Consolidated Financial Statements

December 31, 2013 and 2012

(Expressed in thousands of U.S. dollars)

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 financial statements, reflects amounts based on management's best estimates and judgments. The 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 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 (1992) in Internal Control – Integrated Framework. Based on this assessment, management has concluded that as at December 31, 2013, the Company's internal control over financial reporting was effective.

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 financial statements and related financial reporting and internal control matters before the financial statements are approved by the Board of Directors and submitted to the Company's shareholders.

KPMG, an independent registered public accounting firm, appointed by the shareholders, has audited the Company's financial statements in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States) and has expressed its opinion in the auditors' report. The effectiveness of the Company's internal control over financial reporting as at December 31, 2013 has also been audited by KPMG, and their opinion is included in their report.

Paul N. Wright
Chief Executive Officer

Fabiana Chubbs
Chief Financial Officer

February 20, 2014
Vancouver, British Columbia, Canada

KPMG LLP
Chartered Accountants
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INDEPENDENT AUDITORS' REPORT OF REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of Eldorado Gold Corporation

We have audited the accompanying consolidated financial statements of Eldorado Gold Corporation, which comprise the consolidated balance sheets as at December 31, 2013 and December 31, 2012, the consolidated income statements, statements of comprehensive income, changes in equity and cash flows for each of the years in the two-year period ended December 31, 2013, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Eldorado Gold Corporation as at December 31, 2013 and December 31, 2012, and its consolidated financial performance and its consolidated cash flows for each of the years in the two-year period ended December 31, 2013, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Other Matter

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Eldorado Gold Corporation's internal control over financial reporting as of December 31, 2013, based on the criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992), and our report dated February 20, 2014 expressed an unmodified (unqualified) opinion on the effectiveness of Eldorado Gold Corporation's internal control over financial reporting.

KPMG LLP

Chartered Accountants

Vancouver, Canada

February 20, 2014

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Eldorado Gold Corporation

We have audited Eldorado Gold Corporation's (the Company) internal control over financial reporting as of December 31, 2013, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992). 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 Responsibility for Financial Reporting". Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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 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.

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.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992).

We also have audited, in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of the Company as of December 31, 2013 and December 31, 2012 and the related consolidated income statements, statements comprehensive income, changes in equity and cash flows for each of the years in the two-year period ended December 31, 2013, and our report dated February 20, 2014 expressed an unmodified (unqualified) opinion on those consolidated financial statements.

KPMG LLP

Chartered Accountants

Vancouver, Canada

February 20, 2014

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

	Note	December 31, 2013	December 31, 2012
		$	$
ASSETS			
Current assets			
Cash and cash equivalents	6	589,180	816,843
Term deposits		34,702	-
Restricted cash		262	241
Marketable securities		4,387	1,988
Accounts receivable and other	7	89,231	112,324
Inventories	8	244,042	220,766
		961,804	1,152,162
Investments in associate	9	10,949	27,949
Deferred income tax assets	17	997	3,149
Restricted assets and other	10	37,330	31,846
Defined benefit pension plan	16	13,484	4,571
Property, plant and equipment	11	5,684,382	5,868,742
Goodwill	12	526,296	839,710
		7,235,242	7,928,129
LIABILITIES & EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	13	211,406	224,567
Current debt	14	16,402	10,341
		227,808	234,908
Debt	14	585,006	582,974
Asset retirement obligations	15	85,259	79,971
Deferred income tax liabilities	17	842,305	816,941
		1,740,378	1,714,794
Equity			
Share capital	18	5,314,589	5,300,957
Treasury stock		(10,953)	(7,445)
Contributed surplus		78,557	65,382
Accumulated other comprehensive loss		(17,056)	(24,535)
Retained earnings (deficit)		(143,401)	594,876
Total equity attributable to shareholders of the Company		5,221,736	5,929,235
Attributable to non-controlling interests		273,128	284,100
		5,494,864	6,213,335
		7,235,242	7,928,129

Approved on behalf of the Board of Directors

(Signed) Robert R. Gilmore Director *(Signed) Paul N. Wright* Director

Date of approval: *February 20, 2014*

The accompanying notes are an integral part of these consolidated financial statements.

Eldorado Gold Corporation

Consolidated Income Statements

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

For the year ended December 31	*Note*	2013 $	2012 $
Revenue			
Metal sales		1,123,992	1,147,541
Cost of sales			
Production costs	*26*	481,892	427,946
Depreciation and amortization		149,068	113,529
		630,960	541,475
Gross profit		493,032	606,066
Exploration expenses		34,686	39,521
General and administrative expenses		68,291	70,135
Defined benefit pension plan expense	*16*	2,478	1,900
Share based payments	*19*	19,492	21,794
Acquisition costs	*5*	-	21,247
Impairment loss on property, plant and equipment and goodwill	*11, 12*	808,414	-
Foreign exchange loss (gain)		6,799	(2,780)
Operating profit (loss)		(447,128)	454,249
Loss on disposal of assets		830	509
Loss (gain) on marketable securities and other investments		2,421	(176)
Loss on investments in associates		1,285	5,627
Impairment loss on investment in associates	*9*	14,051	-
Other income		(6,201)	(6,870)
Asset retirement obligation accretion	*15*	1,337	1,842
Interest and financing costs	*27*	40,412	6,983
Writedown of assets		3,990	-
Profit (loss) before income tax		(505,253)	446,334
Income tax expense	*17*	144,362	128,276
Profit (loss) for the year		(649,615)	318,058
Attributable to:			
Shareholders of the Company		(653,329)	305,302
Non-controlling interests		3,714	12,756
Profit (loss) for the year		(649,615)	318,058
Weighted average number of shares outstanding (thousands)	*28*		
Basic		715,181	689,007
Diluted		715,181	690,669
Earnings per share attributable to shareholders of the Company:			
Basic earnings (deficit) per share		(0.91)	0.44
Diluted earnings (deficit) per share		(0.91)	0.44

The accompanying notes are an integral part of these consolidated financial statements.

Eldorado Gold Corporation

Consolidated Statements of Comprehensive Income

(Expressed in thousands of U.S. dollars)

For the year ended December 31	*Note*	2013	2012
		$	$
Profit (deficit) for the year		(649,615)	318,058
Other comprehensive gain (loss):			
Change in fair value of available-for-sale financial assets		(1,258)	-
Realized gains on disposal of available-for-sale financial assets		(17)	(56)
Actuarial gains (losses) on defined benefit pension plans	*16*	8,754	(12,981)
Total other comprehensive gain (loss) for the year		7,479	(13,037)
Total comprehensive income (deficit) for the year		(642,136)	305,021
Attributable to:			
Shareholders of the Company		(645,850)	292,265
Non-controlling interests		3,714	12,756
		(642,136)	305,021

The accompanying notes are an integral part of these consolidated financial statements.

Eldorado Gold Corporation

Consolidated Statements of Cash Flows

(Expressed in thousands of U.S. dollars)

For the year ended December 31	*Note*	2013 $	2012 $
Cash flows generated from (used in):			
Operating activities			
Profit for the year		(649,615)	318,058
Items not affecting cash			
Asset retirement obligation accretion		1,337	1,842
Depreciation and amortization		149,068	113,529
Unrealized foreign exchange loss (gain)		775	(1,072)
Deferred income tax expense (recovery)		27,516	(14,311)
Loss on disposal of assets		830	509
Loss on investment in associates		1,285	5,627
Impairment loss on investment in associates		14,051	-
Writedown of assets		3,990	-
Impairment loss on property, plant and equipment and goodwill		808,414	-
Loss (gain) on marketable securities and other investments		2,421	(176)
Share based payments		19,492	21,794
Defined benefit pension plan expense		2,478	1,900
		382,042	447,700
Changes in non-cash working capital	*20*	(25,669)	(152,472)
		356,373	295,228
Investing activities			
Net cash received on acquisition of subsidiary	*5*	-	18,789
Purchase of property, plant and equipment		(481,986)	(426,174)
Proceeds from the sale of property, plant and equipment		2,086	859
Proceeds on pre-production sales		24,877	54,705
Proceeds from the sale of marketable securities		2,025	1,270
Funding of non-registered supplemental retirement plan investments, net		-	14,486
Investments in associates		(6,357)	(14,768)
Increase on investment in term deposits		(34,702)	-
Decrease (increase) in restricted cash		(12)	55,149
		(494,069)	(295,684)
Financing activities			
Issuance of common shares for cash		7,003	22,145
Proceeds from contributions net of dispositions from non-controlling interest		2,321	-
Dividend paid to non-controlling interests		(13,281)	(9,399)
Dividend paid to shareholders		(84,948)	(93,142)
Purchase of treasury stock		(6,462)	(6,830)
Long-term and bank debt proceeds		15,977	650,000
Long-term and bank debt repayments		(10,354)	(120,430)
Loan financing costs		(223)	(18,808)
		(89,967)	423,536
Net increase (decrease) in cash and cash equivalents		(227,663)	423,080
Cash and cash equivalents - beginning of year		816,843	393,763
Cash and cash equivalents - end of year		589,180	816,843

The accompanying notes are an integral part of these consolidated financial statements.

Eldorado Gold Corporation

Consolidated Statements of Changes in Equity

(Expressed in thousands of U.S. dollars)

For the year ended December 31,	Note	2013	2012
		$	$
Share capital			
Balance beginning of year		5,300,957	2,855,689
Shares issued upon exercise of share options, for cash		7,003	22,145
Transfer of contributed surplus on exercise of options		2,934	23,221
Shares issued on acquisition of European Goldfields Ltd.	5	-	2,380,140
Transfer of contributed surplus on exercise of deferred phantom units		3,695	19,762
Balance end of year		5,314,589	5,300,957
Treasury stock			
Balance beginning of year		(7,445)	(4,018)
Purchase of treasury stock		(6,462)	(6,830)
Shares redeemed upon exercise of restricted share units		2,954	3,403
Balance end of year		(10,953)	(7,445)
Contributed surplus			
Balance beginning of year		65,382	30,441
Share based payments		19,847	21,092
Shares redeemed upon exercise of restricted share units		(2,954)	(3,403)
Options issued on acquisition of European Goldfields Ltd.	5	-	31,130
Deferred phantom units granted on acquisition of European Goldfields Ltd.	5	-	29,105
Partial reversal of non-controlling interest acquired on buy-out		2,911	-
Transfer to share capital on exercise of options and deferred phantom units		(6,629)	(42,983)
Balance end of year		78,557	65,382
Accumulated other comprehensive loss			
Balance beginning of year		(24,535)	(10,069)
Other comprehensive loss for the year		7,479	(14,466)
Balance end of year		(17,056)	(24,535)
Retained earnings			
Balance beginning of year		594,876	382,716
Dividends paid		(84,948)	(93,142)
Profit attributable to shareholders of the Company		(653,329)	305,302
Balance end of year		(143,401)	594,876
Total equity attributable to shareholders of the Company		5,221,736	5,929,235
Non-controlling interests			
Balance beginning of year		284,100	56,487
Profit attributable to non-controlling interests		3,714	12,756
Dividends declared to non-controlling interests		(14,096)	(9,399)
Non-controlling interest acquired from European Goldfields Ltd.	5	-	224,256
Contributions net of dispositions		(590)	-
Balance end of year		273,128	284,100
Total equity		5,494,864	6,213,335

The accompanying notes are an integral part of these consolidated financial statements.

1. General Information

Eldorado Gold Corporation ("Eldorado" or the "Company") is a gold exploration, development and mining company. The Company has operations and ongoing exploration and development projects in Turkey, China, Greece, Brazil and Romania. The Company acquired control of European Goldfields Ltd. ("EGU") in February 2012, including its producing mine, Stratoni, and development projects, Olympias and Skouries in Greece and Certej in Romania.

Eldorado is a public company which is listed on the Toronto Stock Exchange and New York Stock Exchange and is incorporated and domiciled in Canada.

2. Basis of preparation

These consolidated financial statements, including comparatives, have been prepared using accounting policies in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements were authorized for issue by the Board of Directors on February 20, 2014.

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, 2013:

- IAS 19 '*Employee Benefits'* – In June 2011, the International Accounting Standards Board ("IASB") published a revised version of IAS 19. The revised IAS 19 ("IAS 19R") represents IASB's effort to improve the accounting for employee retirement benefits. The revisions include:

- Requirement to recognize past service costs immediately in net income rather than using the corridor method.
- Requirement to recognize actuarial gains and losses immediately in other comprehensive income ("OCI"). Previously, companies had the option of recognizing actuarial gains and losses through OCI immediately or via use of the corridor method.
- Requirement that expected return on plan assets be calculated based on the rate used to discount the defined benefit obligation which is based on high quality bond yields. Previously, equity returns were incorporated into the expected return on plan assets.
- Requirement for more disclosure relating to the characteristics and risks of the amounts in the financial statements regarding defined benefit plans, including the timing and uncertainty of the entity's cash flows.

The adoption of this standard had a nominal impact on the Company's audited consolidated financial statements. Therefore comparative periods have not been restated. The required disclosures are included in note 16 of these audited consolidated financial statements.

- IFRS 10 *'Consolidated Financial Statements'* – This IFRS establishes control as the basis for an investor to consolidate its investee; it defines control as an investor's power over the investee with exposure, or rights, to variable returns from the investee and the ability to affect the investor's return through its power over the investee. There was no impact on the audited consolidated financial statements as a result of the adoption of this standard.

- IFRS 11 *'Joint Arrangements'* – This standard replaces the guidance in IAS 31 *'Interests in Joint Ventures'*. Under IFRS 11, joint arrangements are classified as either joint operations or joint ventures. Joint ventures entities are now accounted for using the equity method. Upon application of IFRS 11, entities which had previously accounted for joint ventures using proportionate consolidation shall collapse the proportionately consolidated net asset value into a single investment balance at the beginning of the earliest period presented. The investment's opening balance is tested for impairment in accordance with IAS 28 *'Investment in Associates and Joint Ventures*' and IAS 36 '*Impairment of Assets'*.

2. Basis of preparation *(continued)*

Any impairment losses are recognized as an adjustment to opening retained earnings at the beginning of the earliest period presented. There was no impact on the audited consolidated financial statements as a result of the adoption of this standard.

- IFRS 12 *'Disclosure of Interests in Other Entities'* – This IFRS is a new standard that applies to companies with an interest in subsidiaries, joint arrangements, associates or unconsolidated structured entities. The application of this standard intends to enable users of the financial statements to evaluate the nature of and risks associated with its interests in other entities, and the effects of those interests on its financial position, financial performance and cash flows. Companies are now required to disclose information about significant judgments and assumptions made in determining the control of another entity, the joint control of an arrangement or significant influence over another entity and the type of joint arrangement when the arrangement has been structured through a separate vehicle. The Company has provided the additional disclosures required by this standard in note 9 of these audited consolidated financial statements.
- IFRS 13 '*Fair value measurement*' – This IFRS aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS. The required disclosures are included in notes 21 and 25 of these audited consolidated financial statements.
- IAS 36 '*Impairment of Assets'* – In May 2013, the IASB published a revised version of this standard to reverse the unintended requirement in IFRS 13 *'Fair Value Measurements'* to disclose the recoverable amount of every cash-generating unit to which significant goodwill or indefinite-lived intangible assets have been allocated. Under the amendments, recoverable amount is required to be disclosed only when an impairment loss has been recognized or reversed. The amendments apply retrospectively for annual periods beginning on or after January 1, 2014. The Company early adopted the amendments to this standard and has therefore disclosed the recoverable amount only for cash generating units where an impairment loss was recognized during 2013. These disclosures have been provided in note 11 of these audited consolidated financial statements.
- IFRIC 20 *'Stripping costs in the production phase of a surface mine'* – This interpretation applies to waste removal costs that are incurred in open pit mining activity during the production phase of the mine. Recognition of a stripping activity asset requires the asset to be related to an identifiable component of the ore body. Stripping costs that relate to inventory produced should be accounted for as a current production cost in accordance with IAS 2, *'Inventories'*. Stripping costs that generate a benefit of improved access and meet the definition of an asset should be accounted for as an addition to an existing asset. Existing stripping costs on the balance sheet at transition that do not relate to a specific ore body should be written off to opening retained earnings. The stripping activity asset shall be depreciated on a systematic basis, over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity. There was no impact on the audited consolidated financial statements as a result of the adoption of this standard.

The following standards and amendments to existing standards have been published and are mandatory for Eldorado's annual accounting periods beginning January 1, 2014, or later periods:

IFRS 9 *'Financial Instruments: Classification and Measurement'* – This is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39, '*Financial Instruments: Recognition and Measurement'*. IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is recorded at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is measured at fair value with changes in fair value through profit or loss. In addition, this new standard has been updated to include guidance on financial liabilities and derecognition of financial instruments. This standard is effective for years beginning on or after January 1, 2015. The Company is currently evaluating the extent of the impact of the adoption of this standard.

(Expressed in thousands of U.S. dollars, unless otherwise stated)

2. Basis of preparation *(continued)*

- IFRIC 21 '*Levies*' – This interpretation of IAS 37, 'Provisions, *Contingent Liabilities and Contingent Assets',* applies to the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event ("obligating event"). IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods commencing on or after January 1, 2014. The Company is currently evaluating the extent of the impact of adoption of this standard.

- There are no other IFRS or IFRIC interpretations that are not yet effective that could be expected to have a material impact on the Company.

3. Significant accounting policies

The principal accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements, and have been applied consistently by all Eldorado entities.

