



eldorado gold

March 31, 2007

Unaudited Interim Consolidated Financial Statements

**Suite 1188, 550 Burrard Street
Vancouver, British Columbia
V6C 2B5**

**Phone: (604) 687-4018
Fax: (604) 687-4026**

Eldorado Gold Corporation

Unaudited Consolidated Balance Sheet

(Expressed in thousands of U.S. dollars)

	March 31, 2007	December 31, 2006
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	61,184	59,967
Restricted cash (note 3)	28,481	21,250
Accounts receivable, marketable securities and prepaids	30,550	28,306
Inventories	41,506	35,697
Future income taxes	6,352	10,182
	<u>168,073</u>	<u>155,402</u>
Restricted cash	58,300	58,300
Mining interests	316,555	311,080
Goodwill	2,238	2,238
	<u>545,166</u>	<u>527,020</u>
Liabilities		
Current liabilities		
Bank indebtedness	15,516	15,367
Accounts payable and accrued liabilities	30,813	29,267
Current portion of long term debt	350	333
Current portion of asset retirement obligations	7,181	8,271
	<u>53,860</u>	<u>53,238</u>
Long term debt	50,499	50,499
Contractual severance obligations	2,202	3,216
Asset retirement obligations	5,407	5,420
Future income taxes	20,588	18,742
	<u>132,556</u>	<u>131,115</u>
Shareholders' Equity		
Share capital (note 4)	741,191	740,061
Contributed surplus (note 4(d))	12,101	9,314
Accumulated other comprehensive income (note 4(e))	206	-
Deficit	(340,888)	(353,470)
	<u>412,610</u>	<u>395,905</u>
	<u>545,166</u>	<u>527,020</u>

Supplementary cash flow information (note 5)

Approved by the Board of Directors

(Signed) Robert Gilmore Director

(Signed) Paul N. Wright Director

See accompanying notes to consolidated financial statements.

Eldorado Gold Corporation

Unaudited Consolidated Statement of Earnings and Deficit For the three months ended March 31

(Expressed in thousands of U.S. dollars)

	2007 \$	2006 \$
Revenue		
Gold sales	41,548	8,592
Interest and other income	1,940	836
	<u>43,488</u>	<u>9,428</u>
Expenses		
Operating costs	15,065	7,747
Depletion, depreciation and amortization	3,108	84
General and administrative	7,426	4,562
Exploration	2,796	2,168
Accretion of asset retirement obligation	80	162
Foreign exchange (gain) loss	(565)	1,567
Gain on disposal of assets	(3,477)	(904)
Interest and financing costs	775	38
	<u>25,208</u>	<u>15,424</u>
Earnings (loss) before income taxes	<u>18,280</u>	<u>(5,996)</u>
Income tax (expense) recovery		
Current	(22)	(40)
Future	(5,676)	(1,420)
	<u>(5,698)</u>	<u>(1,460)</u>
Net earnings (loss) for the period	12,582	(7,456)
Deficit, beginning of period	(353,470)	(356,770)
Deficit, end of period	<u>(340,888)</u>	<u>(364,226)</u>
Weighted average number of shares outstanding		
Basic weighted average number of common shares outstanding	<u>341,435</u>	<u>324,972</u>
Diluted weighted average number of common shares outstanding	<u>344,161</u>	<u>324,972</u>
Net earnings (loss) per share		
Basic - US\$	\$ 0.04	\$ (0.02)
Diluted - US\$	\$ 0.04	\$ (0.02)
Basic - Cdn\$	\$ 0.04	\$ (0.03)
Diluted - Cdn\$	\$ 0.04	\$ (0.03)

See accompanying notes to consolidated financial statements.

Eldorado Gold Corporation

Unaudited Consolidated Statement of Cash Flows

For the three months ended March 31

(Expressed in thousands of U.S. dollars)

	2007 \$	2006 \$
Cash flows generated from (used in):		
Operating activities		
Net earnings (loss) for the period	12,582	(7,456)
Items not affecting cash		
Accretion of asset retirement obligation	80	162
Contractual severance expense	598	344
Depletion, depreciation and amortization	3,108	84
Foreign exchange gain (loss)	148	(66)
Future income taxes	5,676	1,420
Gain on disposal of assets	(3,477)	(904)
Imputed interest and financing costs	16	23
Contractual severance obligation	(1,612)	-
Stock-based compensation expense	3,094	1,985
	<hr/>	<hr/>
	20,213	(4,408)
Changes in non-cash working capital (note 5)	(6,337)	(7,237)
	<hr/>	<hr/>
	13,876	(11,645)
Investing activities		
Acquisition of property, plant and equipment for cash	(13,940)	(21,319)
Proceeds on disposal of assets	703	1,481
Property reclamation payments	(1,183)	-
Recovery of mining interest costs from sale of pre-production gold	10,052	-
Deferred development expenditures on non-producing properties	(2,959)	(674)
Value added taxes recovered on mining interest investments	1,077	(1,734)
Restricted cash	(7,231)	-
	<hr/>	<hr/>
	(13,481)	(22,246)
Financing activities		
Share issuance costs	-	(7,089)
Issuance of common shares for cash	822	169,251
	<hr/>	<hr/>
	822	162,162
Net increase in cash and cash equivalents	1,217	128,271
Cash and cash equivalents - beginning of period	59,967	33,826
Cash and cash equivalents - end of period	<hr/>	<hr/>
	61,184	162,097
Supplementary cash flow information (note 5)		

See accompanying notes to consolidated financial statements.

Eldorado Gold Corporation

Unaudited Consolidated Statement of Comprehensive Income For the three months ended March 31

(Expressed in thousands of U.S. dollars)

	2007	2006
	\$	\$
Net earnings for the three months ended March 31, 2007	12,582	-
Other comprehensive income		
Unrealized gains on available-for-sale investment (note 4(e))	39	-
	<hr/>	<hr/>
Comprehensive income for the three months ended March 31, 2007	12,621	-
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See accompanying notes to consolidated financial statements.

