2,347    | 2,347      |
|                              | \$ 337,907 | \$ 51,269 | \$ 2,347 | \$ 391,523 |

## 29. Production Costs

|                                                  | 2018              | 2017              |
|--------------------------------------------------|-------------------|-------------------|
| Labour                                           | \$ 74,023         | \$ 52,670         |
| Fuel                                             | 14,910            | 23,241            |
| Reagents                                         | 40,587            | 40,839            |
| Electricity                                      | 14,288            | 12,132            |
| Mining contractors                               | 17,107            | 12,575            |
| Operating and maintenance supplies and services  | 31,772            | 56,342            |
| Site general and administrative costs            | 33,667            | 23,621            |
| Inventory change                                 | 33,459            | (36,501)          |
| Royalties, production taxes and selling expenses | 8,167             | 7,821             |
|                                                  | <b>\$ 267,980</b> | <b>\$ 192,740</b> |

## 30. Earnings Per Share

The weighted average number of ordinary shares for the purposes of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows.

| (thousands)                                                                                             | 2018           | 2017           |
|---------------------------------------------------------------------------------------------------------|----------------|----------------|
| Weighted average number of ordinary shares used in the calculation of basic earnings per share          | 158,509        | 150,531        |
| Diluted impact of stock options                                                                         | –              | –              |
| <b>Weighted average number of ordinary shares used in the calculation of diluted earnings per share</b> | <b>158,509</b> | <b>150,531</b> |

## 31. Segment Information

### IDENTIFICATION OF REPORTABLE SEGMENTS

The Company has identified its operating segments based on the internal reports that are reviewed and used by the Chief Executive Officer and the executive management (the chief operating decision-makers, or "CODM") in assessing performance and in determining the allocation of resources.

The CODM consider the business from both a geographic and product perspective and assess the performance of the operating segments based on measures of profit and loss as well as assets and liabilities. These measures include operating profit, expenditures on exploration, property, plant and equipment and non-current assets, as well as total debt. As at December 31, 2018, Eldorado had six reportable segments based on the geographical location of mining and exploration and development activities.

### GEOGRAPHICAL SEGMENTS

Geographically, the operating segments are identified by country and by operating mine or mine under construction. The Turkey reporting segment includes the Kışladağ and the Efemçukuru mines and exploration activities in Turkey. The Canada reporting segment includes the Lamaque project and exploration activities in Canada. The Greece reporting segment includes the Stratoni and Olympias mines, the Skouries, Perama Hill and Sapes projects and exploration activities in Greece. The Romania reporting segment includes the Certej project and exploration activities in Romania. The Brazil reporting segment includes the Vila Nova mine, Tocantinzinho project and exploration activities in Brazil. Other reporting segments include operations of Eldorado's corporate office and exploration activities in other countries.

Financial information about each of these operating segments is reported to the CODM on a monthly basis. The mines in each of the different reporting segments share similar economic characteristics and have been aggregated accordingly.

**31. Segment Information** (continued)

|                                                              |                  |            |                    |            |            |                 | 2018             |
|--------------------------------------------------------------|------------------|------------|--------------------|------------|------------|-----------------|------------------|
|                                                              | Turkey           | Canada     | Greece             | Romania    | Brazil     | Other           | Total            |
| <b>Information about profit and loss</b>                     |                  |            |                    |            |            |                 |                  |
| Revenues                                                     | \$ 348,528       | –          | \$ 110,488         | –          | –          | –               | \$ 459,016       |
| Production costs                                             | 174,081          | –          | 93,899             | –          | –          | –               | 267,980          |
| Inventory write-down                                         | –                | –          | 1,465              | –          | –          | –               | 1,465            |
| Depreciation                                                 | 75,854           | –          | 29,424             | –          | –          | 454             | 105,732          |
| <b>Earnings (loss) from mine operations</b>                  | <b>\$ 98,593</b> | <b>–</b>   | <b>\$ (14,300)</b> | <b>–</b>   | <b>–</b>   | <b>\$ (454)</b> | <b>\$ 83,839</b> |
| <b>Other material items of income and expense</b>            |                  |            |                    |            |            |                 |                  |
| Impairment of property, plant and equipment                  | \$ 117,570       | –          | \$ 330,238         | –          | –          | –               | \$ 447,808       |
| Exploration and evaluation expenses                          | 840              | 103        | 15,947             | 13,499     | 1,728      | 1,725           | 33,842           |
| Income tax expense (recovery)                                | 45,238           | (3,415)    | (129,213)          | (2,716)    | 3,608      | –               | (86,498)         |
| Additions to property, plant and equipment during the period | 68,737           | 189,867    | 61,716             | 419        | 6,612      | 802             | 328,153          |
| Capitalized interest                                         | –                | 13,160     | 23,590             | –          | –          | –               | 36,750           |
| <b>Information about assets and liabilities</b>              |                  |            |                    |            |            |                 |                  |
| Property, plant and equipment <sup>(1)</sup>                 | \$ 721,449       | \$ 582,895 | \$ 2,063,798       | \$ 416,197 | \$ 203,075 | \$ 1,062        | \$ 3,988,476     |
| Goodwill                                                     | –                | 92,591     | –                  | –          | –          | –               | 92,591           |
|                                                              | \$ 721,449       | \$ 675,486 | \$ 2,063,798       | \$ 416,197 | \$ 203,075 | \$ 1,062        | \$ 4,081,067     |
| Debt                                                         | –                | –          | –                  | –          | –          | \$ 595,977      | \$ 595,977       |