3.1 Basis of presentation and principles of consolidation

(i) Subsidiaries and business combinations

Subsidiaries are entities controlled by Eldorado. Control exists when Eldorado is exposed to, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. 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.

The acquisition method of accounting is used to account for business acquisitions. The cost of an acquisition is measured as the fair value of the assets given, 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 generally measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

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 recognised directly in the income statement.

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 most significant wholly-owned and partially-owned subsidiaries of Eldorado, are presented below:

Subsidiary	Location	Ownership interest	Status	Operations and development projects owned
Tüprag Metal Madencilik Sanayi ve Ticaret AS ("Tüprag")	Turkey	100%	Consolidated	Kişladağ Mine Efemçukuru Mine
Unamgen Mineração e Metalurgia S/A	Brazil	100%	Consolidated	Vila Nova Iron Ore Mine
Qinghai Dachaidan Mining Ltd ("QDML")	China	90%	Consolidated	TJS Mine
Thracean Gold Mining SA	Greece	100%	Consolidated	Perama Hill Project
Sino Guizhou Jinfeng Mining Limited ("Jinfeng")	China	82%	Consolidated	Jinfeng Mine
Sino Gold Jilin BMZ Mining Limited	China	95%	Consolidated	White Mountain Mine
Heihe Rockmining Limited ("Eastern Dragon")	China	95%	Consolidated	Eastern Dragon Project
Brazauro Resources Corporation ("Brazauro")	Brazil	100%	Consolidated	Tocantinzinho Project
Hellas Gold SA ("Hellas")	Greece	95%	Consolidated	Stratoni Mine Olympias Project Skouries Project
Deva Gold SA ("Deva")	Romania	81%	Consolidated	Certej Project

3. Significant accounting policies *(continued)*

(ii) Investments in associates (equity accounted for investees)

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

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.

(iii) 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.

(iv) Transactions eliminated on consolidation

Intra-company 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 recognised in the income statement.

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 income statement.

3. Significant accounting policies *(continued)*

(ii) Property, plant and equipment

Property, plant and equipment include expenditures incurred on properties under development, significant payments related to the acquisition of land and 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.

(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.

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 life 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 be a betterment of the mineral property, in which case the stripping costs are capitalized. Betterment occurs when stripping activity increases future output of the mine by providing access to additional reserves. 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 economically recoverable proven and probable reserves to which they relate.

(vi) Borrowing costs

Borrowing costs are expensed as incurred except where they are directly 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.

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

3. Significant accounting policies *(continued)*

(vii) Mine standby 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 during temporary shutdowns of a mine.

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 licenses, prospecting, sampling, mapping, diamond drilling and other work involved in searching for ore. All expenditures relating to exploration activities are expensed as incurred except for the costs associated with the acquisition of mineral licenses which are capitalized.

(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 in 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 justified, 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.

Expenditures incurred on development projects continue to be capitalized until the mine and mill commences commercial production. 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 Eldorado'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 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 for the purpose of impairment testing. The allocation is made to those cash generating units or groups of cash generating units (“CGU”s) that are expected to benefit from the business combination in which the goodwill arose. If the composition of one or more cash generating units 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 for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment test is performed when the impairment indicators demonstrate that the carrying amount may not be recoverable and it is reviewed at least annually.

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 to sell 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.

Fair value less cost to sell 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, fair value less cost to sell 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 is no longer impaired.

3.7 Financial assets

(i) Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges.

3. Significant accounting policies *(continued)*

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities of greater than 12 months after the end of the reporting period, which are classified as non-current assets. Eldorado's loans and receivables comprise cash and cash equivalents, restricted cash, accounts receivable and other, and restricted assets and other in the balance sheet.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period. Eldorado's available-for-sale financial assets comprise marketable securities not held for the purpose of trading.

(ii) Recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'Gain or loss on marketable securities' in the period in which they arise. Dividend income from 'financial assets at fair value through profit or loss' is recognised in the income statement as part of other income when Eldorado's right to receive payments is established.

Gains or losses arising from changes in the fair value of available-for-sale financial assets are recognized in other comprehensive income and presented within equity. When marketable securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in the income statement as 'Gain or loss on marketable securities'.

(iii) Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value. In the case of equity instruments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset that was previously recognized in profit or loss – is removed from equity and recognized in the income statement.

3. Significant accounting policies *(continued)*

All impairment losses are recognized in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred to profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. Impairment losses recognized for equity securities are not reversed.

3.8 Derivative financial instruments

Derivatives are recognized initially at fair value on the date a derivative contract is entered into. Subsequent to initial recognition, derivatives are measured at fair value, and changes in fair value thereafter are recognized in profit and loss. Fair values for derivative instruments are determined using valuation techniques, using assumptions based on market conditions existing at the balance sheet date. Derivatives are not accounted for using hedge accounting.

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 property, plant and equipment.

   Inventory costs are charged to production costs on the basis of quantity of metal sold. 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 realisable value and, where appropriate, less a provision for obsolescence. Costs include acquisition, freight and other directly attributable costs.

3.10 Trade receivables

Trade receivables are amounts due from customers for bullion, doré, gold concentrate, other metal concentrates and iron ore sold in the ordinary course of business.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less a provision for impairment where neccesary.

3.11 Cash and cash equivalents

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

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.

3. Significant accounting policies *(continued)*

Trade payables are recognised initially at fair value and subsequently measured at amortised 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 rate method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities and other borrowings are recognised 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 capitalised as a pre-payment for liquidity services and amortised 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 income statement 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.

Deferred income tax is recognised, using the liability method, 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 accounted for 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 realised 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 which 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 balance sheet 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, as per IAS 19. The assumption used to determine the interest income on plan assets is equal to the discount rate, as per IAS 19.

3. Significant accounting policies *(continued)*

Actuarial gains and losses are recognized in full in the period in which they occur in other comprehensive income without recycling to the statement of income 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 statement of 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) 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 twelve months after the end of the reporting period are discounted to their present value.

(iii) 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 Eldorado 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.

3.17 Share-based payment transactions

The Company applies the fair value method of accounting for all stock option awards and equity settled restricted share units. 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.

The fair value of the options and restricted 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 recorded at the quoted market price at the grant date. The corresponding liability is marked to market at each 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.

(i) Rehabilitation and restoration

Provision is made for mine rehabilitation and restoration when an obligation is incurred. The provision is recognised as a liability with a corresponding asset recognised 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 balance sheet.

The provision recognised 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.

3. Significant accounting policies *(continued)*

These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision recognised 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 recognised in the balance sheet 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 from the sale of bullion, doré, gold concentrate, other metal concentrates and iron ore is recognized when persuasive evidence of an arrangement exists, the bullion, doré, metal concentrates and iron ore has been shipped, title has passed to the purchaser, the price is fixed or determinable, and collection is reasonably assured. Revenues realized from sales of pre-commercial production are recorded as a reduction of property plant and equipment.

Our metal concentrates are sold under pricing arrangements where final metal prices are determined by market prices subsequent to the date of shipment. Provisional revenue is recorded at date of shipment based on metal prices at that time. Adjustments are made to the provisional revenue in subsequent periods based on fluctuations in the market prices until date of final metal pricing. Consequently, at each reporting period the receivable balances relating to sales of concentrates changes with the fluctuations in market prices.

3.20 Finance income and expenses

Finance income comprises interest income on funds invested (including available-for-sale financial assets), gains on the disposal of available-for-sale financial assets and changes in the fair value of financial assets at fair value through profit or loss. 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

Eldorado presents basic and diluted earnings per share (“EPS”) data for its common shares. Basic EPS is calculated by dividing the profit 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 profit 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 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 estimates include assumptions and estimates relating to determining defined proven and probable reserves, value beyond proven and probable reserves, fair values for purposes of purchase price allocations for business acquisitions, asset impairment analyses, asset retirement obligations, share-based payments and warrants, pension benefits, valuation allowances for deferred income tax assets, the provision for income tax liabilities, deferred income taxes and assessing and evaluating contingencies.

4. Critical accounting estimates and judgements *(continued)*

Actual results could differ from these estimates. Outlined below are some of the areas which require management to make significant estimates and assumptions in determining carrying values.

Purchase price allocation
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, such as the acquisition of EGU in February 2012, 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.

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 income statement and the carrying value of the decommissioning and restoration provision.

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 financial statements. Therefore, profit in subsequent periods will be affected by the amount that estimates differ from the final tax return.

Estimates of recoverability are required in assessing whether deferred tax assets and certain deferred tax liabilities are recognized on the balance sheet. 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 on 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 profits 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 judgments 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 profit.

4. Critical accounting estimates and judgements *(continued)*

Impairment of non-current assets and goodwill

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 fair values 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 our 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.

Management is also required to make judgments with respect to the level at which goodwill is tested for impairment. Judgments include an assessment of whether CGUs should be grouped together for goodwill testing purposes at a level not larger than an operating segment or tested at the individual CGU level.

5. Acquisition of European Goldfields Ltd.

On February 24, 2012 the Company acquired 100% of the issued and outstanding shares of EGU. Under the terms of the Arrangement former EGU shareholders received 0.85 of an Eldorado common share and C$0.0001 in cash for each EGU share. Eldorado issued 157,959,316 common shares pursuant to the Arrangement. EGU holds a 95% stake in the Kassandra Mines district in Greece, which is comprised of the Stratoni Mine, and the Olympias and Skouries development projects, and an 80% stake in the Certej development project in Romania.

The Company acquired EGU to increase its presence in the Aegean region and leverage local operating knowledge and expertise.

The goodwill of $473,782 resulting from the acquisition arises mainly on the recognition of deferred income tax liabilities and non-controlling interests 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.

In April 2007, Hellas Gold ("Hellas"), a subsidiary of EGU, agreed to sell to Silver Wheaton (Caymans) Ltd. ("Silver Wheaton") all of the silver metal to be produced from ore extracted during the mine-life within an area of approximately seven square kilometres around the Stratoni mine up to 15 million ounces, or 20 million ounces if additional silver is processed through the Stratoni mill from areas other than the current producing mine. The sale was made in consideration of a prepayment to Hellas of $57.5 million in cash, plus a payment per ounce of payable silver equal to the lesser of $3.90 and the prevailing market price per ounce calculated, due and payable at the time of delivery. The expected cash flows associated with the sale of the silver to Silver Wheaton at a price lower than market price have been reflected in the fair value of the mining interest recorded upon acquisition of EGU. The Company has presented the value of any expected future cash flows from the sale of any future silver production to Silver Wheaton as part of the mining interest, as the Company did not receive any of the original upfront payment. Further, the Company does not believe that the agreement to sell to Silver Wheaton meets the definition of an onerous contract or other liability as the obligation only arises upon production of the silver.

(Expressed in thousands of U.S. dollars, unless otherwise stated)

5. Acquisition of European Goldfields Ltd. *(continued)*

The allocation of the purchase price is as follows:

Purchase price:	$
157,959,316 common shares of shares of Eldorado at C$15.05/share	2,380,140
4,713,248 replacement options	31,130
1,931,542 equity settled deferred phantom units	29,105
Cash consideration	19
Total Consideration	2,440,394.00
Net assets acquired:	
Cash	18,808
Accounts receivable	20,844
Inventory	9,689
Other assets	9,232
Mining interests	2,745,440
Goodwill	473,782
Accounts payable	(71,944)
Other liabilities	(45,457)
Deferred income taxes	(495,744)
Non-controlling interest	(224,256)
	2,440,394.00

The purchase price allocation was finalized as at March 31, 2013. There were no changes from what was reported in the Company's annual financial statements for the year ended December 31, 2012.

The fair value of the common shares and replacement options issued and the equity settled deferred phantom units ("DPUs") as part of the consideration paid for EGU was based on the closing share price on February 24, 2012 on the Toronto Stock Exchange. The value of the replacement options was calculated using the Black-Scholes model. The following inputs were used to value the replacement options:

Risk-free interest rate	1.28%
Expected volatility (range)	39% – 44%
Expected life (range)	0.7 – 1.7 years
Expected dividends per share	Cdn $0.09
Forfeiture rate	0%

Acquisition related costs of $21,247 have been charged to transaction costs in the consolidated income statement for the year ended December 31, 2012.

These consolidated financial statements include EGU's results from February 24, 2012. The revenue included in the 2012 consolidated income statement since February 24, 2012 contributed by EGU was $48,701. This was from the sales of zinc, lead and silver concentrates produced at the Stratoni Mine in Greece. The net loss before tax was $26,348.

Had EGU been consolidated from January 1, 2012, the 2012 pro-forma consolidated income statement would include additional revenue of $56,479 and a net loss before tax of $49,392 from EGU.

Eldorado received net cash of $18,789 as a result of the EGU transaction. This net increase of cash was a result of an acquired cash balance of $18,808 less cash consideration of $19.

(Expressed in thousands of U.S. dollars, unless otherwise stated)

6. Cash and cash equivalents

	December 31, 2013 $	December 31, 2012 $
Cash at bank and on hand	508,611	559,267
Short-term bank deposits	80,569	257,576
	589,180	816,843

7. Accounts receivable and other

	December 31, 2013 $	December 31, 2012 $
Trade receivables	21,510	53,147
Value added and other taxes recoverable	10,984	6,724
Other receivables and advances	16,704	27,173
Prepaid expenses and deposits	40,033	25,280
	89,231	112,324

8. Inventories

	December 31, 2013 $	December 31, 2012 $
Ore stockpiles	59,152	46,826
In-process inventory and finished goods	73,510	83,639
Materials and supplies	111,380	90,301
	244,042	220,766

The cost of materials and supplies consumed during the year and included in production costs amounted to $195,936 (2012 – $181,013).

9. Interests in other entities

9.1 Investments in associates

	December 31, 2013 $	December 31, 2012 $
Serabi Mining Plc (“Serabi”)	-	2,145
Kopy Goldfields (“Kopy”)	-	4,929
Glory Resources (“Glory”)	10,046	10,675
Kenai Resources (“Kenai”)	-	1,150
Nordic Mines (“Nordic”)	903	9,050
	10,949	27,949

(a) Serabi

In January 2013, Serabi issued 270,000,000 new shares; the Company did not participate in the issue reducing its interest to 5.9%. As a result, the Company recorded equity losses at December 31, 2012 to reduce the carrying value of the investment to the fair market value of the Serabi shares. During 2013, the Company accounted for this investment as an available-for-sale marketable security.

(Expressed in thousands of U.S. dollars, unless otherwise stated)

9. Interests in other entities *(continued)*

(b) Kopy

During the fourth quarter of 2013 the Company sold 3,895,851 shares of Kopy reducing its interest to 9%. As a result, the Company recorded equity losses at the time of sale to reduce the carrying value of the investment to fair market value and started accounting for this investment as an available-for-sale marketable security. The amount of equity loss for the year before reclassification was $373.

(c) Glory

There were no share issuances by Glory during 2013. The Company maintains its representation of 19.9% interest in Glory and the ability to appoint one board member.

The investment in Glory is being accounted for under the equity method and the continuity of its investment is as follows:

	2013 $	2012 $
Balance at January 1,	10,675	11,203
Equity loss catch up from previous year	(127)	-
Equity loss for the year	(502)	(528)
Balance at December 31,	10,046	10,675

Based on quoted market prices, the fair value of the Company's investment in Glory at December 31, 2013 was $6,768.

Glory currently holds mineral interests in the Sapes gold project in Thrace, Greece.

On October 30, 2013, Eldorado announced that it will acquire, through one of its subsidiaries and by way of a friendly cash takeover, all of the outstanding shares of Glory that are not already owned or controlled by the Company for total consideration of approximately A$30.5 million. Eldorado also proposed to acquire all the issued options of Glory for total consideration of approximately A$1.8 million and to settle Glory's deferred obligations in the Sapes Gold Project to Cape Lambert Resources Limited for A$6.5 million.

As at February 19, 2014, 174,571,102 shares were acquired under the takeover bringing Eldorado's investment in Glory to 219,167,022 shares or 97.8%.

The financial statements used for the calculation of equity method for Glory were dated June 30, 2013 since Glory's financial statements as of December 31, 2013 will not be ready for release until after the Company's year-end release date. The Company accounts for the difference in the first quarter of the following year and this difference is not expected to be material for the first quarter of 2014. Glory is a company based in Australia and as such is only required to file financial statements for the half-year and at year-end.

(Expressed in thousands of U.S. dollars, unless otherwise stated)

9. Interests in other entities *(continued)*

Summarized financial information for Glory on a 100% basis and reflecting adjustments made by the Company for differences in accounting policies, is as follows:

	December 31, 2013	December 31, 2012
	$	$
Current assets	4,001	9,656
Non-current assets	37,331	40,704
	41,332	50,360
Current liabilities	186	260
Non-current liabilities	79	91
	265	351
Profit (loss) of associates for the year	(2,532)	(2,647)
Other comprehensive income	8	(2)
Total comprehensive income	(2,524)	(2,649)
The Company's equity share of profit (loss) of associates	(502)	(528)

(d) Kenai

On July 8, 2013, Kenai was acquired by Serabi. As a result the Company reduced the carrying value of the investment to the fair market value of the Serabi shares at the end of June 30, 2013. The amount of equity loss for the year before the acquisition by Serabi was $180.

(e) Nordic

In January 2013, the Company subscribed to 36,855,167 shares of Nordic and in November 2013 sold 14,000,000 shares. The Company's interest in Nordic at the end of 2013 was 10.1%. The Company continues to have the ability to appoint one board member in Nordic.