Eldorado Gold Corporation

Notes to Unaudited Interim Consolidated Financial Statements

March 31, 2007

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

1. Nature of operations and basis of presentation

Eldorado Gold Corporation (“Eldorado” or the “Company”) is engaged in exploration for, and development and mining of gold. The Company has on-going exploration and development projects in Brazil, China and Turkey. On July 1, 2006, the Company commenced production in Turkey. Production in China commenced on February 1, 2007. Production operations in Brazil ceased in the first quarter of 2007.

With exception to changes in accounting policies instituted since December 2006 as outlined in note 2 hereof, these unaudited interim consolidated financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principals (“Canadian GAAP”) consistent with those used in the preparation of the Company’s audited consolidated financial Statements for the year ended December 31, 2006. As these unaudited interim consolidated financial statements do not contain all of the disclosures required by Canadian GAAP, they should be read in conjunction with the notes to the Company’s audited consolidated financial statements for the year ended December 31, 2006.

In the opinion of management, all adjustments necessary to present fairly the financial position as at March 31, 2006 and the results of operations and cash flows for the three month period then ended have been made. The interim results are not necessarily indicative of the results for a full year.

2. Changes in accounting policies

On January 1, 2007, the Company adopted three new accounting standards and accounting policy changes related to financial instruments that were issued by the Canadian Institute of Chartered Accountants in 2005 (the “new CICA standards”). These changes were adopted on a prospective basis with no restatement of prior year’s financial statements. The new CICA standards and accounting policy changes are as follows:

Financial instruments – recognition and measurement

In accordance with this new standard, all financial instruments are classified as: held-to-maturity; available-for-sale; held-for-trading or loans and receivables. Financial assets held-to-maturity, loans and receivables and financial liabilities other than those held-for-trading are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Instruments classified as held-for-trading are measured at amortized cost. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Instruments classified as held-for-trading are measured at fair value with unrealized gains and losses recognized in the statement of earnings.

On January 1, 2007, the Company had an investment in a public company classified as available-for-sale. Under the new policy, this investment is carried at fair market value, with unrealized gains and losses recorded in shareholders’ equity as a component of other comprehensive income. The cumulative unrealized gains or losses will be transferred from shareholders’ equity to net income when the investment is sold. Previously, investments in public companies were carried at cost, less provision for other than temporary declines in value.

Eldorado Gold Corporation

Notes to Unaudited Interim Consolidated Financial Statements

March 31, 2007

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

2. Changes in accounting policies (continued)

Comprehensive income

Comprehensive income is the change in shareholders' equity during a period from transaction and other events and circumstances from non-owner sources. In accordance with the new CICA standard, the Company's financial statements now include a consolidated Statement of comprehensive income and a new category, accumulated comprehensive income has been added to the shareholders' equity section of the consolidated balance sheet. The components of this new category will include unrealized gains and losses on the financial assets classified as available-for-sale. The components of accumulated other comprehensive income for the three months ended March 31, 2007 are disclosed in note 4(e).

Hedges

The new CICA standard specifies the criteria under which hedge accounting can be applied and how hedge accounting can be executed. The Company does not currently engage in any hedging activity. As a result, the adoption of this new accounting policy did not have any impact on the Company's consolidated financial statements.

3. Restricted cash

During the quarter ended March 2007, the Company issued letters of credit drawn on the bank to secure orders for heavy equipment that will be delivered within the next year. The letters of credit are collateralized by way of a \$7,231 increase in the current portion of restricted cash which is held in a collateral account with the bank.

4. Share capital

(a) Authorized and issued share capital

Eldorado's authorized share capital consists of an unlimited number of voting and non-voting common shares with no par value. At March 31, 2007, the Company has nil non-voting shares outstanding. The details of the voting common shares issued and outstanding are as follows:

	Number of shares	Amount \$
Balance, December 31, 2006	341,148,231	740,061
Shares issued upon exercise of stock options	311,923	1,130
Balance, March 31, 2007	<u>341,460,154</u>	<u>741,191</u>

Eldorado Gold Corporation

Notes to Unaudited Interim Consolidated Financial Statements

March 31, 2007

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

4. Share capital (continued)

(b) Share option plans

The continuity of share purchase option outstanding since December 31, 2006 is as follows:

	Weighted average exercise price Cdn\$	Number of options	Contractual weighted average remaining life (years)
Balance, December 31, 2006	3.82	7,276,463	2.8
Granted	7.12	3,127,500	
Cancelled	5.25	(80,000)	
Exercised	3.09	(311,923)	
Balance, March 31, 2007	4.86	10,012,040	3.3

The following table summarizes share options outstanding as at March 31, 2007:

Total options outstanding			Exercisable options		
Range of exercise price Cdn\$	Shares	Weighted average remaining contractual life (years)	Weighted average exercisable price Cdn\$	Shares \$	Weighted average exercise price Cdn\$
1.00 to 1.99	436,539	1.0	1.76	436,539	1.76
2.00 to 2.99	14,000	0.9	2.25	14,000	2.25
3.00 to 3.99	4,790,001	2.3	3.52	4,478,334	3.53
4.00 to 4.99	475,000	2.8	4.62	425,000	4.60
5.00 to 5.99	1,069,000	4.0	5.57	647,666	5.61
6.00 to 6.99	100,000	4.1	6.07	33,333	6.07
7.00 to 7.12	3,127,500	5.0	7.12	1,042,500	7.12
	<u>10,012,040</u>	3.3	4.86	<u>7,077,372</u>	4.21

Eldorado Gold Corporation

Notes to Unaudited Interim Consolidated Financial Statements

March 31, 2007

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

4. Share capital (continued)

(c) Stock based compensation expense

Stock based compensation expense has been included in the under noted expenses in the consolidated statement of earnings as follows:

	\$
Operating costs	649
Exploration	361
General and administrative	2,084
	<hr/>
	3,094
	<hr/>

(d) Contributed surplus

The continuity of the contributed surplus on the consolidated balance sheet for the period since December 31, 2006 is as follows:

	Contributed Surplus		
	Attributable to:		
	Stock-based compensation	Other	Total
	\$	\$	\$
Balance, December 31, 2006	8,220	1,094	9,314
Non-cash stock-based compensation	3,094	-	3,094
Options exercised, credited to share capital	(307)	-	(307)
	<hr/>	<hr/>	<hr/>
Balance, March 31, 2007	11,007	1,094	12,101
	<hr/>	<hr/>	<hr/>

Eldorado Gold Corporation

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March 31, 2007

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

4. Share capital (continued)

(e) *Accumulated other comprehensive income*

Accumulated other comprehensive income is comprised as follows:

	\$
Balance, December 31, 2006	-
Adjustment for cumulative unrealized gains on available-for-sale investment at January 1, 2007	275
Unrealized gains on available-for-sale investment	39
Realized gains on sale of available-for-sale investment transferred to net income	<u>(108)</u>
Balance, March 31, 2007	<u>206</u>

5. Supplementary cash flow information

	\$
Changes in non-cash working capital	
Accounts receivable and prepaids	(338)
Inventories	(5,809)
Accounts payable and accrued liabilities	<u>(190)</u>
	<u>(6,337)</u>
Supplementary cash flow information	
Interest paid	<u>215</u>

6. Segmented information

The Company has four reporting segments. The Brazil reporting segment includes the operations of the São Bento mine and exploration activity in Brazil. The Turkey reporting segment includes the operations of the Kisladag mine and exploration and development activities in Turkey. The China reporting segment includes the operations of the Tanjianshan mine and exploration activities in China. The Tanjianshan mine in China did not commence commercial production until February 1, 2007. The corporate reporting segment includes the operations of the Company's corporate office.

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Notes to Unaudited Interim Consolidated Financial Statements

March 31, 2007

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

6. Segmented information (continued)

	March 31, 2007				
	Turkey \$	China \$	Brazil \$	Corporate \$	Total \$
Net mining interests					
Producing or under construction	133,821	139,637	8,995	945	283,398
Non-producing	31,276	-	1,881	-	33,157
	165,097	139,637	10,876	945	316,555
	For the three months ended March 31, 2007				
	Turkey \$	China \$	Brazil \$	Corporate \$	Total \$
Revenue					
Gold sales	30,413	8,860	2,275	-	41,548
Interest and other income	625	30	113	1,172	1,940
	31,038	8,890	2,388	1,172	43,488
Expenses except the undernoted	11,238	4,405	1,660	5,478	22,781
Depletion, depreciation and amortization	1,303	1,736	-	69	3,108
Exploration	1,478	233	1,085	-	2,796
Gain on disposal of assets	-	-	(3,341)	(136)	(3,477)
Earnings (loss) before income taxes	17,019	2,516	2,984	(4,239)	18,280
Income tax expense	(4,703)	-	(973)	(22)	(5,698)
Net earnings (loss) for the period	12,316	2,516	2,011	(4,261)	12,582
	December 31, 2006				
	Turkey \$	China \$	Brazil \$	Corporate \$	Total \$
Net mining interests					
Producing or under construction	130,145	140,749	9,020	968	280,882
Non-producing	28,570	-	1,628	-	30,198
	158,715	140,749	10,648	968	311,080

Eldorado Gold Corporation

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March 31, 2007

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

6. Segmented information (continued)

	For the three months ended March 31, 2006				
	Turkey	China	Brazil	Corporate	Total
	\$	\$	\$	\$	\$
Revenue					
Gold sales	-	-	8,592	-	8,592
Interest and other income	8	19	105	704	836
	8	19	8,697	704	9,428
Expenses except the undernoted	460	201	8,139	4,371	13,171
Depletion, depreciation and amortization	28	10	-	46	84
Exploration	833	43	1,292	-	2,168
	(1,313)	(235)	(734)	(3,713)	(5,995)
Loss before income taxes	(1,313)	(235)	(734)	(3,713)	(5,995)
Income tax expense	-	-	(1,430)	(31)	(1,461)
	(1,313)	(235)	(2,164)	(3,744)	(7,456)
Loss for the period	(1,313)	(235)	(2,164)	(3,744)	(7,456)

MANAGEMENT'S DISCUSSION AND ANALYSIS THREE MONTHS ENDED MARCH 31, 2007

1. Overview

Eldorado Gold Corporation ("Eldorado", "we", or the "Company") is a gold producer based in Vancouver, Canada. The Company owns and operates the Sao Bento gold mine ("Sao Bento") in Brazil and the Kisladag gold mine ("Kisladag") in Turkey and the Tanjianshan gold mine ("Tanjianshan") in China. We also explore for, or may acquire, mineral properties for exploration and possible development into gold mines.

This Management Discussion and Analysis ("MD&A") should be read in conjunction with our audited consolidated financial statements of for the year ended December 31, 2006 and the unaudited consolidated financial statements for the three months ended March 31, 2007. All dollar amounts in this MD&A are expressed in United States dollars unless stated otherwise.

This MD&A is prepared as of May 1, 2007.

2. Highlights of the Quarter Ended March 31, 2007

During the quarter ended March 31, 2007, we:

- had record earnings of \$0.04 per share (March 2006 (loss) (\$0.02)),
- commenced commercial production at our Tanjianshan gold mine in China and produced 26,760 ounces of commercial production at a cash operating cost of \$260 per ounce,
- produced a total of 88,780 ounces of which 76,288 ounces were commercial production (March 2006 - 19,111 ounces) at an average cash operating cost of \$220 per ounce (March 2006 - \$421 per ounce) and
- completed 14,000 meters of drilling on the Efemçukuru project.

3. Operations

Operations – Kisladag

During the first quarter of 2007, we mined and placed 1,849,330 million tonnes of ore having an average grade of 1.2 grams of gold per tonne ("g/t Au") on the leach pad. At March 31, 2007, the leach pad contained approximately 7.8 million tonnes at a grade of 1.15 g/t Au. By year end we expect to have placed a total of 14.5 million tonnes on the pad.

