eldorado gold

December 31, 2010

Unaudited Consolidated Financial Statements

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Eldorado Gold Corporation
Unaudited Consolidated Balance Sheets

(Expressed in thousands of US dollars)

	December 31, 2010 $	December 31, 2009 $
Assets		
Current assets		
Cash and cash equivalents	314,344	265,369
Restricted cash	52,425	50,000
Marketable securities	8,027	13,951
Accounts receivable and other	40,534	26,434
Inventories	147,263	129,197
Future income taxes	606	-
	563,199	484,951
Inventories	29,627	31,534
Investment in significantly influenced company	6,202	-
Restricted assets and other	19,328	13,872
Mining interests	2,793,722	2,580,816
Goodwill	364,093	324,935
	3,776,171	3,436,108
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	146,487	157,250
Debt - current	98,523	56,499
Future income taxes	2,915	4,264
	247,925	218,013
Debt - long-term	68,140	134,533
Asset retirement obligations	24,275	26,566
Future income taxes	430,020	390,242
	770,360	769,354
Non-controlling interests	38,940	26,144
Shareholders’ Equity		
Share capital	2,814,679	2,671,634
Contributed surplus	22,967	17,865
Accumulated other comprehensive income	998	2,227
Retained earnings (deficit)	128,227	(51,116)
	2,966,871	2,640,610
	3,776,171	3,436,108

Eldorado Gold Corporation

Unaudited Consolidated Statements of Operations

For the period ended December 31,

(Expressed in thousands of U.S. dollars)

	Three months ended		Twelve months ended	
	2010	**2009**	**2010**	**2009**
	$	**$**	**$**	**$**
Revenue				
Gold sales	204,623	144,506	782,850	358,467
Iron ore sales	8,325	-	8,325	-
	212,948	144,506	791,175	358,467
Expenses				
Operating costs	74,194	57,411	282,465	132,464
Depletion, depreciation and amortization	26,813	18,643	106,791	38,658
General and administrative	22,414	8,429	62,217	32,530
Exploration	11,608	3,352	23,181	11,970
Mine standby costs	-	763	1,335	2,580
Accretion of asset retirement obligations	29	95	1,564	291
Foreign exchange loss (gain)	6,465	(1,397)	14,792	(2,966)
	141,523	87,296	492,345	215,527
(Gain) loss on disposal of assets	1,143	490	(592)	(854)
Gain on marketable securities	(1,225)	(402)	(6,572)	(1,689)
Interest expense and financing costs	1,828	589	8,089	824
Interest and other income	(382)	(679)	(11,036)	(2,262)
	142,887	87,294	482,234	211,546
Income before income taxes and non-controlling interest	70,061	57,212	308,941	146,921
Income tax (expense) recovery				
Current	(25,431)	(17,397)	(95,022)	(44,862)
Future	1,076	(5,143)	5,864	2,972
	(24,355)	(22,540)	(89,158)	(41,890)
Non-controlling interest in income	(2,132)	(1,383)	(14,083)	(2,627)
Net income for the period	43,574	33,289	205,700	102,404
Weighted average number of shares outstanding				
Basic	547,896	424,348	542,861	389,384
Diluted	550,547	427,356	545,850	391,707
Earnings per share				
Basic income per share	0.08	0.08	0.38	0.26
Diluted income per share	0.08	0.08	0.38	0.26

Eldorado Gold Corporation

Unaudited Consolidated Statements of Cash Flows

For the period ended December 31,

(Expressed in thousands of US dollars)