The investment in Nordic is being accounted for under the equity method and the continuity of its investment is as follows:

	2013	2012
	$	$
Balance at January 1,	9,050	-
Purchases during the year	6,357	10,416
Sales during the year	(350)	-
Equity loss for the year	(103)	(1,366)
Impairment loss	(14,051)	-
Balance at December 31,	903	9,050

Based on quoted market prices, the fair value of the Company's investment in Nordic at December 31, 2013 was $903. Due to decline in fair value of the investment the Company has recorded an impairment loss on its investment in Nordic in the amount of $14,051.

Nordic is a gold mining and exploration company focusing on the Nordic region of Europe.

The financial statements used for the calculation of equity method for Nordic were dated September 30, 2013 since Nordic's financial statements as of December 31, 2013 will not be ready for release until after the Company's year-end release date. Nordic is considered an immaterial investment for the Company and its financial information does not have a significant impact on the Company's financial position, financial performance and cash flows.

(Expressed in thousands of U.S. dollars, unless otherwise stated)

9. Interests in other entities *(continued)*

9.2 Investment in subsidiaries

The following table summarized the information relating to each of the Company's subsidiaries that has non-controlling interests ("NCI") with material impact on net profit. The amounts disclosed for each subsidiary are based on those included in the consolidated financial statements before inter-company eliminations. Disclosures related to Hellas and Deva have not been provided as these subsidiaries currently have no material impact on net profit.

	December 31, 2013		December 31, 2012	
	QDML	Jinfeng	QDML	Jinfeng
	$	$	$	$
NCI percentage	**10%**	**18%**	**10%**	**18%**
Current assets	222,216	57,417	238,558	46,412
Non-current assets	107,219	647,064	112,732	918,297
Current liabilities	(82,179)	(503,695)	(110,208)	(745,667)
Non-current liabilities	(7,983)	(22,823)	(6,652)	(19,255)
Net assets	239,273	177,963	234,430	199,787
Carrying amount of NCI	**22,112**	**19,734**	**21,950**	**26,828**
Revenue	144,057	171,104	186,153	180,907
Net profit	45,506	20,308	69,429	33,899
Total comprehensive income	45,506	20,308	69,429	33,899
Profit allocated to NCI	**4,228**	**490**	**6,459**	**4,403**
Dividends paid to NCI	4,066	7,584	-	8,129
Cash flows from operating activities	(104)	83,179	19,470	104,384
Cash flows from investing activities	(11,333)	(53,284)	(23,940)	(58,994)
Cash flows from financing activities	(40,664)	(26,156)	-	(64,879)
Net increase (decrease) in cash and cash equivalents	**(52,101)**	**3,739**	**(4,470)**	**(19,489)**

Significant restrictions

The Company cannot increase the drawdown limit of the entrusted loan described in note 14(h) without the consent of QDML's non-controlling interest.

10. Restricted assets and other

	December 31, 2013	December 31, 2012
	$	$
Restricted credit card deposits	658	673
Non-current accounts receivable	898	1,288
Prepaid loan costs (note 14(c))	2,528	3,918
Environmental guarantee deposits	13,285	12,468
Deposit on land acquisition at Jinfeng	2,918	654
Long-term value added and other taxes recoverable	17,043	12,845
	37,330	31,846

(Expressed in thousands of U.S. dollars, unless otherwise stated)

11. Property, plant and equipment

	Land and buildings $	Plant and equipment $	Capital works in progress $	Mineral properties and leases $	Capitalized Evaluation $	Total $
Cost						
Balance at January 1, 2012	264,213	981,154	61,164	1,900,502	33,052	3,240,085
Additions/transfers	64,272	197,379	77,263	87,613	22,826	449,353
Acquistion of EGU	62,327	201,188	5,070	2,476,855	-	2,745,440
Proceeds on pre-production sales	-	(54,705)	-	-	-	(54,705)
Other movements	-	3,309	-	-	(1,682)	1,627
Disposals	-	(3,621)	-	-	-	(3,621)
Balance at December 31, 2012	390,812	1,324,704	143,497	4,464,970	54,196	6,378,179
Balance at January 1, 2013	390,812	1,324,704	143,497	4,464,970	54,196	6,378,179
Additions/transfers	85,803	183,237	10,806	198,352	18,303	496,501
Proceeds on pre-production sales	-	-	-	(24,877)	-	(24,877)
Other movements	(2,287)	(3,954)	(812)	(742)	239	(7,556)
Disposals/impairment losses	(21,122)	(53,602)	-	(429,909)	-	(504,633)
Balance at December 31, 2013	453,206	1,450,385	153,491	4,207,794	72,738	6,337,614
Depreciation						
Balance at January 1, 2012	(57,176)	(268,648)	-	(66,351)	-	(392,175)
Depreciation for the year	(25,696)	(61,083)	-	(28,513)	-	(115,292)
Other movements	-	(4,304)	-	192	-	(4,112)
Disposals	-	2,142	-	-	-	2,142
Balance at December 31, 2012	(82,872)	(331,893)	-	(94,672)	-	(509,437)
Balance at January 1, 2013	(82,872)	(331,893)	-	(94,672)	-	(509,437)
Depreciation for the year	(35,679)	(79,137)	2,280	(35,102)	-	(147,638)
Other movements	(335)	570	-	906	-	1,141
Disposals	601	2,046	-	55	-	2,702
Balance at December 31, 2013	(118,285)	(408,414)	2,280	(128,813)	-	(653,232)
Carrying amounts						
At January 1, 2012	207,037	712,506	61,164	1,834,151	33,052	2,847,910
At December 31, 2012	307,940	992,811	143,497	4,370,298	54,196	5,868,742
Balance at December 31, 2013	334,921	1,041,971	155,771	4,078,981	72,738	5,684,382

** Prior period balances have been reclassified to conform with current period presentation.*

The amount of capitalized interest during the year ended December 31, 2013 included in property, plant and equipment was $3,705 ($2012 – $3,382).

As at December 31, 2013 the carrying value of goodwill at our Jinfeng mine and Eastern Dragon project was impaired by the entire allocated amounts of $138,529 and $174,885, respectively (note 12). As a result, the Company assessed the recoverable amounts of property, plant and equipment for each of these locations.

(Expressed in thousands of U.S. dollars, unless otherwise stated)

11. Property, plant and equipment *(continued)*

The recoverable amount of an asset is the higher of its value-in-use and fair value less costs to sell. An impairment loss is recognized for any excess of the carrying amount of an asset over its recoverable amount. The recoverable amount of the Company's assets is calculated using fair value less costs to sell. In addition to using the same fair value less costs to sell approach, the key assumptions utilized are the same as those used for our annual goodwill impairment testing as described in note 12.

As at December 31, 2013, we recorded impairment charges of $495,000 ($371,250 net of deferred income tax recovery) on the property, plant and equipment in China. Impairment charges included $350,000 impairment ($262,500 net of deferred income tax recovery) at our Eastern Dragon project and $145,000 ($108,750 net of deferred income tax recovery) at our Jinfeng mine. These impairment charges were applied to the property, plant and equipment based on the relative carrying amounts of the assets as at December 31, 2013 that were subject to impairment charges. The carrying amount of our Eastern Dragon project and our Jinfeng mine after impairment charges is $444,830 and $630,512 respectively.

12. Goodwill

	2013 $	2012 $
Cost		
Balance at January 1,	839,710	365,928
Acquired during the year	-	473,782
Impaired during the year	(313,414)	-
Balance at December 31,	526,296	839,710

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 cash generating unit 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 recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Goodwill is allocated to Eldorado's individual CGUs in China and to a group of CGUs in Greece.

The recoverable amount of a CGU or group of CGUs is determined based on the higher of fair value less costs to sell and value-in-use. These calculations use projections based on financial budgets approved by management. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The estimates of future cash flows were derived from the most recent LOM plans with mine lives ranging from 7 to 42 years.

Key assumptions used for fair value less costs to sell calculations are as follows:

	2013	2012
Gold price ($/oz)	$1,200 - $1,300	$1,350 - $1,700
Silver price ($/oz)	$22	$30
Copper ($/lb)	$3.04-$3.36	-
Lead ($/lb)	$1.00	-
Zinc ($/lb)	$0.86	-
Inflation Rate	2%	2.5%
Discount rate	7% - 12%	7% - 9%

(Expressed in thousands of U.S. dollars, unless otherwise stated)

12. Goodwill *(continued)*

Based on the goodwill impairment tests performed, the Company concluded that the goodwill was recoverable in all of the assessed areas with the exception of the Jinfeng mine and the Eastern Dragon development project. The fair value less costs to sell discounted cash flow model yielded impairments of the full carrying value of goodwill of the Jinfeng mine ($138,529) and Eastern Dragon project ($174,885).

The above assumptions have been used for the analysis of the recoverability of goodwill. The use of copper, lead and zinc in our pricing assumption reflects the revenue stream of our Greece group of CGUs, which was not subject to impairment testing in the prior year as the allocation of the purchase price was not finalized until the first quarter of 2013.

The year over year decrease in the gold price assumptions reflects the decline in observed market prices in late 2013. This has significantly affected the projected cash flows of the Jinfeng mine and Eastern Dragon project.

Furthermore, a Chinese permitting risk premium has been applied to the Eastern Dragon project to reflect the permitting delays that the development project has experienced. The discount rates used reflect specific risks relating to this project.

As at December 31, 2013, goodwill is allocated to the White Mountain mine, TJS mine and Greece group of CGUs in the amounts of $50,276, $2,238 and $473,782, respectively.

In order for the White Mountain mine, TJS mine and Greece group of CGUs recoverable amount to be equal to their carrying amount, the following long term gold price assumptions would have to be used:

	White Mountain Mine	TJS Mine	Greece
Gold price ($/oz)	$1,175	$1,275	$1,065

The Company believes that a long term decline in the gold price environment would result in changes in operating cost inputs that may offset the impact of a lower gold price environment.

The values assigned to the key assumptions represent management's assessment of future trends in the gold mining industry and in the global economic environment. The assumptions used are management's best estimates and are based on both current and historical information from external and internal sources.

13. Accounts payable and accrued liabilities

	December 31, 2013 $	December 31, 2012 $
Trade payables	106,098	101,505
HST and other taxes	6,442	19,607
Accrued expenses	98,866	103,455
	211,406	224,567

(Expressed in thousands of U.S. dollars, unless otherwise stated)

14. Debt

	December 31, 2013 $	December 31, 2012 $
Current:		
Jinfeng China Mechant Bank ("CMB") working capital loan (a)	16,402	-
Eastern Dragon HSBC revolving loan facility (b)	-	10,341
	16,402	10,341
Non-current:		
Senior notes (d)	585,006	582,974
Total debt	601,408	593,315

(a) Jinfeng CMB working capital loan

On January 16, 2013, Jinfeng entered into a RMB 100.0 million ($16,402) working capital loan with CMB. Each drawdown bears fixed interest at the prevailing lending rate stipulated by the People's Bank of China on the date of drawdown. The Facility had a term of up to one year, from January 16, 2013 to January 14, 2014. Subsequent to year-end, the term of the facility was extended to January 28, 2015. This facility is unsecured.

As at December 31, 2013, Jinfeng has drawn down the full amount of RMB 100.0 million ($16,402) under this facility, in three tranches, and has used the proceeds to fund working capital obligations. All tranches of the loan have a term of six months and a fixed interest rate of 5.6%.

Subsequent to December 31, 2013, Jinfeng repaid RMB 63.0 million ($10,333) on this facility and subsequently drew down the same amount.

(b) Eastern Dragon HSBC revolving loan facility

In May 2010, Eastern Dragon entered into a RMB 80.0 million ($13,121) revolving facility ("the Facility") with HSBC Bank (China). The Facility could be drawn down in minimum tranches of RMB 1.0 million ($164) or its multiples. Each drawdown bore interest fixed at the prevailing lending rate stipulated by the People's Bank of China on the date of drawdown. The Facility had a term of up to one year. In February 2012, the Facility was reviewed by the bank and was extended to March 11, 2013. In March 2013, Eastern Dragon re-paid the full amount of this loan.

(c) HSBC revolving credit facility

The Company has a $375.0 million revolving credit facility with HSBC ("the credit facility" or "ARCA") and a syndicate of other banks. The ARCA matures on November 23, 2016. The ARCA is secured by the shares of SG Resources and Tuprag, wholly owned subsidiaries of the Company.

The ARCA contains covenants that restrict, among other things, the ability of the Company to incur an aggregate unsecured indebtedness exceeding $850.0 million, incur secured indebtedness up to $200.0 million, make distributions in certain circumstances, sell material assets and carry on a business other than one related to the mining business. Significant financial covenants include a maximum 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 at December 31, 2013.

Loan interest is variable dependent on a leverage ratio pricing grid. The Company's current leverage ratio is approximately 1.2:1. At this ratio, interest charges and fees are as follows: LIBOR plus margin of 2.00% and undrawn standby fee of 0.50%. Fees of $4,728 were paid in relation of the credit facility. This amount has been deferred as pre-payments for liquidity services and will be amortized over the term of the credit facility. As at December 31, 2013, the prepaid loan cost on the balance sheet was $2,528 (note 10).

No amounts were drawn down under the ARCA as at December 31, 2013.

(Expressed in thousands of U.S. dollars, unless otherwise stated)

14. Debt *(continued)*

(d) 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:

i) At any time prior to December 15, 2016 at a redemption price equal to 100% of the aggregate principal amount of the notes at the treasury yield plus 50 basis points, and any accrued and unpaid interest;

ii) On and after the dates provided below, at the redemption prices, expressed as a percentage of principal amount of the notes to be redeemed, set forth below, plus accrued and unpaid interest on the notes:

December 15, 2016	103.063%
December 15, 2017	101.531%
2018 and thereafter	100.000%

The early prepayment prices are to reimburse the lender for lost interest for the remaining term. The fair market value of the notes as at December 31, 2013 is $577.1 million.

Net deferred financing costs of $14,994 have been included as an offset in the balance of the notes in the financial statements and are being amortized over the term of the notes.

(h) Entrusted loan

In November 2010, Eastern Dragon, HSBC Bank (China) and QDML, our 90% owned subsidiary, entered into a RMB 12.0 million ($1,968) entrusted loan agreement, which has been increased to RMB 720.0 million ($118,093) through a series of amendments.

Under the terms of the entrusted loan, QDML with its own funds entrusts HSBC Bank (China) to provide a loan facility in the name of QDML to Eastern Dragon. The loan can be drawn down in tranches. Each drawdown bears interest fixed at the prevailing lending rate stipulated by the People's Bank of China on the date of drawdown. Each draw down has a term of three months and can be rolled forward at the discretion of QDML. The interest rate on this loan as at December 31, 2013 was 4.59%.

As at December 31, 2013, RMB 634.1 million ($104,004) had been drawn under the entrusted loan.

Subsequent to December 31, 2013, RMB 3.0 million ($492) was drawn under this loan.

The entrusted loan has been recorded on a net settlement basis.

15. Asset retirement obligations

	Greece	Brazil	China	Turkey	Romania	Total
	$	$	$	$	$	$
At January 1, 2013	33,649	3,406	25,603	17,313	-	79,971
Accretion during the year	413	54	391	479	-	1,337
Revisions to estimate of obligation	(1,420)	(621)	(696)	5,772	916	3,951
At December 31, 2013	32,642	2,839	25,298	23,564	916	85,259
Estimated undiscounted amount	50,822	3,829	31,233	74,371	2,945	163,200

(Expressed in thousands of U.S. dollars, unless otherwise stated)

15. Asset retirement obligations *(continued)*

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

	Greece	Brazil	China	Turkey	Romania
	%	%	%	%	%
At December 31, 2012					
Inflation rate	2.5	2.5	2.5	2.5	-
Discount rate	0.7 to 2.7	1.6	0.7 to 1.8	1.9 to 3.0	-
At December 31, 2013					
Inflation rate	2.0	2.0	2.0	2.0	2.0
Discount rate	0.4 to 4.0	3.0	1.3 to 3.0	3.1 to 4.0	4.0

The discount rate is a risk-free rate determined based on U.S. Treasury bond rates. 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. The inflation rates used in determining the present value of the future net cash outflows are based on worldwide inflation rates.

Environmental guarantee deposits exist with respect to the environmental rehabilitation of the mines in China (note 10).

Additionally, the Company has provided the following:

a) a €50.0 million Letter of Guarantee to the Ministry of Environment of Greece as security for the due and proper performance of rehabilitation works in relation to the mining and metallurgical facilities of the Kassandra Mines and the removal, cleaning and rehabilitation of the old Olympias tailings.

b) a $30.0 million Letter of Guarantee to the Ministry of Environment, Energy and Climate change of Turkey as security for the due and proper performance of rehabilitation works committed in connection with the environmental impact assessment approved for Kişladağ and Efemçukuru. This Letter of Guarantee is renewed annually, expires on September 19, 2014 and has an annual fee of 27 basis points.

16. Defined benefit plans

	December 31, 2013	December 31, 2012
	$	$
Balance sheet obligations (asset) for:		
Pension Plan	477	616
Supplementary pension plan	(13,961)	(5,187)
	(13,484)	(4,571)

(Expressed in thousands of U.S. dollars, unless otherwise stated)

16. Defined benefit plans *(continued)*

	December 31, 2013	December 31, 2012
	$	$
Income statement charge for:		
Pension plan	215	146
Non-registered supplementary pension plan	2,263	1,754
	2,478	1,900
Actuarial losses (gains) recognised in the statement of other comprehensive income in the period (before tax)	(8,754)	12,981
Cumulative actuarial losses recognised in the statement of other comprehensive income (before tax)	13,523	22,277

The Company operates defined benefit pension plans in Canada with two components: a registered pension plan ("the Pension Plan") and a supplementary 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 made at or in excess of minimum requirements prescribed by legislation.

