



# eldorado gold

## **Eldorado Gold Corporation Skouries Project Financing Conference Call Transcript**

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**Time:** 8:30 AM PT

**Speakers:** **Lisa Wilkinson**  
Vice President, Investor Relations

**George Burns**  
President, Chief Executive Officer

**Brock Gill**  
Senior Vice President, Projects and Transformation

**Joe Dick**  
Executive Vice President, Chief Operating Officer

**Paul Ferneyhough**  
Senior Vice President, Chief Growth and Integration Officer

**Operator:**

Welcome to the Eldorado Gold Skouries Project Financing Conference Call.

As a reminder, all participants are in listen-only mode and the conference is being recorded. After the presentation, there will be an opportunity to ask questions. To join the question queue, you may press star then one on your telephone keypad. Should you need assistance during the conference call, you may signal an operator by pressing star then zero.

I would now like to turn the conference over to Lisa Wilkinson, Vice President Investor Relations. Please go ahead, Ms. Wilkinson.

**Lisa Wilkinson:**

Thank you, Operator, and good morning, everyone. I'd like to welcome you to our Skouries Project Financing Conference Call and Webcast.

Before we begin, I would like to remind you that we will be making forward-looking statements and referring to non-IFRS measures during the call. Please refer to the cautionary statements included in the presentation and news release.

Joining me on the call today, we have George Burns, President and Chief Executive Officer; Brock Gill, Senior Vice President, Projects and Transformation; and Joe Dick, Executive Vice President and Chief Operating Officer. Other members of the Senior Leadership team will also be available for the Q&A session.

Our news release details the highlights of the project financing and Board approval for the Skouries Project. You can find a copy of this news release on our website. It has also been filed on SEDAR and EDGAR. All dollar figures discussed today are U.S. dollars unless otherwise stated.

We will be speaking to the slides that accompany this webcast. You can download a copy of these slides from our website.

After the prepared remarks, we will open the call for Q&A. At that time, we will invite analysts to queue for questions.

Before I turn the call over to George, we would like to start the webcast with a Skouries Project video. For those joining via phone, you will only hear the audio narration. A copy of the video can be viewed on our website.

### **(Video presentation)**

#### **George Burns:**

The video you just saw highlights the robust project economics, upside potential, and the transformational effect that the Skouries Project is expected to have on Eldorado. We are very excited to be announcing the milestone news regarding the Board approval for the financing and full restart of the Skouries Project.

I'll start with the financing. We have entered into a €680 million project financing term facility for the development of the Skouries Project, with National Bank of Greece and Piraeus Bank as lead arrangers. This term facility provides 80% of the expected future project funding required to complete Skouries and is secured by the assets of Hellas Gold, our wholly owned Greek subsidiary. The term facility is non-recourse to Eldorado, and the collateral securing the term facility covers the Skouries Project and other Hellas Gold operating assets. The remaining 20% of the project funding is expected to be fully covered by Eldorado's existing cash and future cash flow from operations, including credit for expenditures in 2022, and will be fully backstopped by a letter of credit from our revolving credit facility to be issued at financial close.

The term facility includes €480 million funded through a commercial loan from Greek lenders based on a floating interest rate and fixed margin, a further €100 million funded through the recovery and resiliency facility provided by the European Union via the Greek State and based on fixed interest rate, and finally a €100 million commercial bridge loan that is expected to be replaced by a further RRF loan next year. Further, the term facility includes a funded cost overrun facility for up to 10% of capital costs, with 80% being contributed by the Greek lenders and the remaining 20% by Eldorado. The estimated blended interest rate is approximately 5% based on current six-month EURIBOR.

The term of the facility is 10 years, with three years' drawdown and seven years' repayment. Drawdown on the term facility is subject to customary closing conditions. We expect these to be satisfied and the

first drawdown of funds to occur in the first quarter of 2023. We believe the term facility, combined with Eldorado's equity already contributed to the project this year, existing cash and future cash flow from operations, fully addresses the project funding requirement. We are very happy to be working with the Greek lenders in the project alongside the EU RRF loans, which provides two well-aligned strategic partners as we advance Skouries towards commercial production.