During the quarter ended March 31, 2007, we poured 43,601 ounces of gold and sold 46,814 ounces. Cash operating cost at Kisladag was \$192 per ounce for the quarter. Planned 2007 production is approximately 190,000 to 200,000 ounces at a cash cost of \$210/oz. to \$220/oz.

Construction on our mine expansion plan continued during the quarter. This activity included successful completion and integration of an additional 5 million tonnes per annum in crushing, screening and conveying capacity to bring total screening and crushing capacity to 10 million tonnes per year. Commissioning of the new system is underway with steady state production at capacity anticipated in Q3. Remaining mine expansion activities include construction of three more leach pad cells, building a truck and crusher maintenance shop and additional pond capacity at an estimated cost of \$8.3 million as budgeted.

MANAGEMENT'S DISCUSSION AND ANALYSIS
THREE MONTHS ENDED MARCH 31, 2007

Operations - Tanjianshan

At our Tanjianshan mine, commercial production began on February 1, 2007 when pre-production operating levels achieved 60% of capacity. In Q1 we poured a total of 39,252 ounces of which 26,760 ounces were commercial production and 12,492 ounces were from pre-commercial production operations. Sales of production gold amounted to 13,634 ounces (\$8.9 million) during the quarter. In addition, during the first quarter, sales of gold produced from pre-commercial operations totaled 15,573 ounces (\$10.1 million), the proceeds of which were recorded as a recovery mine development costs in accordance with generally accepted accounting principals and our accounting policies.

Cash operating cost at Tanjianshan was \$260 per ounce for the quarter. Planned 2007 production is approximately 120,000 to 130,000 ounces of gold at an estimated average cash cost of \$235 to \$245 per ounce. Mining activities continue to center on the Qinglongtan ("QLT") pit. In Q1 we mined 117,000 tonnes of ore at an average grade of 6.56 grams per tonne. Additionally, 5.0 millions tones of waste were removed.

Operations – Sao Bento

At Sao Bento, we processed 20,069 tonnes of ore at a grade of 8.88 g/t Au during the quarter and produced 5,927 ounces of gold at a cash operating cost of \$245 per ounce. In the quarter ended March 2007, operating costs consist mainly of processing cost as mining operations ceased in January. Sales of gold amounted to 3,729 ounces during the quarter.

We have commenced reclamation closure of this operation. During the operating life of the mine 1.8 million ounces of gold were produced.

4. Development

Development – Efemçukuru

Drilling to support the Efemçukuru Project feasibility study continued throughout the quarter with work being completed by three contract drilling rigs and two Tuprag rigs. Drilling in the quarter totaled 8,010 meters in 39 holes. Approximately 6,000 meters of the revised 21,000 meter program remain to be drilled.

Activity focused on the South Ore Shoot ("SOS") area. Drill holes here continued to target gaps in the drill coverage, concentrating on delineation of the higher grade and thicker portions of the system. Ongoing drilling is also testing the down dip and plunge extensions of the SOS vein and gold mineralization. Work on the Middle Ore Shoot ("MOS") focused on infilling an existing coverage gap above the 600m reference line to surface in the high grade portion of this zone. MOS drilling also tested around the KV-141 intersection to the south. Transition zone (KV-129 area) holes have also been started this quarter.

Looking ahead we will focus on infill and extension targets in the SOS and transition zone.

MANAGEMENT'S DISCUSSION AND ANALYSIS
THREE MONTHS ENDED MARCH 31, 2007

Development – Villa Nova Iron Ore

In 2006, we completed a pre-feasibility study on the Vila Nova Iron Ore Project in Amapa State, Brazil. We can earn into 50% of the Project by fully funding the first \$8.0 million of the project capital, and then 50% of capital requirements in excess of the first \$8.0 million. Total capital for the Project has been estimated at \$16.3 million.

The Project has received all necessary permits required for construction. It is anticipated that the deforestation and mining licenses will be granted during the first half of 2007. A decision on whether to proceed will be made during the first half of 2007. The project plan contemplates a one year construction period. Economics of the pre-feasibility on a 100% basis indicates pre-tax undiscounted future cash flows of \$91.7 million. We continue to receive expressions of interest from third parties to purchase future production. Negotiations to access local railroad and port facilities are proceeding.

5. Exploration

Exploration expense for the quarter ended March 31, 2007 was \$2.8 million (quarter ended March 31, 2006 – \$2.2 million). The increase over the 2006 period is attributable to greater exploration activity in Brazil, Turkey, and China. Our total exploration budget for 2007 is \$14.2 million.

Exploration – Turkey

During Q1 2007 we concentrated our exploration efforts on three of the Biga Peninsula properties which are accessible throughout the year. As weather permits field crews will begin work on the Demir joint venture and in the Pontide district.

On the Biga Peninsula during Q1 we drilled at the Kirazli, Kusayiri, and Dogancilar concessions. At Kirazli, nine short reverse circulation holes were drilled to test a high sulfidation trend. The best results were 4.9 g/t over 9.0 meters and 6.5 g/t over 4.5 meters. Reverse circulation drilling at Kusayiri (8 holes) targeted anomalous gold in soil samples. It appears that the holes intersected high sulphidation mineralization and alteration, and areas of more porphyry-like mineralization, but with generally low grade gold values. Mapping and sampling continues on both properties.

Diamond drilling began on the Dogancilar property in March with 425 meters drilled in three holes. The target for these holes was the Kecikiran vein. The vein was successfully intersected in one of these holes: stockwork type mineralization was intersected in the others. Assay results are pending. Review of core logs of the older 1990's holes show that porphyry style alteration and mineralization are present and that this may not have been fully recognized in the past. This core will be re-examined during the next quarter.

Exploration plans for the remainder of 2007 include drilling programs at the high sulfidation target on the AS project (Demir JV), as well as at Mahmur Tepe, Koyulhisar, and Aydogan Tepe, all in the Pontide Volcanic Belt. We will also continue our aggressive grass roots and generative programs in geologically prospective terrain throughout Turkey.