	Three months ended		Twelve months ended	
	2010	**2009**	**2010**	**2009**
	$	**$**	**$**	**$**
Cash flows generated from (used in):				
Operating activities				
Net income for the period	43,574	33,289	205,700	102,404
Items not affecting cash				
Accreation on asset retirement obligations	29	95	1,564	291
Depletion, depreciation and amortization	26,813	18,643	106,791	38,658
Unrealized foreign exchange loss	8,312	(1,343)	17,973	281
Future income taxes (recovery) expense	(1,076)	5,143	(5,864)	(2,972)
(Gain) loss on disposal of assets	1,143	490	(592)	(854)
Gain on marketable securities	(1,225)	(402)	(6,572)	(1,689)
Stock-based compensation	2,683	1,423	16,557	9,091
Fair value of bonus cash award units	-	-	-	(2,543)
Pension expense	650	444	2,517	1,689
Non-controlling interest	2,132	1,383	14,083	2,627
	83,035	59,165	352,157	146,983
Changes in non-cash working capital	(13,383)	42,718	(60,082)	45,059
	69,652	101,883	292,075	192,042
Investing activities				
Acquisition of subsidiaries, net of cash received	(518)	54,179	(6,083)	54,179
Mining interests				
Capital expenditures	(73,820)	(43,611)	(226,296)	(106,614)
Proceeds on sales and disposals	565	-	23,756	35
Marketable securities disposals				
Purchases	(6,285)	(3,321)	(11,983)	(3,967)
Proceeds on sales and disposals	1,775	616	15,611	42,770
Equity investment purchase	(1,352)	-	(6,727)	-
Pension plan contributions	-	-	-	(1,856)
Restricted cash	(242)	-	(2,463)	-
Restricted assets and other	5,356	(11)	(7,007)	1,877
	(74,521)	7,852	(221,192)	(13,576)
Financing activities				
Capital stock				
Issuance of common shares for cash	3,537	6,232	35,907	25,201
Dividend paid to non-controlling interest	-	(149)	(1,287)	(149)
Dividend paid to shareholders	-	-	(26,357)	-
Long-term and current debt				
Proceeds	795	-	59,839	4,983
Repayments	(24,522)	-	(90,010)	(4,983)
	(20,190)	6,083	(21,908)	25,052
Net increase (decrease) in cash and cash equivalents	(25,059)	115,818	48,975	203,518
Cash and cash equivalents - beginning of period	339,403	149,551	265,369	61,851
Cash and cash equivalents - end of period	314,344	265,369	314,344	265,369

FINANCIAL AND OPERATIONAL REVIEW

for the quarter ended December 31, 2010

Throughout this document, *Eldorado*, *we, us, our* and *the company* mean Eldorado Gold Corporation. *This year* means 2010. All dollar amounts are in United States dollars unless stated otherwise.

What's inside

About Eldorado

Based in Vancouver, Canada, Eldorado owns and operates gold mines participating in every step of the process, from exploration and development, to extraction, processing and reclamation.

We own and operate four gold mines:

- Kişladağ, in Turkey (100%)
- Tanjianshan, in China (90%)
- Jinfeng, in China (82%)
- White Mountain, in China (95%)

We have four development projects:

- Eastern Dragon, in China (95%)
- Efemçukuru, in Turkey (100%)
- Tocantinzinho, in Brazil (100%)
- Perama Hill, in Greece (100%)

We also own and operate one iron ore mine:

- Vila Nova, in Brazil (100%)

We acquired Jinfeng, White Mountain and Eastern Dragon when we acquired Sino Gold Mining Ltd. (Sino Gold) in December 2009. We acquired Tocantinzinho when we acquired Brazauro Resources Corporation in July 2010.

Eldorado is listed on the following exchanges:

- Toronto Stock Exchange (TSX) under the symbol ELD
- New York Stock Exchange (NYSE) under the symbol EGO
- Australian Securities Exchange (ASX) under the symbol EAU

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

Eldorado Chess Depositary Interests (CDIs) trade on the Australian Securities Exchange (ASX) under the symbol EAU.

Fourth quarter highlights

- Revenues were up 47% over the same quarter in 2009 reflecting higher gold sales volumes and prices as well as $8.3 million in revenues from iron ore sales.
- Net income increased 31% over the same quarter in 2009.
- Earnings from gold mining operations before taxes increased 59% over the same quarter in 2009.
- Production this quarter was 15% higher than the same quarter of 2009 reflecting a full quarter of production from Jinfeng and White Mountain as compared to only one month in 2009.
- We generated $83.0 million in cash from operating activities before changes in non-cash working capital – an increase of 40% over the same quarter in 2009.
- Trial mining operations at Vila Nova continued with the first two shipments of iron ore to market completed prior to year end.
- Underground pre-production development at Efemçukuru reached the Middle Ore Shoot of the ore zone, and construction of above ground facilities continued on schedule with production anticipated to begin in Q2 2011.
- Construction activities at Eastern Dragon recommenced during the quarter following a successful year in advancing permitting activities and positive engagement with our joint venture partner, local communities and government authorities.