In conjunction with the project financing, our Board has approved the investment decision and restarted the construction at Skouries, conditional upon the first drawdown of the term facility.

As we shift our focus to project execution, I will turn things over to Brock to walk through project schedule and capital costs.

**Brock Gill:**

Thank you, George. Hello, everyone, and thank you for your time.

After the financing announcement today, our focus now shifts to project execution. The project is approximately half built, with most major processing equipment already purchased and installed, or in storage onsite. This year our project activity was focused on steel erection and enclosure of the processing facilities, which is mostly complete, as well as execution readiness and critical path activities. In 2023, our project activities will focus on the release of remaining procurement packages, community engagement, and finalizing detailed engineering, which is now over 40% complete. We expect full mobilization during the second half of 2023.

We have built a highly capable owners team that is based at site and our EPCM contractor has been progressively mobilizing. We are well positioned to execute the project on schedule and achieve commercial production by the end of 2025.

Shifting now to project costs, we remain confident in the feasibility study capital cost estimate of \$845 million based on several factors. First, the filter press, a long-lead item for tailings de-watering, was ordered in the second quarter of this year with cost and delivery schedules in line with our feasibility study assumptions. Also this year, we have seen the labour productivity for the work to enclose the mill building has been in line with our expectations. Second, labour accounts for approximately half of the capital cost estimate. A readily available Greek workforce and stable labour rates remain consistent

with the feasibility study.

Next, in 2022 construction activities on the nearby Olympias dry stack tailings management facility, which has a similar design and topography, support the assumptions made for the Skouries dry stack tailings construction. Finally, commodity prices that we are seeing in the general market, including copper, steel and cement, remain in line with our expectations. Moreover, 80% of the capital cost estimate is denominated in euros, which has weakened since the feasibility study was published. We also believe that we will benefit from early works activities completed in 2022 as we look to deliver the project in line with a three-year construction and commissioning schedule, with commercial production expected by the end of 2025.

I will now turn it over to Joe to highlight the social benefits of the project.

**Joe Dick:**

Thanks, Brock, and hello, everyone.

We believe the Skouries Project in the Halkidiki region in Northern Greece will provide long term value for both national and local economies. Over the life of Cassandra mines, it is estimated that 5,000 direct and indirect jobs will be created and more than \$2 billion in revenue will be contributed to the Greek State from income taxes, social contributions, and royalties over the life of the mine. Where possible, we will prioritize hiring local employees and working with local suppliers. Over the next three years, during peak construction, Skouries is expected to employ an additional 800 people, and looking ahead, once in production Skouries will create over 25 years of steady and well-paid employment with over 1,400 long term jobs expected to be filled by members of the local community.

The operational readiness and training plans for the Skouries Project will ensure a local hiring preference and provide skills that are transferrable beyond mining. Over the life of the Cassandra mines, \$80 million will be committed to CSR programs across the community, cultural, social, environmental and charitable purposes.

I would like to take this opportunity to thank our local partners and community stakeholders for their support in the project. We look forward to working with them and developing a world-class mine in the region.

With that, I'll turn it back to George for closing remarks.

**George Burns:**

Thanks, Joe and Brock.

Skouries represents the next phase of growth at Eldorado. This world-class project has robust economics and is expected to produce on average 140,000 ounces of gold and 67 million pounds of copper per year, with exploration upside to extend the already plus-20 year mine life. Skouries' production profile materially lowers our consolidated total cash cost per ounce and generates on average \$250 million of free cash flow for the first five years, assuming \$1,500 per ounce gold and \$3.85 per pound copper prices.

We look forward to updating the market in late February with our five-year production guidance, which will include the impact of Skouries reaching commercial production by the end of 2025.

It is gratifying to have delivered our multi-year strategy that included the redesign and EIA approval of Skouries deploying the best available technologies of dry stack tailings, the amended investment agreement which was ratified into law, investment in early works construction, and finally delivering a fully funded finance package that will allow us to deliver commercial production at the end of 2025.

