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Eldorado Gold's stock is soaring on the NYSE and TSX stock markets following the rising price of gold, but investors are unaware of the most recent developments regarding the company's Greek projects.

In Greece, Eldorado is developing the Kassandra Mines in the northern peninsula of Halkidiki, comprising the Skouries gold-copper and the Olympias gold-silver-base metals projects, as well as the producing Stratoni base metals mine. Central to the company's plan, and the most basic term of its contract with the Greek state, is Eldorado's obligation to construct and operate a gold metallurgy plant. That's because it was deemed that domestic processing and production of pure metals would add value to the exports and generate more state revenue from taxes. It was later revealed, however, that Eldorado is able to avoid tax in Greece by shifting its profits through the Netherlands to the Barbados.

In fulfillment of its obligation Eldorado's Greek subsidiary Hellas Gold has submitted a copper-gold metallurgy plant, a flash smelter and sulphuric acid unit. On Tuesday, July 5, the Greek Ministry of Environment returned the technical study for the copper-gold metallurgy plant to Hellas Gold, citing a number of serious flaws and deficiencies. Eldorado must now correct and complete its study according to the ministry's guidelines and re-submit it within two months.

Eldorado intends to co-process the concentrates from Olympias and Skouries using flash smelting, a copper smelting technology invented and developed by the Finnish company Outokumpu. The projects received an environmental permit in 2011, but Eldorado has yet to prove that the process can be successfully applied to a feed containing the arsenopyrite concentrate from Olympias, which has a very high arsenic content. Project critics have long argued that, based on scientific literature and plant practice reports, this process is unsuitable for such "dirty" concentrates, and have accused Hellas Gold of lying in order to obtain the environmental permit.

One year ago, in April 2015, this metallurgy study was returned to the company once again as false and inadequate, on the grounds that the semi-industrial scale metallurgical tests that would prove the applicability of the method to the specific concentrates of Halkidiki had not been conducted on site, as required by the ministry, but at Outotec's facilities in Pori, Finland. Eldorado then challenged the ministry's decision to the State Council. The State Council ruled in favor of Eldorado and ordered the ministry to re-evaluate the metallurgy study and issue a new decision, taking into account the testwork conducted in

Finland.

The recent decision is therefore in compliance with the State Council ruling. The 29-page document describes in detail the flaws and deficiencies of the study submitted by Eldorado, including inconsistencies between the data and basic design parameters provided in the various sections of the study, incomplete documentation, and the absence of specific studies on each of the nine unit processes that constitute the integrated metallurgical process. Furthermore, inadequate information is provided on the management of the highly toxic offgases and fugitive emissions inside the plant, which are dangerous for the health and safety of the workers. Due to the extremely high arsenic content of the Olympias concentrate, more than 20,000 tons of arsenic will vaporize on a yearly basis.

Most importantly, the tests conducted by Outotec at its Pori facility result in an intermediate product, a new “concentrate” derived from the flash smelter matte, and not metallic gold, silver and copper. The ministry stresses the fact that the production of pure metals is an explicit obligation of Eldorado under its contract with the Greek state and a fundamental term of the environmental permit. Such a unilateral modification of the original business plan would thus be in violation of both of the environmental permit and the terms of the contract. In fact the use of flash smelting, as described in the environmental permit, is an absolute term for the implementation of Eldorado’s business plan. Eldorado is not allowed to opt for a different processing method or substantially modify the current one, as any such modification would have to go through the environmental permitting process all over again. In January, 2016, Eldorado Gold suspended operations at the Skouries project citing the ministry’s delay in issuing “routine permits”. A number of secondary permits were issued in the months that followed. Then on May 9, Eldorado announced that it had been given the green light by the ministry to proceed and that construction at Skouries would recommence. Several important issues however remained open, as the minister himself has stated, including the evaluation of the metallurgy process which is at the core of the entire permitting scheme. Eldorado knew this, but did not inform its investors.

source: [miningwatch.ca](http://miningwatch.ca)