Financial highlights

($000)	Fourth quarter			Year Ended		
	2010	2009	change	2010	2009	change
Total revenue	212,948	144,506	47%	791,175	358,467	121%
Net income	43,574	33,289	31%	205,700	102,404	101%
Earnings per share						
- basic	0.08	0.08	0%	0.38	0.26	46%
- diluted	0.08	0.08	0%	0.38	0.26	46%

Operating highlights[1,4]

($000)	2010				2009
	First quarter	Second quarter	Third quarter	Fourth quarter	Fourth quarter
Total					
Gold ounces produced	164,928	167,940	151,297	148,374	128,593
Ounces sold	163,446	172,826	154,655	149,022	131,068
Cash operating costs ($ per ounce)	$370	$357	$386	$418	$330
Total cash cost ($ per ounce)[2]	$397	$410	$431	$460	$365
Kışladağ					
Gold ounces produced	82,240	70,451	62,086	59,815	70,131
Ounces sold	83,974	69,197	66,113	59,741	70,765
Cash operating costs ($ per ounce)	$304	$304	$337	$382	$294
Total cash cost ($ per ounce)[2]	$307	$345	$359	$354	$298
Tanjianshan					
Gold ounces produced	25,423	28,884	28,847	30,710	37,773
Ounces sold	18,947	38,261	28,847	30,710	40,150
Cash operating costs ($ per ounce)	$420	$387	$391	$349	$332
Total cash cost ($ per ounce)[2]	$517	$483	$493	$459	$421
Jinfeng[3]					
Gold ounces produced	45,615	52,659	46,116	37,560	14,541
Ounces sold	49,674	48,623	45,447	38,282	14,554
Cash operating costs ($ per ounce)	$422	$381	$425	$486	$471
Total cash cost ($ per ounce)[2]	$462	$423	$473	$585	$515
White Mountain[3]					
Gold ounces produced	11,650	15,946	14,248	20,289	6,148
Ounces sold	10,851	16,745	14,248	20,289	5,599
Cash operating costs ($ per ounce)	$550	$442	$477	$498	$400
Total cash cost ($ per ounce)[2]	$589	$474	$507	$536	$439

1 We calculate costs according to the Gold Institute Standard.
2 Total cash cost is cash operating costs plus royalties and off-site administration costs.
3 We acquired Jinfeng and White Mountain in December 2009.
4 We recalculated cash operating costs and total cash costs for previous quarters based on ounces sold.

Operations update

Kişladağ

($000)				2010	2009
	First quarter	**Second quarter**	**Third quarter**	**Fourth quarter**	**Fourth quarter**
Ore mined (tonnes)	2,910,816	2,971,165	2,538,357	1,626,165	3,334,470
Total material mined (tonnes)	6,305,993	7,590,988	7,265,973	6,136,849	7,151,212
Strip ratio	1.17:1	1.55:1	1.86:1	2.77:1	1.14:1
Ore to pad (tonnes)	2,898,199	2,686,284	2,767,179	2,021,057	3,679,685
Gold grade (g/t)	1.12	1.12	0.98	1.00	0.86
Gold production (ounces)	82,240	70,451	62,086	59,815	70,131

Kişladağ continued to perform well this quarter. We placed less ore on the leach pad, however, as our present operating permit limits us to place 10 million tonnes of ore per year on the leach pad. We plan to increase throughput to 12 million tonnes in 2011 upon approval of an amended permit, and a larger expansion is being considered as a result of the favourable drilling results in 2010.

Capital spending this quarter was $US 20.8 million, on core drilling, modifications to the crushing system and construction of the Phase 3 upgrade.

We continued our work on expansion of the circuit this quarter, and began the installation of two tertiary crushers. The new circuit will be tied into the existing process in late February.

Tanjianshan

($000)				2010	2009
	First quarter	**Second quarter**	**Third quarter**	**Fourth quarter**	**Fourth quarter**
Ore mined (tonnes)	111,728	339,068	347,031	380,466	533,708
Total material mined (tonnes)	390,627	1,584,769	1,062,371	1,117,263	3,830,234
Strip ratio	2.50:1	3.67:1	2.06:1	1.94:1	6.17:1
Ore processed (tonnes)	249,738	271,749	283,598	244,867	256,828
Gold grade (g/t)	4.01	4.38	3.84	4.59	5.81
Gold production (ounces)	25,423	28,884	28,847	30,710	37,773

Capital spending this quarter was $US 5.7 million, mainly for upgrades to the process plant.