MANAGEMENT'S DISCUSSION AND ANALYSIS
THREE MONTHS ENDED MARCH 31, 2007

Exploration – Brazil

Final assay results on step out holes at the Vila Nova joint venture gold project (JV) did not show any intervals of either significant grade and/or mineralized widths. Our review of the data during the beginning of the quarter led us to conclude that our participation in the joint venture was no longer warranted.

We began exploration work on our wholly-owned 152,000 hectares license located adjacent to and surrounding the former Vila Nova joint venture license block. The work consisted of soil and stream sediment sampling programs in the license blocks immediately north of the joint venture ground to assess the north extension of the Gaivotas Shear and coincident airborne geophysical anomalies.

At Tartarugalzinho we continued a systematic southeast to northwest evaluation of geophysical targets and regional stream sediment anomalies. Our work next quarter will focus on the middle to northwest portions of the property.

For the remainder of 2007 we will continue to work at Tartarugalzinho and in the Vila Nova area to define drill targets to be tested later in the year.

Exploration – China

During Q1, we mapped and sampled a mineralized area immediately north of JLG previously mined by Qinghai Number One Geological Brigade. The results are pending. The mineralization appears to be hosted in bedding parallel shears (similar to the upper part of JLG mineralization). We prepared drill plans for this zone in anticipation of an early May start. This zone is currently not a part of the JLG resource or reserve

Drill plans for other short term targets were also prepared and reviewed during Q1. These targets include QLT deep (below pit extensions), QLT South showing, and an area adjacent to the western edge of JLG.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
THREE MONTHS ENDED MARCH 31, 2007**

6. Production	2007 Q1	2006 Q1	2006 Q2	2006 Q3	2006 Q4
TOTAL GOLD PRODUCTION					
Total ounces produced	88,780	19,111	25,035	41,082	53,506
Commercial production	76,288	19,111	25,035	41,082	50,425
Cash operating cost (\$/oz) ⁴	220	421	378	309	274
Total cash cost (\$/oz) ^{2,4}	233	429	386	315	278
Total production cost (\$/oz) ^{3,4}	270	438	463	364	259
Realized price (\$/oz sold)	647	549	615	620	615
KISLADAG GOLD MINE ⁵					
Commercial production	43,601	n/a	6,872	27,477	36,546
Tonnes to Pad	1,849,330	n/a	1,493,156	1,802,368	1,882,744
Grade (grams/tonne)	1.21	n/a	0.97	1.29	1.23
Cash operating cost (\$/oz) ⁴	192	n/a	242	218	191
Total cash cost (\$/oz) ^{2,4}	194	n/a	242	220	193
Total production cost (\$/oz) ^{3,4}	225	n/a	n/a	285	185
TANJIANSHAN GOLD MINE ⁶					
Total ounces produced	39,252	n/a	n/a	n/a	3,081
Commercial production	26,760	n/a	n/a	n/a	-
Tonnes milled	198,854	n/a	n/a	n/a	n/a
Grade (grams/tonne)	7.26	n/a	n/a	n/a	n/a
Cash operating cost (\$/oz) ⁴	260	n/a	n/a	n/a	n/a
Total cash cost (\$/oz) ^{2,4}	291	n/a	n/a	n/a	n/a
Total production cost (\$/oz) ^{3,4}	356	n/a	n/a	n/a	n/a
SAO BENTO GOLD MINE					
Commercial production	5,927	19,111	18,163	13,605	13,879
Tonnes milled	20,069	93,626	90,024	81,869	69,295
Grade (grams/tonne)	8.88	6.99	7.23	6.38	6.06
Cash operating cost (\$/oz) ⁴	245	421	429	493	492
Total cash cost (\$/oz) ^{2,4}	252	429	441	506	502
Total production cost (\$/oz) ^{3,4}	211	438	463	525	455

Notes

¹ Cost figures calculated in accordance with the Gold Institute Standard.

² Cash Operating Costs, plus royalties and the cost of off-site administration.

³ Total Cash Costs, plus foreign exchange gain or loss, depreciation, amortization and reclamation expenses.

⁴ Cash operating, total cash and total production costs are non-GAAP measures. See the section "[Non-GAAP Measures](#)" of this MD&A.

⁵ The Kisladag gold mine commenced commercial production on July 1, 2006.

⁶ The Tanjianshan gold mine commenced commercial production on February 1, 2007.

MANAGEMENT'S DISCUSSION AND ANALYSIS
THREE MONTHS ENDED MARCH 31, 2007

7. Results of Operations

Net income for the quarter

The Company reported net income for the quarter ended March 31, 2007, of \$12.6 million, or \$0.04 per share (2006 (net loss) - (\$7.5 million); (\$0.02) per share).

The consolidated net income for the quarter ended March 31, 2007, is attributable to increased gold sales driven by increased production, lower unit-of-production costs, higher gold prices, as well as increased interest revenues. These favorable factors were offset by increased exploration and administrative expenses, as compared to the first quarter of 2006.

Revenues

Our revenues consist primarily of sales of gold bullion that we sell to a number of large institutions, or on the open market at the Turkish and Shanghai Gold Exchanges. Other sources of revenue include interest earned on cash and cash equivalents and restricted funds.

GOLD SALES

During the quarter ended March 31, 2007, we sold 64,177 ounces (2006 – 15,656) of gold at an average price of \$647 (2006 - \$549) per ounce. Gold prices have been increasing over the past two years. The spot gold price increased from an average of \$445 per ounce in 2005 to \$604 per ounce in 2006. The spot gold price has further increased, having averaged \$650 per ounce through the quarter ended March 2007.

INTEREST AND OTHER INCOME

The Company earned \$1.9 million in interest revenue during the quarter ended March 31, 2007 (2006 – \$0.8 million). The increases over last year are attributable to the increasing funds on deposit, generated primarily from the equity financing completed in February 2006 and accumulated operational cash flows.