Finally, I want to thank our team for their dedication, hard work and effort in achieving these significant milestones. As I have said before, we are focused on developing the Cassandra assets to be a cornerstone for the Company. Today's announcement of the financing and project approval from our Board puts us on track to deliver this top-quartile, multi-decade mine and deliver value to all stakeholders.

Thank you for your time. I will now turn it over to the Operator for questions from our analysts.

**Operator:**

Thank you. (Operator instructions 16:56)

The first question comes from Cosmos Chiu with CIBC. Please go ahead.

**Cosmos Chiu:**

Thanks, George and team, and thanks for hosting the conference call.

Maybe my first question is on the interest rates here, you know, the 5.4% and the 3.04%, certainly competitive and very good, actually, in light of today's environment, but how does that compare to your expectations, and could you have done better if you were able to close this debt earlier?

**George Burns:**

Cosmos, thanks for the question.

For sure timing is everything in life, and I'd say yes, when you look at the global issues with inflationary pressures and rising interest rates across the planet, it's definitely a thing where if we could have got this done early, it would have come in a bit cheaper. But bottom line is this financing package is very competitive with current rates and sets us up to deliver enormous value to our shareholders, and we're quite excited to have the momentum of doing pre-construction works this year and moving into full construction in the new year.

**Cosmos Chiu:**

Yes, of course, totally agree.

Maybe two follow-ups here. Number one, I guess the 5.4%, as you mentioned, that's variable based on the EURIBOR. I'm not an expert on the EURIBOR, but how is that trending, and what's the expectation in terms of that variable portion of the debt?

**George Burns:**

Cosmos, I'm going to introduce Paul Ferneyhough, he's our Senior Vice President, Chief Growth and Integration Officer, and he's been leading the team in the negotiations with the Greek lenders on this financing package, and so we'll be leaning on him to answer questions on the financing.

Over to you, Paul.

**Cosmos Chiu:**

Hi, Paul.

**Paul Ferneyhough:**

Thanks, George. Hi, Cosmos, nice to meet you.

Just a quick sort of comment on the EURIBOR. As you said, interest rates for the main facility is variable based on the six-month EURIBOR plus margin. When we look at the EURIBOR going forwards, the forward curve does have it moving up, but not significantly, I would say, from current position. But the other thing that's worth mentioning is we have agreed that approximately 70% of our variable rate exposure will be hedged with a variable-to-fixed swap, so that will give us some confidence that we're not going to see interest rates moving significantly higher, but it will also leave us with some flexibility that if rates were to move down in the future, that we would get some benefit from that as well.

**Cosmos Chiu:**

Great. Since I have you here, maybe the follow-up is—I guess I read it in the press release that \$100 million of that bridge financing will likely, or is going to, be switched over to the RRF in 2023, I guess benefiting from the lower interest rate in part. Is there an opportunity to go beyond \$100 million on that additional switch to RRF, because indeed that is a lower interest rate. I'm just trying to figure out the mechanisms behind it.

**Paul Ferneyhough:**

Cosmos, no, there isn't an opportunity based on how we've structured the deal. The amount of RRF that was available to us via both the National Bank of Greece and via Piraeus has been fixed at €100 million via each, and so when Piraeus has gone through their administrative procedures and are able to allocate the €100 million, that will just be a straight swap for the bridge loan as it currently stands, but it will leave us with, at that point once it's confirmed, €200 million of RRF loan.

**Cosmos Chiu:**

Understood. Maybe another question on the financing. What I saw was that, I guess, you need to hedge a portion of your production, I think you mentioned 50% of the first year's production. How does that work? Is it both on a gold and a copper, or can you—you know, is it on a gold-equivalent basis that you need to hit 50%? The other question is what's the timing of that hedge? Do you need to hedge



before you start drawing on that facility? In a perfect world, I guess timing is—timing the market is always hard, but given the volatility in the market today, timing could make a difference, so I'm just trying to figure that part out, as well.