(1) Net of proceeds from sale of pre-commercial production at Olympias and Lamaque.



**31. Segment Information** (continued)

|                                                              | 2017              |               |                 |            |               |                 |                   |
|--------------------------------------------------------------|-------------------|---------------|-----------------|------------|---------------|-----------------|-------------------|
|                                                              | Turkey            | Canada        | Greece          | Romania    | Brazil        | Other           | Total             |
| <b>Information about profit and loss</b>                     |                   |               |                 |            |               |                 |                   |
| Revenues                                                     | \$ 337,907        | –             | \$ 51,152       | –          | \$ 2,347      | –               | \$ 391,406        |
| Production costs                                             | 145,573           | –             | 45,343          | –          | 1,824         | –               | 192,740           |
| Inventory write-down                                         | –                 | –             | 444             | –          | –             | –               | 444               |
| Depreciation                                                 | 71,389            | 6             | 466             | –          | –             | 269             | 72,130            |
| <b>Earnings (loss) from mine operations</b>                  | <b>\$ 120,945</b> | <b>\$ (6)</b> | <b>\$ 4,899</b> | <b>–</b>   | <b>\$ 523</b> | <b>\$ (269)</b> | <b>\$ 126,092</b> |
| <b>Other material items of income and expense</b>            |                   |               |                 |            |               |                 |                   |
| Impairment of property, plant and equipment                  | \$ 29,619         | –             | \$ 6,661        | \$ 10,454  | \$ (79)       | \$ 42           | \$ 46,697         |
| Exploration and evaluation expenses                          | 3,203             | 6,616         | 7,512           | 10,168     | 4,733         | 6,029           | 38,261            |
| Income tax expense (recovery)                                | 30,139            | 1,532         | (4,603)         | (8,026)    | (1,087)       | 1,428           | 19,383            |
| Additions to property, plant and equipment during the period | 65,013            | 34,575        | 197,788         | 2,006      | 10,029        | 827             | 310,238           |
| Capitalized interest                                         | –                 | 1,245         | 35,505          | –          | –             | –               | 36,750            |
| <b>Information about assets and liabilities</b>              |                   |               |                 |            |               |                 |                   |
| Property, plant and equipment <sup>(1)</sup>                 | \$ 835,422        | \$ 416,795    | \$ 2,362,107    | \$ 415,856 | \$ 196,467    | \$ 750          | \$ 4,227,397      |
| Goodwill                                                     | –                 | 92,591        | –               | –          | –             | –               | 92,591            |
|                                                              | \$ 835,422        | \$ 509,386    | \$ 2,362,107    | \$ 415,856 | \$ 196,467    | \$ 750          | \$ 4,319,988      |
| Debt                                                         | –                 | –             | –               | –          | –             | \$ 593,783      | \$ 593,783        |

(1) Net of proceeds from sale of pre-commercial production at Olympias.

The Turkey segment derives its revenues from sales of gold. The Brazil segment derives its revenue from sales of iron ore. The Greece segment derives its revenue from sales of gold, zinc, lead and silver concentrates.

On January 30, 2019, the Company announced that it will resume mining, crushing, stacking and heap leaching at its Kışladağ gold mine in Turkey. Extended leach cycles show improved recoveries and revised heap leach plans show improved economics for the heap leaching scenario. As a result, advancement of the previously announced mill project was suspended. Mining is expected to recommence by the end of Q1 2019. Management performed a further impairment test of the Kışladağ CGU and determined that no further impairment or reversal of impairment was identified for the Kışladağ CGU.