Jinfeng

($000)				2010	2009
	First quarter	**Second quarter**	**Third quarter**	**Fourth quarter**	**Fourth quarter[1]**
Ore mined – underground (tonnes)	101,340	96,585	96,272	110,818	34,744
Ore mined – open pit (tonnes)	398,100	334,566	311,911	387,701	118,778
Total material mined – open pit (tonnes)	5,320,508	4,651,564	4,823,845	3,036,921	2,604,277
Strip ratio – open pit	12.4:1	12.6:1	14.5:1	6.83:1	20.9:1
Ore processed (tonnes)	389,851	392,211	387,427	387,710	136,054
Gold grade (g/t)	4.23	4.51	4.42	3.81	3.97
Gold production (ounces)	45,615	52,659	46,116	37,560	14,541

1 Statistics for the fourth quarter 2009 represent operations for December 2009 only.

We mined from the bottom of the open pit this quarter, which reduced waste removal and increased mining production. Gold production fell from previous quarters because of lower head grade. We have now completed the current phase of open pit mining, and plan to begin a waste stripping campaign in 2011.

Capital spending was $US 5.7 million this quarter, mostly for underground mine development and some land compensation fees.

White Mountain

($000)				2010	2009
	First quarter	**Second quarter**	**Third quarter**	**Fourth quarter**	**Fourth quarter[1]**
Ore mined (tonnes)	133,438	170,374	146,156	174,755	52,077
Ore processed (tonnes)	130,643	167,981	154,125	169,669	58,074
Gold grade (g/t)	4.09	3.78	4.01	4.06	4.26
Gold production (ounces)	11,650	15,946	14,248	20,289	6,148

1 Statistics for the fourth quarter 2009 represent operations for December 2009 only.

We set a record for gold production this quarter, mainly due to increased throughput and recoveries.

Capital spending this quarter was $US 4.7 million, mostly for underground development and construction of the tailings dam extension.

Vila Nova

During the quarter Vila Nova mined 163,920 tonnes of run-of-mine iron ore as part of a trial mining project. Two shipments were made during the quarter, one shipment of lump ore and another of sinter fines. Both of these shipments were sold into the Chinese spot market at prices averaging $93.50 per dry metric tonne delivered to the Santana port in Brazil.

Development project update

Eastern Dragon
We made excellent progress at Eastern Dragon this quarter as part of the winter work program. Despite severe weather civil foundation and structural steel work continued on schedule.

Efemçukuru
Construction of the tailings filtration and backfill plants continued on schedule this quarter. We continued dry commissioning in the main concentrator building and expect it to be complete in early 2011. We plan to start wet commissioning when construction is complete and the power line is energized (scheduled for early April). We finished the structures for the administration building, the mine dry, the warehouse/maintenance shop and the mine canteen.

Pre-production development moved ahead on all three declines. The contractor's advance rates have continued to improve as they gain experience with the operation and ground conditions. The conveyor decline has now reached the level of the crushing chamber and lateral development has begun. We have gained access to the Middle Ore Shoot from the north ramp, which allows us to evaluate the ground conditions in the ore zone.

Tocantinzinho
We plan to complete the prefeasibility study for Tocantinzinho in the first quarter of 2011. We are evaluating capital and operating costs to further identify opportunities to optimize the project. A significant portion of the investment capital is for infrastructure, particularly for road access and to install a dedicated power line. We have substantially increased the level of detail for both engineering and estimating in these areas.

Perama Hill
There was no significant change in the status of the preliminary environmental assessment report, which is currently being reviewed by the Ministry of Environment. We continue to work with all levels of government to advance the understanding of the project and its importance to the regional economy.

Exploration update

Turkey

Kişladağ

We completed the phase 2 resource drilling program in December. This quarter, we drilled 17 diamond drillholes (8,552 m) focused mainly on the western and southwestern margin of the known deposit. Significant gold values were intersected adjacent to a late-stage intrusive dyke which extends westward from the core of the deposit. The discovery of ore-grade gold values in the basement schist highlights the prospectivity of the relatively unexplored area west of the deposit.