Eldorado's plans have actuarial valuations performed for funding purposes. The Pension Plan last had an actuarial valuation performed as of January 1, 2011 for funding purposes with the next required valuation as of January 1, 2014. The SERP's last valuation was on January 1, 2013 for funding purposes and the next valuation will be prepared in accordance with the terms on the pension plan. The measurement date to determine the pension obligation and assets for accounting purposes was December 31, 2013.

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 prefund any benefit obligation under the SERP.

Total cash payments

The amount contributed to the Pension Plan and the SERP was $2,958 (2012 – $39,601). Cash payments totalling $167 were made directly to beneficiaries during the year (2012 – $172). The Company expects to contribute $209 to the Pension Plan and $2,835 to the SERP in 2014.

The estimated future pension payments for the next five years and five years thereafter are as follows:

	2014	2015	2016	2017	2018 and later
	$	$	$	$	$
Estimated future pension payments	172	267	2,533	2.533	15,197

(Expressed in thousands of U.S. dollars, unless otherwise stated)

16. Defined benefit plans *(continued)*

The amounts recognised in the balance sheet are determined as follows:

	December 31, 2013			December 31, 2012		
	Pension Plan	SERP	Total	Pension Plan	SERP	Total
	$	$	$	$	$	$
Present value of obligations	2,407	31,529	33,936	2,585	35,903	38,488
Fair value of plan assets	(1,930)	(45,490)	(47,420)	(1,969)	(41,090)	(43,059)
Liability (asset) on balance sheet	477	(13,961)	(13,484)	616	(5,187)	(4,571)

The movement in the defined benefit obligation over the year is as follows:

	2013			2012		
	Pension Plan	SERP	Total	Pension Plan	SERP	Total
	$	$	$	$	$	$
Balance at January 1,	2,585	35,903	38,488	2,101	19,581	21,682
Current service cost	190	2,466	2,656	154	1,470	1,624
Interest cost	101	1,397	1,498	100	925	1,025
Actuarial loss (gain)	(302)	(5,781)	(6,083)	182	13,619	13,801
Benefit payments	-	(167)	(167)	-	(172)	(172)
Exchange loss (gain)	(167)	(2,289)	(2,456)	48	480	528
Balance at December 31,	2,407	31,529	33,936	2,585	35,903	38,488

The movement in the fair value of plan assets of the year is as follows:

	2013			2012		
	Pension Plan	SERP	Total	Pension Plan	SERP	Total
	$	$	$	$	$	$
At January 1,	1,969	41,090	43,059	1,713	-	1,713
Interest income on plan assets	77	1,600	1,677	108	641	749
Actuarial gain (loss)	(113)	2,784	2,671	(20)	841	821
Contributions by employer	123	2,835	2,958	130	39,471	39,601
Exchange gain (loss)	(126)	(2,819)	(2,945)	38	137	175
At December 31,	1,930	45,490	47,420	1,969	41,090	43,059

The amounts recognised in the income statement are as follows:

	2013			2012		
	Pension Plan	SERP	Total	Pension Plan	SERP	Total
	$	$	$	$	$	$
Current service cost	190	2,466	2,656	154	1,470	1,624
Interest cost	101	1,397	1,498	100	925	1,025
Expected return on plan assets	(76)	(1,600)	(1,676)	(108)	(641)	(749)
Defined benefit plans expense	215	2,263	2,478	146	1,754	1,900

(Expressed in thousands of U.S. dollars, unless otherwise stated)

16. Defined benefit plans *(continued)*

The actual return on plan assets was $4,582 (2012 – $1,520).

The principal actuarial assumptions used were as follows:

	2013		2012	
	Pension Plan	SERP	Pension Plan	SERP
	%	%	%	%
Expected return on plan assets	4.8	4.8	6.0	3.0
Discount rate - beginning of year	3.9	3.9	4.5	4.5
Discount rate - end of year	4.8	4.8	3.9	3.9
Rate of salary escalation	-	-	3.0	3.0
Average remaining service period of active employees expected to receive benefits	7.6 years	7.6 years	7.8 years	7.8 years

The assumption used to determine the interest income on plan assets is equal to the discount rate, as per IAS 19.

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, 2013		December 31, 2012	
	Pension Plan	SERP	Pension Plan	SERP
Investment funds				
Money market	1%	7%	1%	1%
Canadian fixed income	99%	4%	99%	22%
Canadian equities	-	20%	-	11%
U.S. equities	-	17%	-	9%
International equities	-	7%	-	9%
Other (1)	-	45%	-	48%
Total	100%	100%	100%	100%

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

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

	Change in assumption	Impact on overall liability
Discount rate	Increase by 0.5%	Decrease by 6.7%
	Decrease by 0.5%	Increase by 6.1%
Salary escalation rate	Increase/decrease by 0.5%	Increase/decrease by 0.1%

(Expressed in thousands of U.S. dollars, unless otherwise stated)

17. Income tax expense and deferred taxes

Total income tax expense consists of:

	December 31, 2013	December 31, 2012
	$	$
Current tax expense	116,846	142,587
Deferred tax expense (recovery)	27,516	(14,311)
	144,362	128,276

Total income tax expense attributable to geographical jurisdiction is as follows:

	2013	2012
	$	$
Turkey	109,195	74,052
China	(90,177)	52,794
Greece	122,657	847
Brazil	3,202	1,110
Canada	51	-
Romania	(889)	(540)
Other jurisdictions	323	13
	144,362	128,276

Factors affecting income tax expense for the year:

	2013	2012
	$	$
Profit before income tax	(505,253)	446,334
Canadian statutory tax rate	26.00%	25.00%
Tax on profit at Canadian statutory tax rate	(131,366)	111,584
Items that cause an increase (decrease) in income tax expense:		
Foreign income subject to different income tax rates than Canada	(9,074)	(18,256)
Increase in Greek tax rates	125,102	-
Non-tax effected operating losses and capital gains	20,434	19,149
Non-deductible expenses and other items	14,636	12,445
Non-deductible goodwill impairment	78,354	-
Foreign exchange and other translation adjustments	23,807	(6,325)
Amounts under (over) provided in prior years	762	(50)
Investment tax credits	(12,381)	(15,846)
Withholding tax on foreign income	34,088	25,575
Income tax expense	144,362	128,276

The Canadian income tax rate increased during the year due to changes in the law that increased corporate income tax rates in Canada.

(Expressed in thousands of U.S. dollars, unless otherwise stated)

17. Income tax expense and deferred taxes *(continued)*

The change for the year in the Company's net deferred tax position was as follows:

Net deferred tax asset (liability)	2013 $	2012 $
Balance at January 1,	(813,792)	(332,320)
Deferred income tax (expense) recovery in the income statement	(27,516)	14,311
Adjustments related to acquisitions	-	(495,744)
Other	-	(39)
Net balance at December 31,	(841,308)	(813,792)

The composition of the Company's net deferred income tax asset and liability and deferred tax expense (recovery) is as follows:

Type of temporary difference	Deferred tax assets		Deferred tax liabilities		Expense (recovery) on the income statement	
	2013	2012	2013	2012	2013	2012
	$	$	$	$	$	$
Property, plant and equipment	4,687	2,428	878,725	852,556	23,910	7,506
Loss carryforwards	12,059	11,246	-	-	(813)	329
Liabilities	18,226	15,955	2,784	5,510	(4,997)	(5,372)
Investment tax credits	7,795	11,050	-	-	3,255	(11,050)
Other items	4,054	4,549	6,620	954	6,161	(5,724)
Balance at December 31,	46,821	45,228	888,129	859,020	27,516	(14,311)

Unrecognized deferred tax assets	2013 $	2012 $
Tax losses	108,125	92,566
Other deductible temporary differences	1,800	4,471
Total unrecognized deferred tax assets	109,925	97,037

Unrecognized tax losses

At December 31, 2013 the Company had losses with a tax benefit of $108,125 (2012 – $92,566) 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. The gross amount of the tax losses for which a tax benefit has not been recorded expire as follows:

(Expressed in thousands of U.S. dollars, unless otherwise stated)

17. Income tax expense and deferred taxes *(continued)*

Expiry date	Canada	Brazil	Greece	Australia	Total
	$	$	$	$	$
2014	-	-	1,503	-	1,503
2015	6,030	-	9,719	-	15,749
2016	-	-	627	-	627
2017	-	-	2,152	-	2,152
2018	-	-	216	-	216
2025	7,922	-	-	-	7,922
2026	14,858	-	-	-	14,858
2027	10,717	-	-	-	10,717
2028	25,895	-	-	-	25,895
2029	23,451	-	-	-	23,451
2030	7,411	-	-	-	7,411
2031	45,364	-	-	-	45,364
2032	75,412	-	-	-	75,412
2033	66,137	-	-	-	66,137
No Expiry	-	5,130	-	35,906	41,036
	283,197	5,130	14,217	35,906	338,450
Capital losses with no expiry	140,620	-	-	-	140,620
Tax effect of total losses not recognized	91,913	1,744	3,696	10,772	108,125

Deductible temporary differences

At December 31, 2013 the Company had deductible temporary differences for which deferred tax assets of $1,800 (2012 – $4,471) 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 we are able to control the timing of the remittance and are considered reinvested for the foreseeable future. At December 31, 2013, these earnings amount to $1,463,262 (2012 - $1,397,881). Substantially all of these earnings would be subject to withholding taxes if they were remitted by the foreign subsidiaries.

Tax Credits

The Company has $2,450 (2012 – $3,900) of tax credits that have not been recognized.

Other factors affecting taxation

During the year the Turkish Lira has weakened, causing a deferred income tax expense during the year of $20,645 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 Chinese Renminbi in relation to the U.S. dollar will cause significant volatility in the deferred income tax expense or recovery.

(Expressed in thousands of U.S. dollars, unless otherwise stated)

17. Income tax expense and deferred taxes *(continued)*

During the year the Company's income tax expense was reduced by $12,381 due to the benefit of investment tax credits associated with the Kişladağ mine in Turkey. In the current year, $4,586 of the investment tax credit was used while $7,795 is expected to be realized in future periods.

On January 11, 2013 the government of Greece enacted legislation increasing the corporate income tax rate from 20% to 26%, effective January 1, 2013. As required by IAS 12, "Income Taxes", when an income tax rate has changed the deferred tax liability must be adjusted to reflect the change in the income tax rate. This non-cash adjustment is required to be charged to deferred income tax expense. The Company recorded the adjustment during the quarter ended March 31, 2013 increasing its deferred tax liability and deferred tax expense by $125.1 million.

18. 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, 2013 there were no non-voting common shares outstanding (December 31, 2012 – none).

Voting common shares	**Number of Shares**	**Total $**
At January 1, 2012	551,682,917	2,855,689
Shares issued upon exercise of share options, for cash	3,271,683	22,145
Estimated fair value of share options exercised	-	23,221
Shares issued for acquisition of subsidiary	157,959,316	2,380,140
Common shares issued for deferred phantom units	1,430,560	19,762
At December 31, 2012	714,344,476	5,300,957
Shares issued upon exercise of share options, for cash	1,403,152	7,003
Estimated fair value of share options exercised	-	2,934
Common shares issued for deferred phantom units	469,062	3,695
At December 31, 2013	716,216,690	5,314,589

19. Share-based payments

(a) Share option plans

The Company has two share option plans ("Plans") approved by the shareholders under which share purchase options ("Options") can be granted to directors, officers, employees and consultants.

The Company's Employee Plan ("Employee Plan") consists of Employee Plan Options subject to a 10-year maximum but generally have a five-year term. Employee Plan Options vest at the discretion of the Board of Directors at the time an option is granted, typically in three separate tranches over two years. As at December 31, 2013, a total of 3,622,780 options (2012 – 6,269,117) were available to grant to employees, consultants or advisors under the Employee Plan.

The Company's Directors and Officers Plan ("D&O Plan") consists of D&O Plan Options subject to a 10-year maximum but generally have a five-year term. D&O Plan Options vest at the discretion of the Board of Directors at the time an option is granted, typically in three separate tranches over two years. As at December 31, 2013, a total of 6,086,250 Options (2012 – 8,112,250) were available to grant to directors and officers under the D&O Plan.

(Expressed in thousands of U.S. dollars, unless otherwise stated)

19. Share-based payments *(continued)*

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

	2013		2012	
	Weighted average exercise price Cdn$	Number of options	Weighted average exercise price Cdn$	Number of options
At January 1,	13.68	15,074,444	12.60	8,616,113
Regular options granted	10.28	5,792,130	14.80	5,915,081
Replacement options granted on acquisition of European Goldfields Ltd (note 5)	-	-	9.73	4,713,248
Exercised	5.14	(1,403,152)	6.73	(3,271,683)
Forfeited	13.81	(2,710,001)	15.24	(898,315)
At December 31,	**13.20**	**16,753,421**	**13.68**	**15,074,444**

At December 31, 2013, 11,278,478 share purchase options (December 31, 2012 – 10,293,934) with a weighted average exercise price of Cdn$13.93 (December 31, 2012 – Cdn$12.99) had vested and were exercisable. Options outstanding are as follows:

	December 31, 2013				
	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$
$7.00 to $7.99	397,945	2.7	7.13	302,648	7.11
$8.00 to $8.99	157,360	4.3	8.19	52,453	8.19
$9.00 to $9.99	286,900	0.3	9.67	286,900	9.67
$10.00 to $10.99	5,487,312	4.1	10.43	1,883,412	10.44
$11.00 to $11.99	10,000	0.2	11.40	10,000	11.40
$12.00 to $12.99	617,115	3.2	12.68	424,795	12.65
$13.00 to $13.99	2,087,745	1.1	13.23	2,087,745	13.23
$14.00 to $14.99	212,289	3.7	14.47	141,526	14.47
$15.00 to $15.99	4,608,431	3.1	15.25	3,200,674	15.26
$16.00 to $16.99	2,864,324	2.2	16.62	2,864,324	16.62
$18.00 to $18.99	24,000	1.9	18.81	24,000	18.81
	16,753,421	3.0	13.20	11,278,478	13.93

Share based payments expense related to share options for the year ended December 31, 2013 was $13,269 (2012 – $15,933)

The assumptions used to estimate the fair value of options granted during the years ended December 31, 2013 and 2012 were:

	2013	2012
Risk-free interest rate (range)	1.08%	1.08% – 1.23%
Expected volatility (range)	47% – 57%	39% – 46%
Expected life (range)	0.8 – 2.8 years	0.7 – 2.7 years
Expected dividends	Cdn $0.15	Cdn $0.10 to $0.12
Forfeiture rate	6%	6%

(Expressed in thousands of U.S. dollars, unless otherwise stated)

19. Share-based payments *(continued)*

The weighted average fair value per stock option was Cdn$2.00 (2012 – Cdn$2.80). Volatility was determined based on the historical volatility over the estimated lives of the options.

(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. Once vested, an RSU is exercisable into one common share entitling the holder to receive the common share for no additional consideration. A portion of the RSUs granted have a vesting schedule where half vest immediately and the remaining half vest on the first anniversary of the grant. The remaining portion of the RSUs granted vest over two years with one third of the RSUs vesting immediately. The current maximum number of common shares authorized for issue under the RSU plan is 5,000,000.

A total of 657,151 RSUs (2012 – 470,070) at a grant-date fair value of Cdn$10.43 per unit were granted during the year ended December 31, 2013 (2012 – Cdn$14.65) under the Company's RSU plan and 219,051 were exercisable at December 31, 2013 (2012 – 156,691).

The fair value of each RSU issued is determined as the closing share price at grant date.

A summary of the status of the RSU plan and changes during the year is as follows:

	2013	2012
At January 1,	465,832	253,587
Granted	657,151	470,070
Redeemed	(348,138)	(257,825)
Forfeited	-	-
At December 31,	774,845	465,832

As at December 31, 2013, 774,845 common shares purchased by the Company remain held in trust in connection with this plan (2012 – 465,832). At the end of the period, 179,807 RSUs are fully vested and exercisable (2012 – 80,011). These shares purchased and held in trust have been included in treasury stock in the balance sheet.

Restricted share units expense for the year ended December 31, 2013 was $6,578 (2012 – $5,159).

(c) Deferred share units plan

The Company has an Independent Directors Deferred Share Unit ("DSU") Plan under which DSU's are be granted by the Board from time to time to independent directors ("participants"). The performance period of each DSU commences on the Grant Date and expires on the Termination Date of the participant. The Termination Date is when the participant ceases to be a Director of the Company. On redemption each unit entitles the participant to receive a cash payment equal to the market value of the Company's shares on the date of redemption. At December 31, 2013, 216,073 DSUs were outstanding (2012 – 126,406 DSUs) with a value of $1,322 (2012 – $1,626), which is included in accounts payable and accrued liabilities.

Reversal of compensation expense related to the DSUs was $355 for the year ended December 31, 2013 (2012 – expense of $702).

(d) Deferred phantom units

In accordance with the acquisition agreement of EGU (note 5), the EGU DPUs will be converted on redemption to Eldorado shares using the 85% share exchange ratio as indicated within the plan of Arrangement. The DPU plan was amended to allow for share settlement only. Each DPU is exercisable into one common share entitling the holder to receive the common share for no additional consideration. During the year, 469,062 DPUs were exercised. The remaining 31,920 DPUs are expected to be exercised during 2014.