## BOARD OF DIRECTORS, OFFICERS AND SENIOR MANAGEMENT TEAM

### DIRECTORS

|                                           |                                     |
|-------------------------------------------|-------------------------------------|
| <b>George Albino</b> <sup>(2, 3)</sup>    | Chairman of the Board               |
| <b>George Burns</b>                       | President & Chief Executive Officer |
| <b>Teresa Conway</b> <sup>(1, 2)</sup>    | Independent Director                |
| <b>Pamela Gibson</b> <sup>(1, 3)</sup>    | Independent Director                |
| <b>Geoffrey Handley</b> <sup>(2, 4)</sup> | Independent Director                |
| <b>Geoffrey Handley</b> <sup>(2, 4)</sup> | Independent Director                |
| <b>Michael Price</b> <sup>(1, 4)</sup>    | Independent Director                |
| <b>Steven Reid</b> <sup>(2, 4)</sup>      | Independent Director                |
| <b>John Webster</b> <sup>(1, 3)</sup>     | Independent Director                |

### BOARD COMMITTEES

- (1) Audit Committee
- (2) Compensation Committee
- (3) Corporate Governance & Nominating Committee
- (4) Sustainability Committee

### OFFICERS AND MANAGEMENT

|                          |                                               |
|--------------------------|-----------------------------------------------|
| <b>George Burns</b>      | President & Chief Executive Officer           |
| <b>Philip Yee</b>        | Executive VP & Chief Financial Officer        |
| <b>Paul Skayman</b>      | Chief Operating Officer                       |
| <b>Jason Cho</b>         | Executive VP Strategy & Corporate Development |
| <b>Tim Garvin</b>        | Executive VP & General Counsel                |
| <b>Krista Muhr</b>       | Senior VP External Affairs & Sustainability   |
| <b>Shane Williams</b>    | Senior VP Engineering & Capital Projects      |
| <b>Christos Balaskas</b> | VP and General Manager, Greece                |
| <b>David Bickford</b>    | VP and General Manager, Turkey                |
| <b>Peter Lewis</b>       | VP Exploration                                |
| <b>Andor Lips</b>        | VP Government Relations, Europe               |
| <b>Lisa Ower</b>         | VP Human Resources                            |
| <b>Lincoln Silva</b>     | VP and General Manager, Brazil                |

## SHAREHOLDER INFORMATION

### CORPORATE HEAD OFFICE

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Vancouver, BC  
V6C 2B5 Canada  
[www.eldoradogold.com](http://www.eldoradogold.com)

### STOCK EXCHANGES

Eldorado is traded on the Toronto Stock Exchange (TSX: ELD) and on the New York Stock Exchange (NYSE: EGO)

### INVESTOR CONTACT INFORMATION

For inquiries related to Eldorado Gold's operating activities and financial performance:

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Computershare Investor Services  
1 800 564 6253  
[www-us.computershare.com/investor/contact/index](http://www-us.computershare.com/investor/contact/index)

### ANNUAL AND SPECIAL SHAREHOLDERS MEETING

May 2, 2019  
3:00p.m., Pacific time

Terminal City Club  
Skidmore Room  
837 West Hastings Street  
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### SOURCES OF SHAREHOLDER INFORMATION

These financials are one of several sources of information for shareholders of Eldorado Gold Corporation. Other sources include:

- The comparative interim financial statements published quarterly.
- The Management Proxy Circular describing the matters to be considered at the Annual Meeting of Shareholders.
- The Annual Information Form, Form 40-F and other corporate and continuous disclosure documents available on the Company's website, the SEDAR website ([www.sedar.com](http://www.sedar.com)) and the U.S. Securities and Exchange Commission website ([www.sec.gov](http://www.sec.gov)).

Section 303A.11 of the NYSE Listed Company Manual permits foreign private issuers to follow home country practices in lieu of certain provisions of the NYSE Listed Company Manual. A foreign private issuer that follows home country practices in lieu of certain provision of the NYSE Listed Company Manual must disclose any significant ways in which its corporate governance practices differ from those followed by domestic companies. A description of the significant ways in which the Company's governance practices differ from those followed by domestic companies pursuant to the NYSE Listed Company Manual is available on the Company's website at [www.eldoradogold.com](http://www.eldoradogold.com).

### COMPANY FILINGS

[www.sedar.com](http://www.sedar.com)  
[www.sec.gov](http://www.sec.gov)

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**NYSE: EGO**