Efemçukuru

We are completing underground mapping along the three declines as development proceeds. Planned drilling of the Kokarpinar vein and the northwest extension of the Kestane Beleni vein have been deferred until early 2011.

Reconnaissance programs

We completed drilling programs at the Malatya-Hasançelebi (MH), Sizma, Sayaçik, and AS projects this quarter.

At the MH IOCG (iron oxide copper gold) prospect, we drilled six diamond drillholes this quarter, bringing the phase I exploration program total to eight drillholes (3,066m). This drilling has tested a number of targets defined by soil and rock chip geochemistry, alteration mapping, and geophysical survey data. The best results to date are from the Koskale target, a structurally controlled breccia zone with strong hematite alteration.

At the Sizma project (phyllite-hosted gold) we completed the phase 1 exploration program this quarter, bringing the 2010 total to 22 drillholes (1,146m). Several of the drillholes intersected low-grade Au values over several tens of metres at shallow depths. Grade continuity to deeper levels will be tested in 2011.

At the AS deposit, we completed six drillholes (2,845 m) on new porphyry target areas defined by mapping, geochemical sampling, and magnetic survey programs. These all intersected variable altered and mineralized rocks, including zones of porphyry-style Cu, Mo, Au mineralization. We will drill the last two planned holes of the program in 2011.

At the Sayaçik project, we completed five reverse-circulation drillholes and two diamond drillholes, targeting geophysical and geochemical anomalies defined during the 2009 field program. These did not intersect significant mineralized zones associated with these anomalies, and assay results received to date do not warrant follow-up on any of the targets.

We also completed reconnaissance fieldwork, including rock chip sampling, mapping, and soil geochemistry surveys on the early-stage Catak and Atalan projects this quarter.

China

Tanjianshan

We drilled two holes (408m) in the 323 Zone this quarter, completing the 2010 resource drilling program. Geological modeling of the mineralized zones has formed the basis for a preliminary resource estimate of approximately 160,000 oz (inferred) at an average grade of 2.75 g/t. The mineralized zone remains open to the south, where one of the final drillholes of the season (QD-217) intersected 11.6 g/t Au over 5.5m. Drilling planned for 2011 includes additional exploration to the south, and infill drilling to support application for a mining license.

We completed shallow RC/RAB drilling in the ZhongXinShan (ZXS) prospect area this quarter, located between the 323 zone and the Jinlonggou deposit, to define targets for follow-up diamond drilling in 2011.

Jinfeng

We continued our drilling programs at the mine proper this quarter, at the Bannian prospect, located approximately 20 km southwest of the Jinfeng mine, and at the Lintan prospect, located immediately north of the mine.

Drilling programs at Bannian and Lintan targeted mineralized fault zones, where previous surface work identified structurally-controlled zones of high-grade gold. Mineralized intercepts to date have been relatively narrow and low grade, and we will direct future drilling toward conceptual targets where larger tonnage deposits may be possible. At the Jinfeng mine, we focused our underground and surface drilling on upgrading zones of inferred resources.

White Mountain

Drilling this quarter focused on the open down-dip and along-strike extensions of the White Mountain deposit, as well as early-stage targets at the newly acquired Xiaoshiren Central exploration license. At White Mountain, high-grade mineralization was intersected approximately 200 meters down-dip of the known deposit in drillhole 337 (24.7m @ 8.7 g/t Au). This intercept lies along the same contact controlling the main orebody, but may represent a separate mineralized lense that at present is completely open along strike and downdip.

We completed seven diamond drillholes (1,223 m) at Xiaoshiren this quarter, testing for the source of the abundant boulders of high-grade silicified breccia at the prospect. Several drillholes intersected mineralized breccia zones, with the most significant interval grading 7.8 g/t over 6.5m (HDDS 011). The project is still early stage, and the orientations, thicknesses, and number of mineralized breccia are uncertain.

Eastern Dragon

Field activities this quarter included ground magnetic surveys, float and outcrop sampling, and prospecting within the EL53 license area. We completed a detailed magnetic survey over the entire license area, and will be incorporating the results into geological interpretation and planning for the 2011 drilling program. We identified new high grade gold in outcrop during prospecting along the river valley north of Lode 5, which we are evaluating as a target for the upcoming drilling program.