(Expressed in thousands of U.S. dollars, unless otherwise stated)

20. Supplementary cash flow information

	December 31, 2013 $	December 31, 2012 $
Changes in non-cash working capital		
Accounts receivable and other	17,705	(47,729)
Inventories	(24,705)	(18,346)
Accounts payable and accrued liabilities	(18,669)	(86,397)
Total	(25,669)	(152,472)
Supplementary cash flow information		
Income taxes paid	101,058	105,364
Interest paid	34,686	4,013
Non-cash investing and financing activities		
Shares, options and DPUs issued on acquisition of European Goldfields Ltd.	-	2,440,375

21. Financial risk management

21.1 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 Eldorado's financial performance.

(a) Market risk

(i) Foreign exchange risk

The Company operates principally in Canada, Turkey, China, Brazil, Greece 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 recognised 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.

The table below summarizes Eldorado's exposure to the various currencies denominated in the foreign currency, as listed below:

	Canadian dollar	Australian dollar	Euro	Swedish krona	Romanian lei	Great Brithish pound	Turkish lira	Chinese renminbi	Brazilian real
Cash and cash equivalents	76,137	1,096	7,615	11,086	11,359	81	10,097	540,873	32,929
Marketable securities	3,933	-	-	4,432	-	-	-	-	-
Accounts receivable and other	1,695	-	2,581	-	7,025	-	19,780	215,806	33,701
Accounts payable and accrued liabilities	(12,516)	-	(27,624)	-	(4,066)	(15)	(24,939)	(640,418)	(8,827)
Debt	-	-	-	-	-	-	-	(100,000)	-
Net balance	69,249	1,096	(17,428)	15,518	14,318	66	4,938	16,261	57,803
Equivalent in U.S. dollars	$ 65,111	$ 960	$ (24,002)	$ 2,415	$ 4,399	$ 109	$ 2,314	$ 2,661	$ 24,675

21. Financial risk management *(continued)*

Based on the balances as at December 31, 2013, 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 $786 in profit (loss) before taxes. There would be no effect in other comprehensive income.

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.

(ii) Metal price risk and other price risk

Eldorado is subject to price risk for fluctuations in the market price of gold and other metals. Gold and other metals prices are affected by numerous factors beyond the Company's control, including central bank sales, 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.

Worldwide 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. The Company has elected not to actively manage its exposure to metal price risk at this time. From time to time, Eldorado may use commodity price contracts to manage its exposure to fluctuations in the price of gold and other metals.

Other price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices.

Eldorado's other price risk includes equity price risk, whereby the Company's investments in marketable securities are subject to market price fluctuation.

(iii) 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 majority of the Company's debt is in the form of notes with a fixed interest rate of 6.13%. As at December 31, 2013 the average interest rate in Eldorado's debt was 6.11% (2012 – 6.09%). A 10% increase or decrease in the interest rate on floating rate debt held at December 31, 2013 would result in a $92 decrease or increase (2012 – $64) in the Company's profit before tax.

(b) 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 and accounts receivable. Eldorado deposits its cash and cash equivalents, including restricted cash, with high credit quality financial institutions as determined by rating agencies. As at December 31, 2013, approximately 53% (2012 – 71%) of Eldorado's cash and cash equivalents, including restricted cash, are held with one financial institution. The Company considers this to be its only significant credit risk exposure.

Payment for metal sales is normally in advance or within fifteen days of shipment depending on the buyer. The historical level of customer defaults is negligible which reduces the credit risk associated with trade receivables at December 31, 2013.

(c) 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 lines 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 14.

(Expressed in thousands of U.S. dollars, unless otherwise stated)

21. Financial risk management *(continued)*

21.2 Capital risk management

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

Consistent with others in the industry, Eldorado monitors capital on the basis of the debt to capital ratio and debt to EBITDA. The debt to capital ratio is calculated as debt, including current and non-current debt, divided by capital. The debt to EBITDA ratio is calculated as debt, including current and non-current debt, divided by earnings before interest costs, taxes and depreciation. This policy includes a target debt to capital ratio of less than 30% and a debt to EBITDA target ratio below 3.5.

As at December 31, 2013, our debt to capital ratio was 10.9% (2012 – 9.6%) and our debt to EBITDA ratio was 1.2:1 (2012 – 1.01).

These policy targets are managed through the repayments and issuances of debt as well as the continuing management of operations and capital expenditures.

21.3 Fair value estimation

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 and liabilities measured at fair value on a recurring basis as at December 31, 2013 include:

	Balance at December 31, 2013 $	Quoted Prices in Active Markets for Identical Assets $ (Level 1)	Significant Other Observable Inputs $ (Level 2)	Significant Unobservable inputs $ (Level 3)
Assets				
Available-for-sale financial assets				
Marketable securities	4,387	4,387	-	-
Non-current assets				
Investments in associates - Nordic Mines (note 10)	903	903	-	-
Total assets	5,290	5,290	-	-

(Expressed in thousands of U.S. dollars, unless otherwise stated)

21. Financial risk management *(continued)*

No liabilities are measured at fair value on a recurring basis as at December 31, 2013.

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.

22. Commitments

The Company's contractual obligations, not recorded on the balance sheet, at December 31, 2013, include:

	2014 $	2015 $	2016 $	2017 and later $
Operating leases and capital expenditures	8,459	9,179	8,189	20,804
Purchase obligations	85,029	16,733	14,393	29,004
Totals	93,488	25,912	22,582	49,808

Purchase obligations in 2014 relate primarily to mine expansion projects at Kişladağ, mine development projects at Tocantinzinho and Eastern Dragon as well as operating and maintenance supply contracts at our operating mines.

23. Contingencies

The Company is involved in legal proceedings from time to time, arising in the ordinary course of its business. As at December 31, 2013, the amount of ultimate liability with respect to these actions will not, in the opinion of management, materially affect Eldorado's financial position, results of operations or cash flows.

24. 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:

	2013 $	2012 $
Salaries and other short-term employee benefits	11,660	12,206
Defined benefit pension plan	2,478	1,900
Share based payments	11,766	11,959
	25,904	26,065

In November, 2012, our wholly owned subsidiary, Eldorado Gold Cooperatief U.A. ("the Coop"), entered into a bridge loan agreement with Nordic for SEK 38,775,000 ($5,967). The loan was to be settled by way of Nordic units at the time of Nordic's new rights subscription. The loan was to be repaid in full, plus accrued interest at a rate of 15% per annum. On January 22, 2013, the Nordic rights issue was fully subscribed and the Coop was issued 35,250,000 shares in Nordic at SEK 1.10 per share and was paid SEK 545,732 ($84) in accrued interest.

(Expressed in thousands of U.S. dollars, unless otherwise stated)

25. Financial instruments by category

Fair value

The following table provides the carrying value and the fair value of financial instruments at December 31, 2013 and December 31, 2012:

	December 31, 2013		December 31, 2012	
	Carrying amount	Fair value	Carrying amount	Fair value
	$	$	$	$
Financial Assets				
Available-for-sale				
Marketable securities	4,387	4,387	1,988	1,988
Loans and receivables				
Cash and cash equivalents	589,180	589,180	816,843	816,843
Term deposit	34,702	34,702	-	-
Restricted cash	262	262	241	241
Accounts receivable and other	78,247	78,247	105,600	105,600
Restricted assets and other	20,287	20,287	19,001	19,001
Financial Liabilities				
Accounts payable and accrued liabilities	211,406	211,406	224,567	224,567
Debt	601,408	593,530	593,315	622,341

26. Production costs

	2013	2012
	$	$
Labor	110,048	90,709
Fuel	42,038	36,641
Reagents	48,983	44,156
Electricity	40,694	38,612
Mining contractors	63,532	58,628
Operating and maintenance supplies and services	104,915	100,216
Site general and administrative costs	31,518	26,082
Inventory change	(3,737)	(12,448)
Royalties, production taxes and selling expenses	43,901	45,350
Total production costs	481,892	427,946

27. Interest and financing costs

	2013	2012
	$	$
Interest expense	34,101	4,203
Financing fees	6,311	2,780
Total interest and financing costs	40,412	6,983

28. 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:

	December 31, 2013 (in thousands)	December 31, 2012 (in thousands)
Weighted average number of ordinary shares used in the calculation of basic earnings per share	715,181	689,007
Diluted impact of stock options	-	1,662
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	715,181	690,669

The loss used to calculate basic and diluted earnings per share for the year ended December 31, 2013 was $653,329 (2012 – earnings of $305,302).

29. 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 considers the business from both a geographic and product perspective and assesses 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, 2013, Eldorado had six reportable segments based on the geographical location of mining and exploration and development activities.

29.1 Geographical segments

Geographically, the operating segments are identified by country and by operating mine or mine under construction. The Brazil reporting segment includes the Vila Nova mine, development activities of Tocantinzinho and exploration activities in Brazil. The Turkey reporting segment includes the Kişladağ and the Efemçukuru mines and exploration activities in Turkey. The China reporting segment includes the TJS mine, Jinfeng and White Mountain mines, the Eastern Dragon development project and exploration activities in China.

The Greece reporting segment includes the Stratoni mine and the Olympias, Skouries and Perama Hill development projects and exploration activities in Greece. The Romania reporting segment includes the Certej development project. Other reporting segment includes 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 at least a monthly basis.

(Expressed in thousands of U.S. dollars, unless otherwise stated)

29. Segment information *(continued)*

	2013						
	Turkey	**China**	**Brazil**	**Greece**	**Romania**	**Other**	**Total**
	$	**$**	**$**	**$**	**$**	**$**	**$**
Information about profit and loss							
Metal sales to external customers	608,117	418,810	46,445	50,620	-	-	1,123,992
Production costs	188,800	218,438	29,604	45,050	-	-	481,892
Depreciation	42,373	89,996	4,518	10,592	1	1,588	149,068
Gross profit (loss)	376,944	110,376	12,323	(5,022)	(1)	(1,588)	493,032
Other material items of income and expense							
Impairment loss on property, plant and and equipment and goodwill	-	808,414	-	-	-	-	808,414
Exploration expenses	13,377	5,337	7,012	1,307	1,624	6,029	34,686
Income tax expense (recovery)	109,256	(90,177)	3,202	121,904	122	55	144,362
Additions to property, plant and equipment during the year	196,332	97,172	10,370	164,122	22,839	1,717	492,552
Information about assets and liabilities							
Property, plant and equipment (*)	854,893	1,461,592	201,791	2,546,935	616,906	2,265	5,684,382
Goodwill	-	52,514	-	473,782	-	-	526,296
	854,893	1,514,106	201,791	3,020,717	616,906	2,265	6,210,678
Debt	-	16,402	-	-	-	585,006	601,408

	2012						
	Turkey	**China**	**Brazil**	**Greece**	**Romania**	**Other**	**Total**
	$	**$**	**$**	**$**	**$**	**$**	**$**
Information about profit and loss							
Metal sales to external customers	550,781	502,494	45,565	48,701	-	-	1,147,541
Production costs	132,390	220,476	36,443	38,637	-	-	427,946
Depreciation	19,023	80,853	5,277	6,463	-	1,913	113,529
Gross profit (loss)	399,368	201,165	3,845	3,601	-	(1,913)	606,066
Other material items of income and expense							
Exploration expenses	8,504	12,635	10,379	1,574	150	6,279	39,521
Income tax expense	74,052	52,794	1,110	847	(540)	13	128,276
Additions to property, plant and equipment during the year	191,659	119,571	18,843	79,800	9,923	1,315	421,111
Information about assets and liabilities							
Property, plant and equipment (*)	699,182	1,952,545	198,586	2,422,868	593,210	2,351	5,868,742
Goodwill	-	365,928	-	473,782	-	-	839,710
	699,182	2,318,473	198,586	2,896,650	593,210	2,351	6,708,452
Debt	-	10,341	-	-	-	582,974	593,315

** Net of revenues from sale of pre-commercial production*

29. Segment information *(continued)*

The Turkey and China segments derive their 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 zinc, lead and silver concentrates.

The measure of total debt represents the current and long-term portions of debt.

29.2 Economic dependence

At December 31, 2013, each of our Chinese mines had one major customer, to whom each sells its entire production, as follows:

TJS Mine	Henan Zhongyuan Gold Smelter Factory Co. Ltd.of Zhongjin Gold Holding Co. Ltd.
Jinfeng Mine	China National Gold Group
White Mountain Mine	Refinery of Shandong Humon Smelting Co. Ltd.

29.3 Seasonality/cyclicality of operations

Management does not consider operations to be of a significant seasonal or cyclical nature.

MANAGEMENT'S DISCUSSION and ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (MD&A)

for the year ended December 31, 2013

Throughout this MD&A, *Eldorado*, *we, us, our* and *the company* mean Eldorado Gold Corporation. *This year* means 2013. All dollar amounts are in United States dollars unless stated otherwise.

The information in this MD&A is as of February 21, 2014. You should also read our audited consolidated financial statements for the year ended December 31, 2013. We prepare our consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). We file them with appropriate regulatory authorities in Canada and the United States. You can find more information about Eldorado, including our annual information form, on SEDAR at www.sedar.com.

About Eldorado

Based in Vancouver, Canada, Eldorado owns and operates mines around the world. Its activities involve all facets of the mining industry including exploration, development, production and reclamation.

Operating gold mines:
- Kişladağ, in Turkey (100%)
- Efemçukuru, in Turkey (100%)
- Tanjianshan, in China (90%)
- White Mountain, in China (95%)
- Jinfeng, in China (82%)

Development gold projects:
- Perama Hill, in Greece (100%)
- Olympias, in Greece (95%)
- Skouries, in Greece (95%)
- Certej, in Romania (81%)
- Eastern Dragon, in China (95%)
- Tocantinzinho, in Brazil (100%)

Other operating mines:
- Stratoni – Lead and Zinc Concentrates (95%)
- Vila Nova – Iron Ore, in Brazil (100%)

Eldorado is listed on the following exchanges:
- Toronto Stock Exchange ("TSX") under the symbol ELD
- New York Stock Exchange ("NYSE") under the symbol EGO

ELD is part of the S&P/TSX Global Gold Index. EGO is part of the AMEX Gold BUGS Index.

2013 Overview

Key consolidated financial information

- At December 31, 2013 the Company recognized an impairment charge of $808.4 million, or $684.6 million, net of tax ($0.96 per share) related to Jinfeng and Eastern Dragon.
- Loss attributable to shareholders of the Company was $653.3 million ($0.91 per share), compared to net profit attributable to shareholders of the Company of $305.3 million ($0.44 per share) in 2012.
- Dividends paid were Cdn$0.12 per share (2012 – Cdn$0.15 per share).
- Liquidity was $998.9 million at year end, including $623.9 million in cash, cash equivalents, and term deposits, and $375.0 million in lines of credit (2012 - $1,191.8 million of liquidity).

Key performance measures (1)

- Gold production of 721,201 ounces, including pre-commercial production from Olympias (2012 – 656,324 ounces) increased 10% year over year.
- Total cash costs averaged $551 per ounce (2012 – $554 per ounce).
- Gross profit from gold mining operations of $481.1 million fell 19% as compared to that of 2012 due to lower prices.
- Adjusted net earnings of $192.9 million ($0.27 per share) were down 41% compared to adjusted net earnings of $327.4 million ($0.48 per share) in 2012.
- Cash generated from operating activities before changes in non-cash working capital was $382.0 million (2012 – $447.7 million).

(1) Throughout this MD&A we use cash operating cost per ounce, total cash costs per ounce, gross profit from gold mining operations, adjusted net earnings, and cash flow from operating activities before changes in non-cash working capital as additional measures of Company performance. These are non-IFRS measures. Please see page 11 for an explanation and discussion of these non-IFRS measures.

Impairment Charge

Impairment testing of long-lived assets is performed when impairment indicators are present and annually for goodwill. These tests forecast life of mine after-tax cash flows, which incorporate management's best estimates of long-term metal prices, production based on current estimates of recoverable reserves and resources, exploration potential, future operating costs and sustaining capital expenditures, inflation and long-term foreign exchange rates. As a result of the impairment testing we performed at the end of December 31, 2013, the Company concluded that the carrying values of Jinfeng and Eastern Dragon were impaired and an impairment loss of $808.4 million was recorded against the property, plant and equipment, and goodwill of these properties ($283.5 million associated with Jinfeng and $524.9 associated with Eastern Dragon). A deferred income tax recovery of $123.8 million was also recorded related to the impairment charge and reflected as a reduction in tax expense on the income statement.

The Company assumed gold metal prices of $1,200 per ounce for 2014, and $1,300 per ounce long-term. Discounted cash flows were calculated using discount rates between 10% and 12% for Eastern Dragon (3% higher than previous years' impairment calculations) reflecting increased Chinese permitting risk.