Expenses

OPERATING COSTS

As expected, operating costs during the quarter ended March 31, 2007 of \$15.1 million (2006 – \$7.7 million) increased commensurately with operating and production activity.

DEPLETION, DEPRECIATION AND AMORTIZATION ("DD&A")

At December 31, 2005, the Sao Bento gold mine was written down to its estimated salvage value. Consequently there has been no DD&A charged against Sao Bento operations since Q4, 2005.

With the commencement of commercial production at Kisladag and Tanjianshan in July, 2006 and in February 2007 respectively we did not incur significant DD&A expense in the quarter ended 2006. In the quarter ended March 2007, we recorded DD&A expense of \$3.1 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS THREE MONTHS ENDED MARCH 31, 2007

GENERAL AND ADMINISTRATIVE

General and administrative costs for the quarter ended March 31, 2007 totaled \$7.4 million (2006 – \$4.6 million) for a total quarter-over-quarter increase of \$2.8 million. The principal reasons for the 2007 increase were \$0.7 million spent on merger and acquisition activities, \$0.5 million incurred on Sarbanes Oxley requirements and a \$0.3 million increase in stock based compensation allocated to general administrative expense. The remaining \$1.3 million increase is consistent with our operational growth and increases that could normally be expected in the circumstances.

EXPLORATION EXPENSE

See item 5 above for a discussion of our exploration costs

Interest expense

Interest expense in the Q1 2007 was \$0.8 million. Interest expense in Q1, 2006 was nominal as interest on the Revolving Credit Facility (see "[Capital Resources](#)") was capitalized until commercial production began at Kisladag in July 2006, when we began to expense interest expense at the rate of approximately \$0.7 million per quarter.

Similarly, as the Tanjianshan mine has now entered production, interest expense in the next 2 quarters can be expected to increase by approximately \$0.1 million per quarter until our loan from the China Construction Bank is repaid as scheduled in June and September of 2007.

FOREIGN EXCHANGE (GAIN) LOSS

With rising operating activities, in order to meet local operating obligations, we hold an increasing proportion of our funds in currencies other than our reporting currency, the United States dollar (see "[Capital Resources](#)"). Both the Chinese Renminbi and the Turkish Lira have strengthened against the US dollar over the last quarter.

GAIN ON THE SALE OF ASSETS

We incurred gains on the disposal of assets totaling \$3.5 million (2006 - \$0.9 million). The 2007 disposals included a \$3.3 million gain on the sale of our Aurizona Joint Venture interest in the Brazilian Piaba Project and a \$0.2 million gain on the sale of investments. As the sale agreement on the Piaba project provides for certain downstream performance related option payments, the recognized gain on sale in the quarter ended has been recorded at the estimated fair value of the contracted total sales price. As the Piaba project was never classified as a development project, it had no recorded value on our balance sheet.

INCOME TAXES

In the quarter ended March 2007, income tax expense totaled \$5.7 million (2006 - \$1.5 million).

With respect to our Turkish operations, a future income tax ("FIT") recovery of \$10.2 million was set up during 2006 when (as provided under generally accepted accounting principles) it became more likely than not that the operations would become profitable and we would be able to claim costs incurred in prior years against taxable income earned in 2007 and thereafter. Now that our operations in Turkey are profitable, we are able to charge off income tax for which we would otherwise be liable against the recovery we set up in 2006. Accordingly we have only minimum current tax expense in Turkey. Although we are not liable for current income tax in this period, we did incur expenses that were deductible for tax purposes but not for accounting purposes and

MANAGEMENT'S DISCUSSION AND ANALYSIS
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consequently we incurred additional FIT expense and accrued related FIT liabilities to result in a net future income tax provision against Turkish operations totaling \$4.8 million. In the quarter ended March 2006, we had no taxable income and neither did the operations meet the criteria for a more likely than not determination so we recognized only minimal income tax expense.

With respect to our Chinese operations, we have not recorded any income tax provision as we expect to be eligible for a 2-year income tax free holiday granted by the Chinese Government.

With respect to our Brazilian operations, the FIT expense relates to a FIT liability on unrealized foreign exchange gains on a inter-company loan to the Brazilian subsidiary denominated in US dollars. The strengthening of the real against the US dollar since year-end has resulted in a net FIT expense of \$1.0 million for the year to date.

8. Liquidity

At March 31, 2007, we held \$61.2 million in cash and short-term deposits (December 2006 - \$60.0 million) and a further \$86.8 million (December 2006 - \$79.6) in restricted collateral accounts, which offset: long term debt of \$50.0 million (December 2006 -\$50.0 million); letters of credit amounting to \$28.5 million (December 2006 - \$21.3 million) and an \$8.3 million environmental deposit with the Turkish authorities (December 2006 - \$8.3 million). In the quarter ended March 2007, we issued letters of credit totaling \$7.2 million against equipment deliveries expected within the next 12 months. Over the next 6 months we will be issuing additional letters of credit against this equipment order totaling \$10.1 million and collateralizing them in a similar manner as we approach the anticipated delivery dates. At this time we expect to meet payments against delivery out of operating funds and we do not foresee a need for debt financing in this connection.

The Company has 2 short term bank loans totaling 120 million Chinese Renminbi (December 2006 - 120 million Renminbi), approximately \$15.5 million (December 2006 - \$15.4 million), to cover construction commitments related to the final phases of the Tanjianshan mine completion. The loans are repayable as follows: 40 million Chinese Renminbi (approximately \$5.1 million) in June 2007 with the remainder due in September 2007. We expect to be able to repay these loans from operating funds generated from Tanjianshan.

The Company remains unhedged.

Pursuant to the acquisition of Afcan Mining Corporation ("Afcan") in September 2005, we assumed certain non-interest-bearing loans. The undiscounted face value of the loan as at March 31, 2007 was \$0.9 million (December 2006 - \$0.9 million). The loan is repayable in equal annual installments of \$0.4 million on December 31 of each of the next 2 years with a final installment of \$0.1 million due December 31, 2009. Repayment will be from operating funds over the scheduled repayment term.