Brazil

Tocantinzinho

Drilling this quarter included 13 holes (3,423 m) divided between infill resource holes and condemnation holes for development planning. None of the condemnation drillholes intersected significant mineralization. The infill drilling constrained positions of lithologic and mineralization boundaries in areas with low drillhole density, and will allow us to convert inferred resources to indicated resources.

Reconnaissance

At the Agua Branca and Piranhas projects, both held under option, fieldwork this quarter focused on geochemical sampling programs aimed at defining auger and diamond drilling targets for 2011.

Nevada

We completed the 2011 fieldwork programs at the Richmond Mountain and Cathedral Well projects this quarter. In December, we began reverse circulation drilling at Cathedral Well, testing targets defined by geophysical (CSAMT) surveys in pediment covered areas downdip from previously mined orebodies.

Fourth quarter results

Financial results

($000)	2010				2009			
	First quarter	Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter	Third quarter	Fourth quarter
Total revenues	181,479	206,443	190,305	212,948	52,206	80,147	81,608	144,506
Net income (loss)	52,845	60,508	48,773	43,574	13,061	25,900	30,154	33,289
Earnings per share								
- basic	0.10	0.11	0.09	0.08	0.04	0.07	0.08	0.08
- diluted	0.10	0.11	0.09	0.08	0.04	0.07	0.08	0.08

Net income
Our consolidated net income for the quarter was $43.6 million or $0.08 per share, compared to $33.3 million or $0.08 per share in the fourth quarter of 2009, a 31% increase in net income. The increase in net income was mainly due to higher earnings before taxes from gold mining operations partially offset by higher non-cash foreign exchange losses, general and administrative expenses and exploration expenses. Earnings from gold mining operations were driven by higher revenues as a result of increasing gold prices as well as higher sales volumes with the added production from Jinfeng and White Mountain.

Total revenues
Total revenues during the quarter included $204.6 million in gold revenues and $8.3 million in iron ore sales.

Gold revenues for the quarter, were up $60.1 million, or 42%, from a year ago because of higher selling prices (+25%) and higher sales volumes (+14%). Sales from Kişladağ and TJS decreased 20,464 ounces while Jinfeng and White Mountain added 38,418 ounces compared to the same quarter in 2009.

($000)	Three months ended December 31			Year ended December 31		
	2010	2009	change	2010	2009	change
Gold ounces sold	149,022	131,068	17,954	639,949	360,226	279,723
- Kisladağ	59,741	70,765	(11,024)	279,025	237,363	41,662
- Tanjianshan	30,710	40,150	(9,440)	116,765	102,710	14,055
- Jinfeng	38,282	14,554	23,728	182,026	14,554	167,472
- White Mountain	20,289	5,599	14,690	62,133	5,599	56,534
Average selling price per ounce	$1,373	$1,103	$270	$1,223	$995	$228
Gold revenue (000s)	$204,623	$144,506	$60,117	$782,850	$358,467	$424,383

Vila Nova shipped 89,074 dry metric tonnes of iron ore to market receiving a price of $93.50 per dry metric tonne delivered to the Santana port in Brazil.

Earnings from gold mining operations before taxes

Earnings from mine operations before taxes were $109.3 million, compared to $68.7 million a year ago. The increase was mainly because of higher gold prices and higher overall sales volumes.

(US$ millions)	Three months ended December 31			Year ended December 31		
	2010	2009	change	2010	2009	change
Total						
Gold sales	204.6	144.5	60.1	782.9	358.5	424.4
Mine operating costs	69.9	57.5	12.4	278.2	132.7	145.5
Depletion, depreciation and amortization	25.3	18.3	7.0	104.0	37.6	66.4
Earnings from mine operations	109.4	68.7	40.7	400.7	188.2	212.5
Kışladağ						
Gold sales	82.2	77.9	4.3	339.1	233.1	106.0
Mine operating costs	21.8	21.1	0.7	98.1	67.7	30.4
Depletion, depreciation and amortization	2.9	4.0	(1.1)	14.1	12.0	2.1
Earnings from mine operations	57.5	52.8	4.7	226.9	153.4	73.5
Tanjianshan						
Gold sales	42.1	43.7	(1.6)	144.0	102.5	41.5
Mine operating costs	14.6	17.1	(2.5)	58.9	45.7	13.2
Depletion, depreciation and amortization	7.4	9.2	(1.8)	25.5	20.5	5.0
Earnings from mine operations	20.1	17.4	2.7	59.6	36.3	23.3
Jinfeng						
Gold sales	52.4	16.5	35.9	222.0	16.5	205.5
Mine operating costs	22.6	14.5	8.1	88.3	14.5	73.8
Depletion, depreciation and amortization	8.1	4.3	3.8	45.4	4.3	41.1
Earnings from mine operations	21.7	(2.3)	24.0	88.3	(2.3)	90.6
White Mountain						
Gold sales	27.9	6.4	21.5	77.8	6.4	71.4
Mine operating costs	10.9	4.8	6.1	32.9	4.8	28.1
Depletion, depreciation and amortization	6.9	0.8	6.1	19.0	0.8	18.2
Earnings from mine operations	10.1	0.8	9.3	25.9	0.8	25.1