Summarized Annual Financial Results

($millions except as noted)	2013	2012	2011
Revenues	1,124.0	1,147.5	1,103.7
Gold revenues	1,020.0	1,047.1	1,042.1
Gold sold (ounces)	725,095	625,394	658,919
Average realized gold price ($/ounce)	1,407	1,674	1,581
Average London spot gold price ($/ounce)	1,411	1,669	1,572
Cash operating costs ($/ounce)	494	483	405
Total cash costs ($/ounce)	551	554	472
Gross profit from gold mining operations	481.1	595.0	610.8
Adjusted net earnings	192.9	327.3	332.5
Net profit (loss) attributable to shareholders of the Company	(653.3)	305.3	318.7
Earnings (loss) per share attributable to shareholders of the Company – basic ($/share)	(0.91)	0.44	0.58
Earnings (loss) per share attributable to shareholders of the Company – diluted ($/share)	(0.91)	0.44	0.58
Cash flow from operating activities before changes in non-cash working capital	382.0	447.7	502.1
Capital Spending – cash basis	482.0	426.2	272.8
Dividends paid – (Cdn$/share)	0.12	0.15	0.11
Cash, cash equivalents and term deposits	623.9	816.8	393.8
Total Assets	7,235.2	7,928.1	3,960.4
Total long-term financial liabilities(1)	670.3	662.9	63.2

(1) Includes long-term debt net of deferred financing costs, defined benefit liabilities, and asset retirement obligations.

Review of Annual Financial Results

Gold sales volumes increased 16%, while total cash costs per ounce remained steady year over year. Gross profit from gold mining operations of $481.1 million fell 19% year over year as a result of a 16% drop in gold prices. Loss attributable to shareholders of the Company was $653.3 million, or $0.91 per share, compared to net profit attributable to shareholders of the Company of $305.3 million, or $0.44 per share in 2012. Adjusted net earnings were $192.9 million or $0.27 per share as compared with $327.3 million or $0.48 per share for 2012. Please see page 11 for a reconciliation between loss attributable to shareholders of the Company and adjusted net earnings. The major items contributing to the loss attributable to shareholders of the Company were: 1) the $684.6 million impairment loss, net of tax, 2) a $125.2 million deferred income tax charge related to a change in the Greek income tax rate, 3) a $14.1 million impairment loss on investment in associates, and 4) a $13.8 million unrealized loss on foreign exchange translation of deferred income tax balances. Other factors that adversely impacted earnings year over year were an increase in interest and financing costs of $33.4 million related to senior notes issued by the Company in December 2012, and an increase in tax expense of $8.5 million related to withholding taxes on dividends paid by the Company's subsidiaries in China and Turkey to their parent companies.

Summarized Quarterly Financial Results

2013 **($millions except as noted)**	**Q1**	**Q2**	**Q3**	**Q4**	**2013**
Revenues	338.1	266.9	287.3	231.7	1,124.0
Gold revenues	307.2	243.6	266.4	202.8	1,020.0
Gold sold (ounces)	189,346	176,260	199,117	160,372	725,095
Average realized gold price ($/ounce)	1,622	1,382	1,338	1,264	1,407
Cash operating costs ($/ounce)	505	478	472	526	494
Total cash costs ($/ounce)	567	536	528	577	551
Gross profit from gold mining operations	163.8	117.2	123.2	76.9	481.1
Net profit (loss) attributable to shareholders of the Company	(45.5)	43.3	36.4	(687.5)	(653.3)
Earnings (loss) per share attributable to shareholders of the Company – basic ($/share)	(0.06)	0.06	0.05	(0.96)	(0.91)
Earnings (loss) per share attributable to shareholders of the Company – diluted ($/share)	(0.06)	0.06	0.05	(0.96)	(0.91)
Dividends paid– (Cdn$/share)	0.07	-	0.05	-	0.12
Cash flow from operating activities before changes in non-cash working capital	139.9	84.9	104.8	52.4	382.0

2012 **($millions except as noted)**	**Q1**	**Q2**	**Q3**	**Q4**	**2012**
Revenues	271.5	244.2	281.8	350.0	1,147.5
Gold revenues	257.1	214.2	258.5	317.3	1,047.1
Gold sold (ounces)	150,661	132,919	154,841	186,973	625,394
Average realized gold price ($/ounce)	1,707	1,612	1,670	1,696	1,674
Cash operating costs ($/ounce)	452	480	493	502	483
Total cash costs ($/ounce)	529	550	567	566	554
Gross profit from gold mining operations	150.7	118.7	146.9	178.7	595.0
Net profit attributable to shareholders of the Company	67.9	46.6	75.8	115.0	305.3
Earnings per share attributable to shareholders of the Company – basic ($/share)	0.11	0.07	0.11	0.16	0.44
Earnings per share attributable to shareholders of the Company – diluted ($/share)	0.11	0.07	0.11	0.16	0.44
Dividends paid– (Cdn$/share)	0.09	-	0.06	-	0.15
Cash flow from operating activities before changes in non-cash working capital	102.8	82.1	110.8	152.0	447.7

Review of Quarterly Results

Loss attributable to shareholders of the Company for the quarter ended December 31, 2013 was $687.5 million, or $0.96 per share, compared to profit attributable to shareholders of the Company of $115.0 million, or $0.16 per share for the same period in 2012. The main factors that impacted earnings for the fourth quarter year over year were: 1) the impairment charge, net of taxes, of $684.6 million; 2) lower gold sales volumes; and 3) lower gold sales prices.

Operations review and outlook

Gold operations

	2013	2012	2014 outlook [4]
Total Operating Gold Mines			
Gold ounces produced [1][2]	721,201	656,324	730,000 to 800,000
Cash operating costs ($ per ounce)	494	483	550 to 590
Total cash costs ($ per ounce)	551	554	600 to 640
All-in sustaining cash costs ($ per ounce) [5]	n/a	n/a	915 to 985
Sustaining capital expenditure (millions)	269.3	215.0	170.0
Kışladağ			
Gold ounces produced	306,182	289,294	300,000 to 335,000
Cash operating costs ($ per ounce)	338	332	470 to 485
Total cash costs ($ per ounce)	358	361	490 to 505
Sustaining capital expenditure ($ millions)	145.3	104.9	70.0
Efemçukuru			
Gold ounces produced [1]	90,818	66,870	90,000 to 100,000
Cash operating costs ($ per ounce)	580	583	575 to 590
Total cash costs ($ per ounce)	604	613	595 to 610
Sustaining capital expenditure (millions)	29.9	-	20.0
Tanjianshan			
Gold ounces produced	101,451	110,611	95,000 to 100,000
Cash operating costs ($ per ounce)	415	415	450 to 465
Total cash costs ($ per ounce)	601	612	620 to 635
Sustaining capital expenditure (millions)	11.3	23.9	20.0
Jinfeng			
Gold ounces produced	123,246	107,854	145,000 to 155,000
Cash operating costs ($ per ounce)	736	817	650 to 670
Total cash costs ($ per ounce)	823	901	730 to 750
Sustaining capital expenditure (millions)	54.0	59.0	35.0
White Mountain			
Gold ounces produced	73,060	80,869	70,000 to 75,000
Cash operating costs ($ per ounce)	705	625	685 to 715
Total cash costs ($ per ounce)	745	671	720 to 750
Sustaining capital expenditure (millions)	28.8	27.2	25.0
Olympias			
Gold ounces produced [2]	26,444	826	30,000 to 35,000
Cash operating costs ($ per ounce)	n/a	n/a	975 to 1050
Total cash costs ($ per ounce)	n/a	n/a	995 to 1070
Sustaining capital expenditure (millions) [3]	-	-	-

(1) Gold ounces produced at Efemcukuru in 2012 include 29,824 ounces of pre-commercial production. (2) Gold ounces produced at Olympias in 2012 & 2013 are all on a pre-commercial production basis. (3) Olympias development capital expenditure planned for 2014 is $60.0 million. (4) Outlook assumes the following metal prices: gold - $1,200 per ounce, silver - $22 per ounce. (5) All-in sustaining cash cost is a non-IFRS measure. Please see page 11 for an explanation and discussion of this non-IFRS measure.

Annual review – Operations

Kişladağ

Operating Data	2013	2012
Tonnes placed on pad	13,296,621	12,606,575
Average treated head grade (g/t Au)	1.12	1.20
Gold (ounces)		
- Produced	306,182	289,294
- Sold	306,176	289,056
Cash operating costs (per ounce)	$338	$332
Total cash costs (per ounce)	$358	$361
Financial Data (millions)		
Gold revenues	$430.9	$483.7
Depreciation and Depletion	$15.3	$11.9
Gross profit from mining operations	$302.9	$363.2
Sustaining capital expenditures	$145.3	$104.9

Gold production at Kişladağ in 2013 was 6% higher than in 2012 mainly as a result of an increase in oxide ore placed on the leach pad in 2013 as compared to 2012. Kisladag placed 5% more total tonnes on the leach pad compensating for a lower head grade than 2012. Cash operating costs were slightly higher year over year as a result of the increased volume of material placed on the pad, partly offset by lower Turkish lira denominated operating costs as a result of a decline in the value of the Turkish lira compared with the US dollar. Capital expenditures at Kişladağ in 2013 included costs related to the deferred Phase IV Mine Expansion project, capitalised waste stripping and other construction projects.

Efemçukuru

Operating Data	2013	2012
Tonnes Milled	413,513	352,156
Average Treated Head Grade (g/t Au)	8.87	9.26
Average Recovery Rate (to Concentrate)	93.3%	92.7%
Gold (ounces)		
- Produced (including pre-commercial production in 2012)	90,818	66,870
- Sold	121,119	37,046
Cash operating costs (per ounce)	$580	$583
Total cash costs (per ounce)	$604	$613
Financial Data (millions)		
Gold revenues	$171.1	$61.9
Depreciation and Depletion	$26.6	$6.8
Gross profit from mining operations	$68.4	$31.4
Sustaining capital expenditures	$29.9	-

Gold production at Efemcukuru increased over 2012 as the mine improved both the tailings processing and paste fill systems subsequent to the commencement of commercial production in November 2012. Ounces sold in 2013 included approximately 30,000 ounces from inventory at the end of 2012. Capital spending in 2013 included costs related to capitalized underground development, mobile equipment, surface infrastructure and process improvements.

Tanjianshan

Operating Data	2013	2012
Tonnes Milled	1,064,058	1,056,847
Average Treated Head Grade (g/t Au)	3.47	3.67
Average Recovery Rate	82.2%	82.6%
Gold (ounces)		
- Produced	101,451	110,611
- Sold	101,451	110,611
Cash operating costs (per ounce)	$415	$415
Total cash costs (per ounce)	$601	$612
Financial Data (millions)		
Gold revenues	$143.5	$185.5
Depreciation and Depletion	$24.7	$26.2
Gross profit from mining operations	$56.5	$90.5
Sustaining capital expenditures	$11.3	$23.9

Gold production at Tanjianshan in 2013 was 8% lower than in 2012 mainly as a result of lower average treated head grade and lower additional flotation concentrate feed. Cash operating costs per ounce in 2013 were unchanged from the previous year mainly due to cost savings realised through process plant upgrades. Capital expenditures for the year included lining of tailings dam, process plant upgrades, and capitalized exploration costs as well as other sustaining capital.

Jinfeng

Operating Data	2013	2012
Tonnes Milled	1,412,548	1,422,794
Average Treated Head Grade (g/t Au)	3.24	2.65
Average Recovery Rate	85.4%	84.3%
Gold (ounces)		
- Produced	123,246	107,854
- Sold	123,289	107,812
Cash operating costs (per ounce)	$736	$817
Total cash costs (per ounce)	$823	$901
Financial Data (millions)		
Gold revenues	$171.1	$180.9
Depreciation and Depletion	$38.5	$28.7
Gross profit from mining operations	$31.0	$55.0
Sustaining capital expenditures	$54.0	$59.0

Gold production at Jinfeng in 2013 was 14% higher than in 2012 mainly as a result of the resumption of ore mining in the open pit from May 2013, after the completion of the open pit cutback. A total of 629,996 tonnes of ore was mined from the open pit in 2013 compared to 96,800 tonnes in 2012. Ore tonnes mined from underground increased 25% as two production levels were added to the underground operations. Cash operating costs per ounce were 10% lower in 2013 as compared to 2012 mainly due to an increase in the number of ounces produced. Capital expenditures for the year included capitalized underground development, process plant upgrades, tailings dam uplifts, and tailings thickening projects.

White Mountain

Operating Data	**2013**	**2012**
Tonnes Milled	810,389	754,673
Average Treated Head Grade (g/t Au)	3.39	3.85
Average Recovery Rate	86.0%	86.3%
Gold (ounces)		
- Produced	73,060	80,869
- Sold	73,060	80,869
Cash operating costs (per ounce)	$705	$625
Total cash costs (per ounce)	$745	$671
Financial Data (millions)		
Gold revenues	$103.4	$135.1
Depreciation and Depletion	$26.4	$25.7
Gross profit from mining operations	$22.3	$54.9
Sustaining capital expenditures	$28.8	$27.2

Gold production at White Mountain in 2013 was below that of 2012 with lower average treated head grade partially offset by higher ore throughput. The increase in tonnes milled year over year was due to an increase in underground mining efficiency as a result of increased stope production and mine development. Cash operating costs per ounce were 13% higher in 2013 as a result of the decrease in head grade, and an increase in costs related to increased backfill and secondary development rates. Capital expenditures for the year included capitalized underground development, construction of a mobile maintenance workshop, acquisition of underground mobile equipment, upgrade of underground service facilities, capitalized exploration and construction of a tailing dam lift.

Stratoni

Operating Data	**2013**	**2012**
Tonnes ore processed (dry)	225,493	191,602
Pb grade (%)	6.3%	6.4%
Zn grade (%)	10.0%	10.0%
Tonnes of concentrate produced	59,626	50,680
Tonnes of concentrate sold	59,534	52,934
Average realized concentrate price (per tonne)	$850	$905
Cash Costs (per tonne of concentrate sold)	$757	$729
Financial Data (millions)		
Concentrate revenues	$50.6	$47.9
Depreciation and Depletion	$10.2	$6.5
Gross profit from mining operations	($4.6)	$2.8
Sustaining capital expenditures	$4.0	$3.2

Lead/zinc concentrate production at Stratoni increased year over year as 2012 reflects production only from February 24, 2012, the date of the acquisition of European Goldfields Limited ("EGU"). Cash operating costs increased 4% year over year.

Vila Nova

Operating Data	2013	2012
Tonnes Processed	812,003	710,909
Iron Ore Produced	700,857	613,780
Average Grade (% Fe)	63.1%	63.3%
Iron Ore Tonnes		
- Sold	470,140	603,668
Average Realized Iron Ore Price	$99	$76
Cash Costs (per tonne produced)	$63	$60
Financial Data (millions)		
Iron ore revenues	$46.4	$45.6
Depreciation and Depletion	$4.5	$5.3
Gross profit from mining operations	$12.3	$3.9
Sustaining capital expenditures	$4.8	$1.3

Vila Nova processed 14% more iron ore tonnes than the previous year at approximately the same grade. The higher production year over year was due to mechanical and operational adjustments made in the treatment plant as well as an increase in scheduled operating hours in order to improve plant productivity. Iron ore sales were 22% lower than in 2012 as a result of an incident that closed the Anglo-Ferrous port facility during the second quarter. Shipments of iron ore have been routed through the smaller capacity public port in Santana since the incident.

Annual review – Development projects

Kişladağ Phase IV Mine Expansion

The full Kisladag expansion was deferred during 2013 pending improvement in metal prices. The capital programme required to replace the existing mining fleet with larger loading and haulage equipment and electrification of the mine continued during the year. By year end most of the upgraded fleet was delivered and placed into operation.

Olympias

In 2013, the Olympias plant reprocessed 552,557 tonnes of tailings at a grade of 3.32 grams per tonne. Approximately 26,444 payable ounces of gold in concentrate were produced during the year and were treated as pre-commercial production for financial reporting purposes.

New development and underground refurbishment continued during 2013. Underground mining on Phase II is projected to begin in 2016. During 2013 approximately 1,076 meters of underground drifts were rehabilitated and 3,034 meters of new drifts were completed, including approximately 800 meters of advance on the main Stratoni-Olympias decline to the 1.4 kilometer mark, representing 18% completion of the planned 8.0 kilometer decline. Capital costs incurred in 2013 were $94.1 million.

Skouries

During 2013 a total of $51.5 million was spent on Skouries. The primary contractor was mobilized and site preparation commenced. The primary underground portal was completed and 324 meters of the decline was advanced. A review of the planned infrastructure, tailings facilities, and processing facilities was completed, culminating in modifications to support ongoing permitting, and assure adherence to the overall design criteria. An optimization study for the Skouries underground will commence in 2014.

Certej
The year-end updated mineral resource for Certej resulted in an overall increase in Measured and Indicated ounces of 10%. A prefeasibility study was initiated to redefine the scope of the operation as well as address results from ongoing metallurgical test work aimed at maximizing gold recoveries. During 2013 a total of $22.8 million was spent on Certej, mainly on exploration drilling, geotechnical and metallurgical testing, road access work and engineering studies.

Perama Hill
During 2013 a total of $8.3 million was spent on Perama Hill including engineering and exploration drilling. Approval of the Environmental Impact Assessment is expected after the local and European Union elections scheduled for the second quarter of 2014.

Eastern Dragon
Eastern Dragon was placed on care and maintenance during 2013 pending resolution of permitting issues. Site management worked with the local authorities to maintain local permits in good standing. Work continued on preparing the necessary paperwork to submit to the National Development and Reform Commission ("NDRC"), as well as determining the timeline for review and approval. Capital costs incurred at Eastern Dragon totalled $1.5 million.

Tocantinzinho
During 2013 a total of $5.5 million was spent on Tocantinzinho mainly on optimization of the capital and operating requirements in the feasibility study as well as on limited exploration activities. Field work was focused on environmental assessments and monitoring at the site, as well as support for the optimization work on the feasibility study.