MANAGEMENT'S DISCUSSION AND ANALYSIS
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The Company's contractual obligations at March 31, 2007, comprise:

	Remainder of 2007	2008	2009	2010	2011 and later	Total
Bank indebtedness	\$15,516	\$ -	\$ -	\$ -	\$ -	\$ 15,516
Long term debt	400	400	150	50,000	-	50,950
Capital leases	48	69	60	32	6	215
Operating leases and property expenditures	1,197	1,577	1,577	1,577	5,234	11,162
Purchase obligations	63,867	15,312	12,791	11,715	-	103,685
Totals	\$ 81,028	\$ 17,358	\$ 14,578	\$ 63,324	\$ 5,240	\$ 181,528

9. Capital Resources

Cash and restricted cash

Cash and restricted cash on hand as at March 31, 2007 totaled \$148.0 million (December 31, 2006-\$139.5 million) of which \$61.2 million and \$60.0 million respectively was unrestricted. Over the last 24 months, we have sought to improve liquidity and conserve capital resources by securing loans to finance completion of the Kisladag and Tanjianshan projects and related startup operational requirements. Our plans are to repay these loans from operational cash flows by the end of 2008 and the restricted cash will be released and readily available for future projects or investments.

Working capital

At March 31, 2007, the Company had working capital of \$114.2 million, (December, 2006 -\$102.2 million).

The status of our financing arrangements and obligations are as follows:

Bank Indebtedness

Through Qinghai Dachaidan Mining Limited ("QDML"), our 90% owned subsidiary, we secured working capital loans from the China Construction Bank, the loans are secured by way of irrevocable letters of credit drawn on HSBC Bank USA, National Association ("HSBC") not to exceed \$28.5 million in total. The letters of credit had an expiry date of February 17, 2007 and were automatically extendable without amendment for a period of one year. The HSBC letters of credit are secured by the current portion of restricted cash, which is held by HSBC as restricted cash in a collateral account.

Term Revolving Credit Facility

In April 2005, our wholly owned subsidiary Tuprag entered into a \$65.0 million term revolving credit facility (the "Revolving Credit Facility") with HSBC due February 28, 2010. The Revolving Credit Facility is secured by Eldorado cash deposits in restricted accounts equivalent to the HSBC

**MANAGEMENT'S DISCUSSION AND ANALYSIS
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advances to Tuprag. The Revolving Credit Facility bears interest fixed at the prevailing LIBOR on the date of the draw plus 1.25%. The Revolving Credit Facility can be drawn down in minimum tranches of \$1.0 million plus multiples of \$0.25 million. As at March 31, 2007, the Company has drawn \$50.0 million in four tranches at a weighted average interest rate of 6.0%. Each tranche typically has a maturity of approximately 13 months. Over the term of the Revolving Credit Facility, the Company plans to renew each drawdown as it becomes due with final repayment to be made in full on the due date.

At March 31, 2007, \$15 million remained available under the Revolving Credit Facility.

Equity

At March 31, 2007, the Company had 341.5 million common shares issued and outstanding (December 2006 – 341.2 million common shares). Since March 31, options have been exercised with respect to 2.0 million shares for a total cash consideration of approximately \$6.3 million.

The Company has sufficient capital resources to meet its current contractual and financial obligations as they come due.

10. Summary of Quarterly Results

(US\$000's)	2007-Q1	2006-Q1	2006-Q2	2006-Q3	2006-Q4
Total revenue	\$ 43,488	\$ 9,428	\$ 13,265	\$ 30,723	\$31,273
Net income (loss)	12,582	(7,456)	215	5,199	5,342
Net income (loss) per share – basic	\$ 0.04	\$ (0.02)	\$ (0.00)	\$ 0.02	0.01
Net income (loss) per share – diluted	\$ 0.04	\$ (0.02)	\$ (0.00)	\$ 0.02	0.01

11. Off-Balance Sheet Arrangements

None.

12. Critical Accounting Estimates

We use the following critical accounting estimates:

Reserves and Resources

Mineral reserves and resources are calculated in accordance with National Instrument 43-101, as required by Canadian Securities regulatory authorities. For United States reporting purposes, Industry Guide 7 (under the Securities Exchange Act of 1934, as interpreted by the staff of the Securities and Exchange Commission) applies different standards to classify mineralization as a reserve.

MANAGEMENT'S DISCUSSION AND ANALYSIS
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We advise our investors that while the terms “mineral resource”, “measured mineral resource,” “indicated mineral resource” and “inferred mineral resource” are recognized and required by Canadian regulations, they are not defined terms under standards in the United States and normally are not permitted to be used in reports and registration statements filed with the SEC. As such, information contained in this report concerning descriptions of mineralization and resources required under Canadian standards may not be comparable to similar information made public by US companies in SEC filings. Investors are cautioned not to assume that any part or all of the mineral deposits in these categories will ever be converted into reserves.

Recoverable Values

Where information is available and conditions suggest impairment of long-lived assets, estimated future net cash flows from each property are calculated using estimated future gold prices; proven and probable reserves; value beyond proven and probable reserves; operating, capital and reclamation costs; and estimated proceeds from the disposition of assets on an undiscounted basis.

Gold Price

We estimate the future price of gold based on historical trends and published forecasted estimates. Our budgeted gold price for 2007 is \$600 per ounce.

Operating Costs

We report our operating costs in accordance with the Gold Institute Standard. Future operating costs include estimates of currency foreign exchange and inflation trends.

Stock-Based Compensation

We use the Black-Scholes Model to determine the fair value for awards of stock options to employees, officers and directors.

MANAGEMENT'S DISCUSSION AND ANALYSIS
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Asset Retirement Obligation

When assessing the carrying value of the asset retirement obligation, we estimate, among other things, the mine closure date and the credit-adjusted risk-free rate.

13. Risk and Uncertainties

Gold Price

Eldorado's profitability is linked to the price of gold because our revenues are derived primarily from gold mining. Gold prices are affected by numerous factors beyond our control, including central bank sales, producer hedging activities, the relative exchange rate of the US dollar with other major currencies, global and regional demand and political and economic conditions. Worldwide gold production levels also affect gold prices, and the price of gold is occasionally subject to rapid short-term changes due to speculative activities.