**Paul Ferneyhough:**

Yes, so Cosmos, what we've agreed with our lenders is that we would hedge up to a maximum of 50% of the production, both gold and copper, and it's within our choice to decide which we hedge, either copper or gold, but up to a maximum of 50% on either of those. We will assess the amount that's required for the first year of production, which at the present time looks like the only year where we will need to provide additional comfort to the lenders as we go through ramp-up and facilities optimization. The final amount that we land on will be dependent on what the market price is for the derivative that we use, so it will be put in before we financially close for that first year.

**Cosmos Chiu:**

Great. Thanks for all the answers, and congratulations on getting this done before year end, and if I don't see you before then team, happy holidays and I'll see you in the new year.

**George Burns:**

Thank you, Cosmos.

**Operator:**

The next question comes from Josh Wolfson with RBC Capital Markets. Please go ahead.

**Josh Wolfson:**

Thanks very much.

Historically, one of the funding options that was being evaluated was a joint venture, and that had been discussed in the context of also looking at maybe managing some of the risk and the capital here for one party, being Eldorado today. With this financing secured, is the joint venture still an option for pursuit, and then if so, how would you think about structuring that? Would it be an earn-in type of agreement, or what are you sort of thinking, if that's the case?

**George Burns:**

Thanks, Josh.

I mean, we've got a fully funded solution now and our focus is on execution. As always, we're open to business development opportunities, and if there was an opportunity to increase value towards Eldorado by including a joint venture, we're always open to those sorts of discussions. But at this point, we're fully funded and focused on execution.

**Josh Wolfson:**

Okay, and in that case, is it pretty much all the other sources of financing options that were previously under pursuit beyond the joint venture, whether that's an off-take, a royalty stream, or even equity, are those opportunities all behind the company, or is that something that still could be evaluated if you're looking at re-balancing the risk here on the leverage side of things?

**George Burns:**

Yes, I'd answer it the same way: we're fully funded. I think the only exception I would say to that is we've had a strong relationship with EBRD. We completed an ESIA fairly recently, basically demonstrating the social and environmental positives of this project, and so if we were able to bring them into the investment at some point, it would be beneficial, and discussions continue with them. But I'd say that's really the only ongoing focus we have, is the strategic nature they could bring to the investment would be beneficial, and I wouldn't count that out at this point. We'll continue to have discussions with them.

**Josh Wolfson:**

Okay, and then one final question, just looking at capital spending on a corporate basis today to 2025, Skouries is going to be the predominant focus, but with this financing there's probably a little bit more flexibility. Would you expect to advance some of the opportunities for throughput expansions at Lamaque or the expansion at Olympias in that same time frame, or is that likely going to be 2025 or later?

**George Burns:**

Yes, we're continuing to focus on growing the value of our current operating base, and those opportunities that aren't baked into our current five-year guidance would be bringing on the Ormaque deposit at Lamaque, we're currently doing the infill drilling on that program, and once complete with the

maiden reserve, we'll re-optimize that life of mine. Then at Kışladağ, we've had a successful year this year of getting belt agglomeration moving, but really our focus next year turns to getting the drum agglomeration up and running, that's going to improve our ability to agglomerate. At that point, agglomeration will not be the bottleneck and we're looking to try to push our mining rates and our processing rates up, so there's some upside still not included in five-year guidance. We're focused on it and that's going to evolve over the next year or two to help us determine what the run rate will be post removing that bottleneck.

Last would be Olympias, so for Olympias, our focus right now is getting the underground production fully ramped up, and expect that to happen next year to support once our EIA is approved and expansion of Olympias' production rate. So yes, I mean, we're fully focused on those opportunities, and they're going to unfold over the next couple of years.

**Josh Wolfson:**

Okay, thank you very much.

**George Burns:**

Thanks, Josh.

**Operator:**

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

**Kerry Smith:**

Good morning, George. Thanks for the call.