Annual review – Exploration

A total of $68.3 million (including capitalized evaluation costs) was spent on grassroots, advanced stage and minesite exploration activities during 2013. The exploration activities included drilling totalling approximately 128,000 meters and were conducted on 18 projects across Turkey, China, Brazil, Greece, and Romania.

Turkey
In Turkey, drilling programs were completed at our Efemcukuru mine site and at the Ardala/Salinbas joint venture project. At Efemcukuru, exploration drilling focussed on down-dip extensions of the Kestane Beleni vein, as well as resource drilling at the nearby Kokarpinar vein. Drilling at Ardala/Salinbas confirmed continuity of mineralization between epithermal (Salinbas) and gold-copper porphyry (Ardala) mineralized systems.

China
Brownfields exploration programs were completed at each of our three operating mines in China. At Tanjianshan, resource drilling focused on the Bridge and west Wall Zones within the Jinlongou pit, and on definition and step-out drilling just beneath the northern end of the Qinlongtan open pit. All of these target areas yielded high-grade intersections outside of existing resources.

At the White Mountain mine, exploration drilling included both underground testing of down-dip extensions of the main orebody, and surface drilling of the newly-recognized West Zone, immediately adjacent to the present deposit.

At Jinfeng underground resource drilling focussed on step-outs along the known major mineralized fault zones (F2, F3, F6), gaps in the existing resource model, and new conceptual targets. The exploration drilling was successful in identifying mineralised splays sub-parallel to existing resources.
Limited drilling was completed on adjacent exploration licenses. The Company divested its interests in the Jingdu and Jinluo Exploration joint ventures, and in the Gaolu exploration license.

Brazil
In Brazil, exploration programs focused on drill-testing the optioned Chapadina project, on advancing our early-stage projects to drill-ready status, and on project generation activities.
Greece
In the Chalkidiki district, 12,000 metres of drilling was completed at the Piavitsa Project, consisting of step-out drilling over a 2.5 km strike length of the mineralized Stratoni Fault zone. At Olympias, an extensive drillcore-relogging and deposit interpretation program culminated in an updated resource model for the deposit. At Perama Hill, exploration activities focused on extending coverage of soil sampling programs, and on sterilization testing of areas of planned infrastructure.

Romania
Exploration activities in the Certej district focused on over 40,000 metres of infill and step-out drilling of the Certej deposit. Drilling programs were also completed on the Certej North prospect, and at the Muncel and Brad exploration license areas.

Non-IFRS measures

Throughout this document, we have provided measures prepared in accordance with IFRS, as well as some non-IFRS performance measures as additional information for investors who also use them to evaluate our performance.

Since there is no standard method for calculating non-IFRS measures, they are not a reliable way to compare us against other companies. Non-IFRS measures should be used with other performance measures prepared in accordance with IFRS.

We have defined our non-IFRS measures below and reconciled them with the IFRS measures we report.

Cash operating cost, total cash cost
The table below reconciles cash operating cost and total cash cost to operating costs. We calculate costs according to the Gold Institute Standard.

$ millions (except for gold ounces sold and per ounce amounts)	2013	2012
Production costs (from consolidated income statements)	**481.9**	**427.9**
Vila Nova and Stratoni production costs	**74.7**	**75.0**
Production costs – excluding Vila Nova and Stratoni	**407.2**	**352.9**
Less:		
By-product credits	(7.7)	(6.6)
Total cash cost	**399.5**	**346.3**
Less:		
Royalty expense and production taxes	(41.3)	(44.1)
Cash operating cost	**358.2**	**302.2**
Gold ounces sold	725,095	625,394
Total cash cost per ounce	**551**	**554**
Cash operating cost per ounce	**494**	**483**

All-in sustaining cash cost
Effective January 31, 2014 the Company, in conjunction with an initiative undertaken within the gold mining industry and set out in the guidance note released by the World Gold Council on June 27, 2013, has adopted an all-in sustaining cost performance measure. All-in sustaining costs are calculated by taking total cash costs as indicated in the reconciliation above and adding sustaining capital expenditures, corporate administrative expense, exploration and evaluation costs, and reclamation cost accretion. The

Company believes that this measure represents the total costs of producing gold from current operations, and provides the Company and other stakeholders of the company with additional information of the Company's operational performance and ability to generate cash flows. As the measure seeks to reflect the full cost of gold production from current operations, new project capital is not included. Certain other cash expenditures, including tax payments, dividends and financing costs are also not included. The Company reports this measure on a gold ounces sold basis.

Cash flow from operations before changes in non-cash working capital
We use *cash flow from operations (or operating activities) before changes in non-cash working capital* to supplement our consolidated financial statements, and calculate 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.

We believe this provides a better indication of our 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 we calculate according to IFRS.

Adjusted net earnings
The Company has included non-IFRS performance measures, *adjusted net earnings* and *adjusted net earnings per share*, throughout this document. Adjusted net earnings excludes gains/losses and other costs incurred for acquisitions and disposals of mining interests, impairment charges, unrealized and non-cash realized gains/losses of financial instruments and foreign exchange impacts on deferred income tax as well as significant non-cash, non-recurring items. The Company also excludes net earnings and losses of certain associates that the Company does not view as part of the core mining operations. The Company excludes these items from net earnings to provide a measure which allows the Company and investors to evaluate the results of the underlying core operations of the Company and its ability to generate cash flow. 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.

The following table provides a reconciliation of adjusted net earnings to the consolidated financial statements for the years ended December 31:

$ millions (except for weighted average shares and earnings per share)	2013	2012	2011
Net (loss) earnings attributable to shareholders	**(653.3)**	**305.3**	**318.7**
Acquisition costs	0.0	21.2	0.0
Losses (gains) on disposal of assets	0.8	0.5	(2.7)
Losses (gains) on available-for-sale securities	2.4	(0.2)	(0.7)
Loss on investment in associates	1.3	5.6	4.2
Impairment loss on investment in associates	14.1	0.0	0.0
Write-down of assets	4.0	0.0	0.0
Impairment loss on property, plant and equipment, and goodwill (net of taxes)	684.6	0.0	0.0
Unrealized losses (gains) on foreign exchange translation of deferred income tax balances	13.8	(5.1)	13.0
Deferred income tax charge for change in Greek tax rates	125.2	0.0	0.0
Total adjusted net earnings	**192.9**	**327.3**	**332.5**
Weighted average shares outstanding	715,181	689,007	549,791
Adjusted net earnings ($/share)	**0.27**	**0.48**	**0.60**

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

Financial condition

Operating activities before changes in non-cash working capital generated $382.0 million in cash this year, compared to $447.7 million in 2012. In addition, cash flow of $24.9 million related to pre-commercial production was recorded as cash flows from investment activities.

Capital expenditures

We invested $482.0 million in capital expenditures, mine development, mining licences and other assets this year. Mine development totalled $189.1 million while spending at our producing mines (including capitalized exploration) totalled $276.4 million. We also spent $2.4 million on land acquisitions and $10.0 on the development of a lime plant in Turkey. The remaining $4.1 million related to fixed assets for our corporate offices in Canada, Brazil, Turkey, Greece, Romania, and China.

Capital resources

$ millions	2013	2012
Cash, cash equivalents and term deposits	623.9	816.8
Working capital	734.0	917.3
Restricted collateralized accounts	0.3	0.2
Debt – current and long-term	601.4	593.3

Management believes that the working capital at December 31, 2013, together with future cash flows from operations and, where appropriate, selected financing sources, including available credit lines, are sufficient to support our planned and foreseeable commitments, and dividends, if declared, in 2014 and beyond.

Contractual obligations
as at December 31, 2013

$ millions	Within 1 year	2 to 3 years	3 to 4 years	Over 5 years	Total
Debt	16.4	-	-	600.0	616.4
Capital leases	0.9	1.8	0.9	-	3.6
Operating leases	7.5	15.5	11.6	8.3	42.9
Purchase obligations	85.0	31.1	29.0	-	145.1
Totals	109.8	48.4	41.5	608.3	808.0

The table does not include interest on debt.

As at December 31, 2013, Hellas Gold had entered into off-take agreements pursuant to which Hellas Gold agreed to sell a total of 27,936 dry metric tonnes of zinc concentrates and 11,091 dry metric tonnes of lead/silver concentrates cumulative through the financial year ending December 31, 2014.

In April 2007, Hellas Gold agreed to sell to Silver Wheaton (Caymans) Ltd. ("Silver Wheaton") all of the silver metal to be produced from ore extracted during the mine-life within an area of approximately seven square kilometres around Stratoni, up to 15 million ounces, or 20 million ounces if additional silver is processed through the Stratoni mill from areas other than the current producing mine. The sale was made in consideration of a prepayment to Hellas Gold of $57.5 million in cash, plus a fee per ounce of payable silver to be delivered to Silver Wheaton of the lesser of $3.90 and the prevailing market price per ounce. As at December 31, 2013 approximately 5.9 million ounces of silver have been delivered of the original 15 million ounce commitment.

In May 2013, the Company, in connection with Hellas, entered into a Letter of Guarantee in favour of the Greek Ministry of Environment, Energy and Climate Change, in the amount of Euro50.0 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. 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 September 2013, the company, in connection with Tuprag, entered into a letter of guarantee in favour of the Turkish ministry of environment, energy and climate change, in the amount of $30.0 million, as security for the due and proper performance of rehabilitation works committed in connection with the environmental impact assessment approved for Kisladag and Efemcukuru. The Letter of Guarantee is renewed annually and expires on September 19, 2014. The Letter of Guarantee has an annual fee of 27 basis points.

As of February 18, 2014, the Company acquired 174,571,102 shares of Glory Resources at a price of A$0.17 per share under the October 30, 2013 takeover bid, bringing our investment in Glory to 219,167,022 shares or 97.8%.

Debt

Jinfeng
On January 16, 2013, Jinfeng entered into a RMB 100.0 million ($16.4 million) working capital loan with China Commerce Bank ("CMB"). Each drawdown bears fixed interest at the prevailing lending rate stipulated by the People's Bank of China on the date of drawdown. The Facility has a term of up to one year, from January 16, 2013 to January 14, 2014. Subsequent to year-end, the term of the facility was extended to January 28, 2015. This facility is unsecured. As at December 31, 2013, Jinfeng has drawn down the full amount of RMB 100.0 million ($16.4 million) under this facility, in three tranches, and has used the proceeds to fund working capital obligations. All tranches of the loan have a term of six months and a fixed interest rate of 5.6%.Subsequent to December 31, 2013, Jinfeng repaid RMB 63.0 million ($10.3 million) on this facility and subsequently drew down the same amount.

Eastern Dragon
In May 2010, Eastern Dragon entered into a RMB 80.0 million ($13.1 million) revolving facility ("the Facility") with HSBC Bank (China). The Facility could be drawn down in minimum tranches of RMB 1.0 million ($0.2 million) or its multiples. Each drawdown bore interest fixed at the prevailing lending rate stipulated by the People's Bank of China on the date of drawdown. The Facility had a term of up to one year. In February 2012, the Facility was reviewed by the bank and was extended to March 11, 2013. In March 2013, Eastern Dragon repaid the full amount of this loan.

HSBC revolving credit facility
The Company has a $375.0 million revolving credit facility with HSBC ("the credit facility" or "ARCA") and a syndicate of other banks. The ARCA matures on November 23, 2016. The ARCA is secured by the shares of SG Resources and Tuprag Metal Madencilik Sanayi ve Ticaret AS ("Tuprag"), wholly owned subsidiaries of the Company. The ARCA contains covenants that restrict, among other things, the ability of the Company to incur an aggregate unsecured indebtedness exceeding $850.0 million, incur secured indebtedness up to $200.0 million, make distributions in certain circumstances, sell material assets and carry on a business other than one related to the mining business. Significant financial covenants include a maximum 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 at December 31, 2013. Loan interest is variable dependent on a leverage ratio pricing grid. The Company's current leverage ratio is approximately 1.2:1. At this ratio, interest charges and fees are as follows: LIBOR plus margin of 2.00% and undrawn standby fee of 0.50%. Fees of $4.7 million were paid in relation of the credit facility. This amount has been deferred as pre-payments for liquidity services and will

be amortized over the term of the credit facility. No amounts were drawn down under the ARCA as at December 31, 2013.

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.

At any time prior to December 15, 2016 at a redemption price equal to 100% of the aggregate principal amount of the notes at the treasury yield plus 50 basis points, and any accrued and unpaid interest; on and after the dates provided below, at the redemption prices, expressed as a percentage of principal amount of the notes to be redeemed, set forth below, plus accrued and unpaid interest on the notes:

December 15, 2016	103.063%
December 15, 2017	101.531%
2018 and thereafter	100.000%

The early prepayment prices are to reimburse the lender for lost interest for the remaining term. The fair market value of the notes as at December 31, 2013 is $577.1 million.

Entrusted loan
In November 2010, Eastern Dragon, HSBC Bank (China) and QDML, our 90% owned subsidiary, entered into a RMB 12.0 million ($2.0 million) entrusted loan agreement, which has been increased to RMB 720.0 million ($118.1 million) through a series of amendments. Under the terms of the entrusted loan, QDML with its own funds entrusts HSBC Bank (China) to provide a loan facility in the name of QDML to Eastern Dragon. The loan can be drawn down in tranches. Each drawdown bears interest fixed at the prevailing lending rate stipulated by the People's Bank of China on the date of drawdown. Each draw down has a term of three months and can be rolled forward at the discretion of QDML. The interest rate on this loan as at December 31, 2013 was 4.59%. As at December 31, 2013, RMB 634.1 million ($104.0 million) had been drawn under the entrusted loan. Subsequent to December 31, 2013, RMB 3.0 million ($492) was drawn under this loan. The entrusted loan has been recorded on a net settlement basis.

Defined benefit plans

The Company operates defined benefit pension plans in Canada with two components: a registered pension plan ("the Pension Plan") and a supplementary 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 made at or in excess of minimum requirements prescribed by legislation.

Eldorado's plans have actuarial valuations performed for funding purposes. The Pension Plan last had an actuarial valuation performed as of January 1, 2011 for funding purposes with the next required valuation as of January 1, 2014. The SERP's last valuation was on January 1, 2013 for funding purposes and the next valuation will be prepared in accordance with the terms on the pension plan. The measurement date to determine the pension obligation and assets for accounting purposes was December 31, 2013.

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.

Cash contributed to the Pension Plan and the SERP was $3.0 million (2012 – $39.6 million). Cash payments totaling $0.2 million were made directly to beneficiaries during the year (2012 – $0.2 million). The Company expects to contribute $0.2 million to the Pension Plan and $2.8 million to the SERP in 2013.

Equity

This year we received net proceeds of $7.0 million for issuing 1,403,152 common shares related to stock options and warrants being exercised.

Common shares outstanding	
- as of February 21, 2014	716,216,690
- as of December 31, 2013	716,216,690
Share purchase options - as of February 21, 2014	16,563,369
(Weighted average exercise price per share: $13.20 Cdn)	

Managing risk

This section describes the types of risks we are exposed to and our objectives and policies for managing them (please read the Company's Annual Information Form for additional information).

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

Financial risk

Liquidity risk
Liquidity risk is the risk that we cannot meet our financial obligations. We use a rigorous planning, budgeting and forecasting process to help determine the funds we will need to support our ongoing operations and our expansion plans. Management believes that the working capital at December 31, 2013, together with future cash flows from operations and, where appropriate, selected financing sources, is sufficient to support our planned and foreseeable commitments in 2014 and beyond.

Credit risk
Credit risk is the risk that the counterparty to a financial instrument will not meet its obligations and will cause the Company to incur a financial loss. To mitigate exposure to credit risk on financial assets, we have policies that require counterparties to demonstrate minimum creditworthiness, and ensure liquidity of available funds. We also monitor our concentration of credit risk and closely monitor our financial assets.

Payment for metal sales is normally in advance or within fifteen days of shipment depending on the buyer. The historical level of customer defaults is negligible which reduces the credit risk associated with trade receivables at December 31, 2013.

We invest our 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, but many financial institutions have gone into bankruptcy or been rescued by government authorities over the past few years. That makes us subject to the risk of loss of the deposits we have with financial institutions. As at December 31, 2013, approximately 53% of our cash and cash equivalents, including restricted cash, were with one financial institution.

Currency risk
We sell gold in US dollars, but our costs are mainly in US dollars, Canadian dollars, Turkish lira, Brazilian real, Euros, Romanian lei, and Chinese renminbi. An increase in the value of any of these currencies against the US dollar can increase our production costs and capital expenditures, which can affect future cash flows.

The table below shows our assets and liabilities and debt denominated in currencies other than the US dollar at December 31, 2013. We recognized a loss of $6.8 million on foreign exchange this year, compared to gain of $2.8 million in 2012.

(thousands)	Canadian dollar	Australian dollar	Euro	Swedish Krona	Romanian Lei	British Pound	Turkish lira	Chinese renminbi	Brazilian real
Cash and cash equivalents	76,137	1,096	7,615	11,086	11,359	81	10,097	540,873	32,929
Marketable securities	3,933	-	-	4,432	-	-	-	-	-
Accounts receivable and other	1,695	-	2,581	-	7,025	-	19,780	215,806	33,701
Accounts payable and accrued liabilities	(12,516)	-	(27,624)	-	(4,066)	(15)	(24,939)	(640,418)	(8,827)
Debt	-	-	-				-	(100,000)	-
Net balance	69,249	1,096	(17,428)	15,518	14,318	66	4,938	16,261	57,803
Equivalent in US dollars	65,111	960	(24,002)	2,415	4,399	109	2,314	2,661	24,675

Accounts receivable and other current and long-term assets relate to goods and services taxes, income taxes, value-added taxes and insurance receivables. Based on the balances at December 31, 2013, a 10% increase/decrease in the exchange rates on that date would have resulted in a decrease/increase of approximately $7.9 million in profit before taxes.