Operating costs from gold mining operations

Operating costs from gold mining rose 22% this quarter, compared to a year ago, reflecting the addition of operating costs from Jinfeng and White Mountain. Kışladağ cash operating costs per ounce increased 30% over Q4 2009 because of higher fuel and labour costs, coupled with the lower volume due to the permit limitations. TJS and Jinfeng cash operating costs rose 5% and 3% respectively because of lower ore grades and unfavourable exchange rate movements. White Mountain cash operating costs rose 25% because of lower grades and higher mining costs related to stope development.

Depletion, depreciation and amortization
Depletion, depreciation and amortization (DD&A) expense was $25.3 million this quarter, $7.0 million higher than a year ago, mainly because of the additional DD&A expense from Jinfeng and White Mountain ($15.0 million compared to $5.1 million in Q4 2009).

Expenses

($000)	Three months ended December 31			Year ended December 31		
	2010	2009	Change	2010	2009	change
General and administrative	22.4	8.4	14.0	62.2	32.5	30.0
Income tax	24.4	22.5	1.9	89.2	41.9	47.3
Exploration	11.6	3.4	8.2	23.2	12.0	11.2
Foreign exchange	6.5	(1.4)	7.9	14.8	(3.0)	17.8
Interest and other	(0.4)	(0.7)	(0.3)	(11.0)	(2.3)	(8.7)
Gains on sales of marketable securities	(1.2)	(0.4)	(0.8)	(6.6)	(1.7)	(4.9)
Non-controlling interest and other	2.1	1.4	0.7	14.1	2.6	11.5

General and administrative expense
General and administrative expense increased this quarter compared to a year ago because of higher costs in our Vancouver and Beijing offices, higher stock based compensation expense, as well as a number of one-time charges. Higher costs in Vancouver reflected additional staff hired during the year due to the business expansion as well as higher legal and securities compliance costs. Higher costs in Beijing reflect the growth in the Beijing office since the Sino Gold acquisition. The one-time charges included a $3.3 million accrual for withholding taxes on options exercised by our foreign employees and the $1.9 million write-off of a joint venture partner receivable.

Income taxes
The effective tax rate decreased to 34% this quarter from 39% a year ago. The decrease was mainly the result of a higher than normal effective tax rate in Q4 2009 related to the reversal of a future income tax recovery on unrealized gains on shares of Sino Gold held by the Company prior to the Sino acquisition.

Exploration expense
Exploration expenses increased significantly over Q4 2009 as a result of increased exploration activities in China and Turkey as well as a $5.5 million write-off of certain Turkish mining licenses determined to no longer hold exploration potential. See *Exploration* on page 7 for more information.

Foreign exchange gain/loss
A major portion of the foreign exchange loss this quarter related to foreign exchange losses in the revaluation of our future income tax liabilities, coupled with debt denominated in Chinese renminbi.

Non-controlling interest
The increase in non-controlling interest over last year reflected higher earnings at our joint ventures in China.

Forward-looking information and risks

This review 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 review as *forward-looking information*.

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

- It typically includes words and phrases about the future, such as: *plan, expect, forecast, intend, anticipate, estimate, budget, scheduled, may, could, would, might, will.*
- 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 risks,
  - acquisition risks, and
  - other risks that are set out in our annual information form and MD&A.
- 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 and our annual MD&A, which include a 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.