George, just so I'm clear, you are required to spend the remaining 20% of the equity, which I guess is €170 million, from your existing cash or your credit facility, your revolver, before you draw down any of the debt. Is that correct?

**George Burns:**

No, it's quite the opposite. We've pre-funded part of our 20% with expenditures during this year, so any of the req work, like putting up the mill processing facility buildings, geodeck drilling, engineering work, that are part of that base feasibility study is part of our 20%, and so the lenders will be catching up at

that four-to-one ratio next year, which will push additional—well, we'll be funding until first drawdown, and then at that point we'll crystallize how much of the work we've done since January 1, 2022. The first drawdown qualifies against the feasibility study, and that's most of the work. The exception would be holding costs for our team, G&A, those sorts of things.

This has always been a three-year construction ramp-up to commercial production, that's in the feasibility study, so everything we've spent from January 1, 2022, up to first draw that's in that feasibility study is included as our 20%. The banks will catch up to that at a four-to-one rate, and we expect later in 2023 we'll be contributing that 20/80 ratio going forward.

Hopefully that's clear.

**Kerry Smith:**

Okay, yes. How much have you spent from January 1 this year, and then how much do you expect to spend from now until, say, the end of Q1 at first drawdown? What are those two numbers, roughly?

**George Burns:**

Yes, the range I would give you is between \$35 million and \$50 million, dependent on when in Q1 we deliver that first drawdown.

**Kerry Smith:**

And that's \$35 million to \$50 million from January of this year to first drawdown, depending on the timing?

**George Burns:**

Correct.

**Kerry Smith:**

Okay, got you. Okay, great.

The second question I wanted to ask was the €100 million that will be the bridge loan, if I understood the commentary, the reason that's not being initially coming in as the GRR, or whatever it's called, the COVID fund debt is because Piraeus Bank are the guys that are going to basically provide that funding

and they have some incremental documentation, is that correct? I'm just wondering why it has to be a bridge loan initially and then get converted over.

**George Burns:**

Over to you, Paul.

**Paul Ferneyhough:**

Hi, Kerry.

Yes, it's more around administration of how those funds are distributed. The banks call them down in tranches, and then they have to go through levels of administration and a balancing of how those funds get allocated between different projects. With our funding being pretty large compared to most of the projects, they just have to fit into one of the tranches when they're ready. They've said to us they expect that to be early in 2023, and at that point we'll see them flip over from the bridge into the RRF line.

**Kerry Smith:**

Okay, so it's just the mechanism of you funding the bank and then them turning around and funding these loans under this program, effectively, and just the timing of all that, the administration of that?

**Paul Ferneyhough:**

Correct, that's right.

**Kerry Smith:**

Okay, that makes sense. Okay.

Paul, while I've got you there, on the repayment schedule on the debt, you said it's semi-annual, starting in year three. Are they equal payments every six months, or is there an amortization schedule that we should think about, or just assume it's equal payments every six months?

**Paul Ferneyhough:**

It's semi-annual starting in year four after project completion. The best way you could think about it is we have negotiated something that is backend-loaded, and so 60% of the primary amortization

happens in the last three years, okay?

**Kerry Smith:**

Okay, 60% in years seven to 10, then—or eight to 10, I guess, eight, nine, 10.

**Paul Ferneyhough:**

Yes, that's right.

**Kerry Smith:**

Okay, that's helpful.

Then maybe just one other thing, you talked in the preamble, George, about there was work to be done on community engagement in 2023. I think Joe actually talked about that. What sort of things have to be done on community engagement? Is that just the continuation of the programs you've been running, or is there something else that needs to be done that we're not aware of?

**George Burns:**

Well, I mean, obviously as we ramp up construction, there's going to be a lot of hiring and a lot of community involvement; but in terms of the social projects, we've made commitments, and the interaction's going to be determining how to spend those funds. We've had a lot of preliminary discussions, but no final decisions have been made on the exact projects that will unfold as a result of this investment, so there should be lots of good engagement and communities are going to benefit significant from this project, not only from the jobs and contracting work that will happen but also from community CSR projects.