Interest rate risk
Interest rates determine how much interest we pay on our debt, and how much we earn on our cash and cash equivalents, which can affect future cash flows.

The majority of our debt is in the form of notes with a fixed interest rate of 6.125%. We earned an average of approximately 1.2% in interest on our cash, cash equivalents, and term deposits this year, compared to 1.4% in 2012.

We do not actively manage our exposure to changes in interest rates.

Price risk
Our profitability depends on the price of gold, which is affected by many things, including the sale or purchase of gold by central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuations in the value of the US dollar and foreign currencies, global and regional supply and demand, and the political and economic conditions of the world's major gold-producing countries. Currently we don't hedge against changes in the price of gold.

- 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 China and semi-regulated by the federal governments of those countries, which reduces the risk of price fluctuations. We do not hedge against changes in the price of electricity.

Sensitivity analysis for key variables

	A change of	Would change our after-tax net earnings by
Currency values against the US dollar	10%	$7.9 million
Price of gold (based on the expectations and assumptions we used in our 2014 outlook)	10%	$70.0 million
Interest rate on variable interest debt	10%	$0.1 million
Interest earned on cash and cash equivalents	10%	$0.1 million
Price of diesel fuel	10%	$4.4 million

Other risks and uncertainties

Exploration and development
The cost and results of our exploration and development programs affect our profitability and value. The life of a mine is fixed based on its mineral reserves, so we actively seek to replace and expand our reserves, mainly through exploration, acquisition and the development of our existing operations. Exploring for minerals involves many risks and may not lead to new economically viable mining operations or yield new reserves to replace and expand current reserves. Our reserve estimates are based on certain assumptions and affected by the inherent limitations of the estimation process.

Acquiring title to mineral properties is a detailed and time-consuming process. We take steps, in accordance with industry standards, to verify and secure legal title to mineral properties that we have, or are seeking, an interest in. Although we take every precaution to ensure that legal title to our properties is properly recorded in our name, there can be no assurance we will ultimately secure title on every property. Legal title to our properties depends on the laws in the countries we operate in, and their appropriate and consistent application.

Operations
The business of gold mining involves many operational risks and hazards. We work to reduce the risks associated with our projects by setting high operational standards, hiring and training appropriately skilled personnel, and making improvements to our operations. We maintain adequate insurance to cover normal business risk. We rely on a number of key employees. Our success depends on attracting and retaining qualified personnel in a competitive labour environment.

Environment
There may be environmental hazards at our mines or projects that we are unaware of. We 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. The costs of any cleanup could have a material and adverse effect on our operations and profitability.

Laws, regulations and permits
Our activities are subject to extensive federal, provincial, state and local laws and regulations governing environmental protection and employee health and safety. We must obtain government permits and provide associated financial assurance to conduct certain activities. We are also subject to various

conditions related to reclamation that are imposed under federal, state or provincial air, water quality and mine reclamation rules and permits.

We have budgeted for future capital and operating expenditures to obtain such permits and maintain compliance with these environmental, health and safety laws, however, any changes to these laws in the future could have an adverse effect on our financial condition, liquidity or results of operations and could delay our ability to obtain such permits.

If these laws are not complied with, we may face injunctions, damages and penalties, or our permits could be suspended or revoked. There is no assurance that we have been, or will be, in compliance with environmental, health and safety laws at all times, that our compliance will not be challenged, or that the cost of complying with current or future laws will not have a material and adverse effect on our future cash flow, results of operations and financial condition.

Litigation
All industries, including the mining industry, are subject to legal claims that are with and without merit.

We are currently involved in various routine legal and regulatory proceedings. It's unlikely that the final outcome of these routine proceedings will have a material and adverse effect on our financial condition or results of operations; however, defense and settlement costs can be substantial, even for claims that are without merit. Due to the inherent uncertainty of the litigation process 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 our future cash flow, results of operations or financial condition.

Political risk
We operate in five countries outside of North America: Turkey, China, Brazil, Romania, and Greece. Our operations in these countries may be subject to political, economic and other risks that may affect our future operations and financial position.

Other information

Critical accounting policies and estimates
We are required to make estimates that affect the amount of assets, liabilities, contingent liabilities revenue and expenses we report. We have identified the following critical accounting policies and estimates. You can find all of our significant accounting policies in note 3 of our 2013 consolidated financial statements.

Inventories
We value finished goods, work-in-process, heap leach ore and stockpiled ore at the average production cost or its net realizable value – whichever is lower.

We consider ore stacked on our leach pads and in process at our mines as work-in-process inventory and record their value in earnings, and include them in the cost of sales based on ounces of gold sold, using the following assumptions in our estimates:

- the amount of gold we estimate is in the ore stacked on the leach pads
- the amount of gold we expect to recover from the stacks
- the amount of gold and other metals in the mill circuits
- the amount of gold and other metals in concentrates
- the gold and other metal prices we expect to realize when the gold and other metals is sold.

If our estimates or assumptions are inaccurate, we could be required to write down the value we have recorded on our work-in-process inventories, which would reduce our earnings and working capital. At December 31, 2013, the average cost of inventory was below its net realizable value.

Reserves and resources
Our estimates for Kişladağ, Efemçukuru, Tanjianshan, Jinfeng, White Mountain, Perama, Tocantinzinho, Eastern Dragon, Skouries, Olympias, Stratoni, Certej and Vila Nova are based on the definitions adopted by the Canadian Institute of Mining, Metallurgy and Petroleum, and in compliance with *Canadian National Instrument 43-101 – Standards of Disclosure for Mineral Projects* (NI 43-101), developed by the Canadian Securities Administrators.

You will not be able to compare the mineral reserve and resources information in this report 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. You 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.

Value beyond proven and probable reserves ("VBPP")
On acquisition of a mineral property, we prepare an estimate of the fair value of the exploration potential of that property and record this amount as an asset, called *value beyond proven and probable*, as at the date of acquisition. As part of our annual business cycle, we prepare 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
We depreciate most of our mining properties, plant and equipment using the unit-of-production method, where the value of property is reduced as reserves are depleted. We base this on mining rates and our estimates of reserves. If these change, we could be required to write down the recorded value of our mining properties, plant and equipment, or to increase the amount of future depreciation, depletion and amortization expense, both of which would reduce our earnings and net assets.

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

For producing properties, we base our assessment on the future net cash flows we expect 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, we base our assessment on whether there are factors that might indicate the need for a write-down. There may be an impairment if we believe current economics or permitting issues will prevent us from recovering the costs we have deferred for the property.

At December 31, 2013, based on an average projected gold price for 2014 of $1,200 per ounce and a long-term inflation adjusted price of $1,300 per ounce, the estimated discounted net cash flow from our mining properties, plant and equipment exceeded their carrying values after taking into account the impairment recorded this year of Jinfeng and Eastern Dragon recorded in 2013.

Goodwill and impairment testing
We account for business combinations using the purchase method of accounting. We record the fair market value of assets acquired and liabilities assumed as of the date of acquisition, and record 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.

We review and evaluate 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 judgment 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 we compare the fair value of our cash generating units ("CGU's") or operating segments to their carrying amounts. Calculating the estimated fair values of these CGU's or operating segments requires management to make estimates and assumptions with respect to future production levels, operating and capital costs in our 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. If a CGU's or operating segment's carrying value exceeds its fair value, we compare its carrying value to the implied fair value of its goodwill, and charge the amount the carrying value exceeds fair value to operations.

At December 31, 2013, our consolidated balance sheet included $526.3 million in goodwill as follows: EGU Greek operating segment ($473.8 million), White Mountain ($50.3 million) and Tanjianshan ($2.2 million). We used a discount rate of between 7% and 9% to calculate the net present value of cash flows from these assets.

Operating costs
We calculate cash operating costs according to the Gold Institute Standard. Future operating costs include estimates of foreign currency exchange and inflation trends.

Stock-based compensation
We use the Black-Scholes Model to calculate the fair value of stock options that have been given to employees, officers and directors. This model uses assumptions of share price, volatility and expected life of options.

Asset retirement obligations
We estimate the mine closure date, the discount rate, the inflation rate and the timing reclamation costs to determine the carrying value of an asset retirement obligation.

Income taxes
We record income taxes using income tax rates we expect to apply in the years we estimate 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.

Pension plans
We use various actuarial assumptions to estimate our obligations and expenses, including a long-term estimate of the expected rate of return on plan assets, the discount rate, the rate of salary escalation and the average remaining service period of active employees expected to receive benefits.

	December 31, 2013		December 31, 2012	
Key assumptions – pension plans	**Pension plan**	**SERP**	**Pension plan**	**SERP**
Expected long-term rate of return on plan assets	4.8%	4.8%	6.0%	3.0%
Discount rate beginning of year	3.9%	3.9%	4.5%	4.5%
Discount rate end of year	4.8%	4.8%	3.9%	3.9%
Rate of salary escalation	-	-	3.0%	3.0%
Average remaining service period of active employees expected to receive benefits	7.6 years	7.6 years	7.8 years	7.8 years

Changes in accounting policies

The following standards and amendments to existing standards have been adopted by the Company commencing January 1, 2013:

• IAS 19 '*Employee Benefits*' – In June 2011, the International Accounting Standards Board (IASB) published a revised version of IAS 19. The revised IAS 19 ("IAS 19R") represents IASB's effort to improve the accounting for employee retirement benefits. The revisions include:
- Requirement to recognize past service costs immediately in net income rather than using the corridor method.
- Requirement to recognize actuarial gains and losses immediately in other comprehensive income ("OCI"). Previously, companies had the option of recognizing actuarial gains and losses through OCI immediately or via use of the corridor method.
- Requirement that expected return on plan assets be calculated based on the rate used to discount the defined benefit obligation which is based on high quality bond yields. Previously, equity returns were incorporated into the expected return on plan assets.
- Requirement for more disclosure relating to the characteristics and risks of the amounts in the financial statements regarding defined benefit plans, including the timing and uncertainty of the entity's cash flows.

The adoption of this standard had a nominal impact on the Company's audited consolidated financial statements. Therefore comparative periods have not been restated. The required disclosures are included in note 16 of our audited consolidated financial statements.

• IFRS 10 '*Consolidated Financial Statements*' – This IFRS establishes control as the basis for an investor to consolidate its investee; it defines control as an investor's power over the investee with exposure, or rights, to variable returns from the investee and the ability to affect the investor's return through its power over the investee. There was no impact on the audited consolidated financial statements as a result of the adoption of this standard.

• IFRS 11 '*Joint Arrangements*' – This standard replaces the guidance in IAS 31 '*Interests in Joint Ventures*'. Under IFRS 11, joint arrangements are classified as either joint operations or joint ventures. Joint ventures entities are now accounted for using the equity method. Upon application of IFRS 11, entities which had previously accounted for joint ventures using proportionate consolidation shall collapse the proportionately consolidated net asset value into a single investment balance at the beginning of the earliest period presented. The investment's opening balance is tested for impairment in accordance with IAS 28 '*Investment in Associates and Joint Ventures*' and IAS 36 '*Impairment of Assets*'. Any impairment losses are recognized as an adjustment to opening retained earnings at the beginning of the earliest period presented. There was no impact on the audited consolidated financial statements as a result of the adoption of this standard.

- IFRS 12 '*Disclosure of Interests in Other Entities*' – This IFRS is a new standard that applies to companies with an interest in subsidiaries, joint arrangements, associates or unconsolidated structured entities. The application of this standard intends to enable users of the financial statements to evaluate the nature of and risks associated with its interests in other entities, and the effects of those interests on its financial position, financial performance and cash flows. Companies are now required to disclose information about significant judgments and assumptions made in determining the control of another entity, the joint control of an arrangement or significant influence over another entity and the type of joint arrangement when the arrangement has been structured through a separate vehicle. The Company has provided the additional disclosures required by this standard in note 9 of our audited consolidated financial statements.

- IFRS 13 '*Fair value measurement*' – This IFRS aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS. The required disclosures are included in notes 21 and 25 of our audited consolidated financial statements.

- IAS 36 '*Impairment of Assets*' – In May 2013, the IASB published a revised version of this standard to reverse the unintended requirement in IFRS 13 '*Fair Value Measurements*' to disclose the recoverable amount of every cash-generating unit to which significant goodwill or indefinite-lived intangible assets have been allocated. Under the amendments, recoverable amount is required to be disclosed only when an impairment loss has been recognized or reversed. The amendments apply retrospectively for annual periods beginning on or after January 1, 2014. The Company early adopted the amendments to this standard and has therefore disclosed the recoverable amount only for cash generating units where an impairment loss was recognized during 2013. These disclosures have been provided in note 11 of our audited consolidated financial statements.

- IFRIC 20 '*Stripping costs in the production phase of a surface mine*' – This interpretation applies to waste removal costs that are incurred in open pit mining activity during the production phase of the mine. Recognition of a stripping activity asset requires the asset to be related to an identifiable component of the ore body. Stripping costs that relate to inventory produced should be accounted for as a current production cost in accordance with IAS 2, '*Inventories*'. Stripping costs that generate a benefit of improved access and meet the definition of an asset should be accounted for as an addition to an existing asset. Existing stripping costs on the balance sheet at transition that do not relate to a specific ore body should be written off to opening retained earnings. The stripping activity asset shall be depreciated on a systematic basis, over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity. There was no impact on the audited consolidated financial statements as a result of the adoption of this standard.

The following standards and amendments to existing standards have been published and are mandatory for Eldorado's annual accounting periods beginning January 1, 2014, or later periods:
IFRS 9 '*Financial Instruments: Classification and Measurement*' – This is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39, '*Financial Instruments: Recognition and Measurement*'. IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is recorded at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is measured at fair value with changes in fair value through profit or loss. In addition, this new standard has been updated to include guidance on financial liabilities and derecognition of financial instruments. This standard is effective for years beginning on or after January 1, 2015. The Company is currently evaluating the extent of the impact of the adoption of this standard.

- IFRIC 21 '*Levies*' – This interpretation of IAS 37, '*Provisions, Contingent Liabilities and Contingent Assets*', applies to the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event ("obligating event"). IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods commencing on or after January 1, 2014. The Company is currently evaluating the extent of the impact of adoption of this standard.

- There are no other IFRS or IFRIC interpretations that are not yet effective that could be expected to have a material impact on the Company.

Disclosure controls and procedures

Disclosure controls and procedures are designed to provide reasonable assurance that material information is gathered and reported to senior management, including the CEO and 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, 2013, as defined in the rules of the U.S. Securities and Exchange Commission and Canadian Securities Administration. Based on this evaluation, they concluded that our disclosure controls and procedures are effective in providing reasonable assurance that the information required to be disclosed in reports we filed or submitted 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, and used the framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) to evaluate the effectiveness of our controls in 2013. Based on this evaluation, management concluded that our internal control over financial reporting was effective as at December 31, 2013 and provided a reasonable assurance of the reliability of our financial reporting and preparation of the financial statements.

No matter how well designed, however, any system of internal control has inherent limitations. Even systems determined to be effective can provide only reasonable assurance of the reliability of financial statement preparation and presentation.

KPMG LLP, an independent registered public accounting firm, has audited the effectiveness of internal control over financial reporting, and has expressed their opinion in their report included with our annual consolidated financial statements in Form 40-F.

Changes in internal control over financial reporting

We completed the integration of the EGU operations in 2013, and expanded our internal controls over financial reporting compliance program to include those operations. Other than the integration of EGU there have been no changes in our internal control over financial reporting during the year ended December 31, 2013 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Qualified Person

Except as otherwise noted, Norman Pitcher, P. Geo., the Company's President, is the Qualified Person under NI 43-101 who approved the scientific or technical information contained in this MD&A and has verified the technical data disclosed in this document.

Forward-looking information and risks

This MD&A includes statements and information about what we expect to happen in the future. When we discuss our strategy, plans and future financial and operating performance, or other things that have not yet happened in this review, we are making statements considered to be *forward-looking information* or *forward-looking statements* under Canadian and United States securities laws. We refer to them in this document as *forward-looking information*.

Key things to understand about the forward-looking information in this document:

- It typically includes words and phrases about the future, such as: *plan, expect, forecast, intend, anticipate, believe, estimate, budget, scheduled, may, could, would, might, will*, as well as the negative of these words and phrases.
- Although it represents our current views, which we consider to be reasonable, we can give no assurance that the forward-looking information will prove to be accurate.
- It is based on a number of assumptions, including things like the future price of gold, anticipated costs and spending, and our ability to achieve our goals.
- It is also subject to the risks associated with our business, including
  - the changing price of gold and currencies,
  - actual and estimated production and mineral reserves and resources,
  - the speculative nature of gold exploration,
  - risks associated with mining operations and development,
  - regulatory and permitting risks,
  - acquisition risks, and
  - other risks that are set out in our Annual Information Form.

If our assumptions prove to be incorrect or the risks materialize, our actual results and events may vary materially from what we currently expect.

We recommend that you review our annual information form, which include a more detailed discussion of material risks that could cause actual results to differ significantly from our current expectations.

Forward-looking information is designed to help you understand management's current views of our near and longer term prospects, and it may not be appropriate for other purposes. We will not necessarily update this information unless we are required to by securities laws.