**Kerry Smith:**

Okay. I guess it's two and a half years construction plus six months ramp-up and commissioning, and that's kind of starting now, I guess, so maybe January 1 of 2023. Is that roughly how you're thinking about it?

**George Burns:**

That's correct, and again that's consistent with the feasibility study and the technical report we put out about a year ago.

**Kerry Smith:**

Okay, okay.

Then the last question I had, and maybe it's for Paul, the cost to hedge off 70% of your variable interest rate exposure, what kind of number might that be? Is it a big number, or not really?

**George Burns:**

Over to you, Paul.

**Paul Ferneyhough:**

Yes Kerry, I wouldn't say it's going to be a big number in terms of this project, but we won't know until we price that just before financial close, but it shouldn't make a significant difference to the interest rate that we're expecting compared to the variable, okay?

**Kerry Smith:**

Okay, got you. Okay, great. Thank you, guys, and happy holidays.

**George Burns:**

Yes, same to you, Kerry.

**Operator:**

The next question comes from Carey MacRury with Canaccord Genuity. Please go ahead.

**Carey MacRury:**

Hey, good morning, guys.

Maybe just a few follow-ups on the CapEx. Just to confirm, the \$845 million estimate, that includes amounts that were spent in 2022?

**George Burns:**

That's correct.

**Carey MacRury:**

And then can you give us a sense of—it sounds like you're not going to ramp up on spending until H2 of next year. Can you give us a sense of what that CapEx profile looks like over '23, '24, '25?

**Brock Gill:**

Yes, thanks, Carey. This is Brock.

I mean, I think the first thing to say is yes, it starts in—full construction would start on January 1 of 2023, and the CapEx profile will be released with our guidance in the first quarter of 2023, when that comes up. In terms of—per the press release, we expect to be fully mobilized in the second half, but the construction does start right at the beginning of 2023.

**Carey MacRury:**

Okay, I guess we'll wait for that.

Maybe one last question on the hedging. Is there a minimum requirement of hedging, and how many years of hedging would you be on the gold, or again is it gold and/or copper?

**George Burns:**

Again, it's a look ahead each year to see where metal prices sit and how robust the cash flows are to make the debt payment. At this point looking forward, based on current metal prices, it's just that first year of production that contemplates hedges. The rest of the years, the metal price is assumed, don't require hedges, but again we'll be looking at that annually and making adjustments.

**Carey MacRury:**

Okay, great. Thank you.

**Operator:**

Once again, if you have a question, please press star then one.

The next question comes from Fahad Tariq with Credit Suisse. Please go ahead.

**Fahad Tariq:**



Hi, thanks for taking my question.

On Slide 7, it mentions that half of the CapEx estimate is related to labour. Can you just speak to what wage inflation or labour inflation looks like in Greece right now? Thanks.

**Brock Gill:**

Yes, thanks, Fahad. It's Brock again.

At the moment, we're not seeing, nor do we anticipate, wage inflation in Greece. There has been an increase in the minimum wage in Greece, it's kind of mandated by the government, but that does not impact any of our operations because we're paying above minimum wage for mining and construction rates.

**Fahad Tariq:**

Okay, that's helpful, and then my only other question, and I think this was partially answered, on the community engagement, I know historically there was maybe some local opposition to mine construction. Is there anything like that happening this time around? Thanks.

**George Burns:**

Thanks for the question.

No, actually we've got strong support. Historically, like you have in any jurisdiction, there are people that are against mining, and that has happened in the past; but as we discussed, we've done an enormous amount of consultation through the permitting process, through the ESIA that we recently published, and we've got very strong local and country-wide support for the project. As I understand it, the announcement today in Greece is very positively being reflected in the media.

**Fahad Tariq:**

That's very helpful, thank you.

**George Burns:**

Thank you.

**Operator:**

That is all the time that we have for today, and this concludes the question-and-answer session and today's conference call. You may disconnect your lines. Thank you for participating, and have a pleasant day.