Exploration and Development

The costs and results of our exploration and development programs affect Eldorado's profitability and value. Since mines have finite lives based on proven reserves, we actively seek to replace and expand our reserves, primarily through acquisitions, exploration and development of our existing operations, and reconnaissance exploration. Exploration for minerals involves many risks and may not result in any new economically viable mining operations or yield new reserves to replace and expand current reserves. Determination of reserves is a process of estimation and, as such, reserve calculations are subject to the assumptions and 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 in which we have or are seeking an interest. Although we take every precaution to ensure that legal title to our properties is properly recorded in the name of Eldorado, there can be no assurance that such title will ultimately be secured on every property. The legal title to our properties depends on the appropriate and consistent application of the laws in the countries in which we operate.

Capital and Operations

The business of gold mining involves many operational risks and hazards. Through high operational standards, an emphasis on hiring and training appropriately skilled personnel and operational improvements, we work to reduce the risks associated with our projects. We also maintain adequate insurance to cover normal business risk.

We also rely on a number of key employees. Our success depends on attracting and retaining qualified personnel in a competitive labor environment.

MANAGEMENT'S DISCUSSION AND ANALYSIS THREE MONTHS ENDED MARCH 31, 2007

Further exploration and development of mineral resource properties or acquisitions beyond our current operations may require additional capital. Accordingly, the continuing development of our projects will depend on our ability to obtain financing through joint venture projects, debt financing and equity financing or other means. There is no assurance that we will be successful in obtaining the required financing.

Environment

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 governmental permits and provide associated financial assurance to carry on certain activities. We are also subject to various reclamation-related conditions imposed under federal, state or provincial air, water quality and mine reclamation rules and permits.

While we have budgeted for future capital and operating expenditures to maintain compliance with environmental laws and permits, any future changes to these laws could adversely affect Eldorado's financial condition, liquidity or results of operations.

Laws and Regulations

Eldorado's mining operations and exploration activities are subject to extensive federal, provincial, state and local laws and regulations governing prospecting, development, production, exports, taxes, labour standards, occupational health and safety, mine safety and other matters. These laws and regulations are subject to change, which may restrict our ability to operate. We draw on the expertise and commitment of our management team, advisors, employees and contractors to ensure compliance with current laws, and we foster a climate of open communication and co-operation with regulatory bodies.

Legal Proceedings

The nature of our business subjects us to regulatory investigation, claims, lawsuits and other proceedings in the ordinary course of business. We cannot predict the outcome of these legal proceedings with certainty.

Currency Fluctuations

We operate in numerous countries - including Canada, Turkey, China and Brazil - and we are therefore affected by currency fluctuations in these jurisdictions.

Political Risk

Eldorado conducts operations in a number of countries outside of North America, namely Turkey, China and Brazil. These operations are potentially subject to a number of political, economic and other risks that may affect our future operations and financial position.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
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14. Non-GAAP Measures

Throughout this document, we have provided measures prepared according to Canadian GAAP, as well as some non-GAAP performance measures. Because the non-GAAP performance measures do not have any standardized meaning prescribed by GAAP, they may not be comparable to similar measures presented by other companies. We provide these non-GAAP measures as they are used by some investors to evaluate Eldorado's performance. Accordingly, they are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with Canadian GAAP. We have defined the non-GAAP measures below and reconciled them to reported GAAP measures.

A reconciliation of cash operating costs calculated in accordance with the Gold Institute Standard to the cost of sales is included below:

(US\$000's, except \$/oz figures)	2007 Q1	2006 Q1
Cash operating cost		
Operating costs	\$ 15,065	\$ 7,747
Royalty expense and production taxes	(948)	(156)
Inventory adjustments	3,104	1,451
FV of stock option grants	(432)	(33)
Expense of contractual severance costs	-	(344)
Expense of certain capital costs	-	(628)
Cash operating cost	<u>\$ 16,789</u>	<u>\$ 8,037</u>
Gold ounces produced	<u>76,188</u>	<u>19,111</u>
Cash operating cost per ounce	<u>\$ 220</u>	<u>\$ 421</u>

15. Other MD&A Requirements

Additional information relating to the Company, including the Company's Annual Information Form, is available on SEDAR at www.sedar.com.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
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16. Disclosure of Outstanding Share Data

The following details the share capital structure as at May 1, 2007, the date of this MD&A. These figures may be subject to minor accounting adjustments prior to presentation in future consolidated financial statements.

Equity type	Weighted average exercise price (Canadian dollars)	Total
Common shares		343,425,155
Share purchase options	C\$4.45	8,047,439

17. Cautionary Statement on Looking Forward Information

Certain statements and information in this MD&A, including all statements that are not historical facts, contain forward-looking statements and forward-looking information within the meaning of applicable US and Canadian securities laws. Such forward-looking statements or information include, but are not limited to, statements or information with respect to financial disclosure, the future price of gold, estimation of mineral reserves and exploration and development capital requirements, and our goals and strategies. Often, these statements include words such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate” or “believes” or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved.

With respect to forward-looking statements and the information included in this MD&A, we have made numerous assumptions including among other things, assumptions about the price of gold, anticipated costs and expenditures and our ability to achieve our goals, even though our management believes that the assumptions made and the expectations represented by such statements or information will prove to be accurate. By their nature, forward-looking statements and information are based on assumptions and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements, or industry results, to be materially different from future results, performance or achievements expressed or implied by such forward-looking information. Such risks, uncertainties and other factors include among other things the following: gold price volatility; discrepancies between actual and estimated production and mineral reserves and resources; the speculative nature of gold exploration; mining operational and development risk; and regulatory risks.

MANAGEMENT'S DISCUSSION AND ANALYSIS
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See our annual information form and our quarterly and annual MD&A for additional information on risks, uncertainties and other factors relating to the forward-looking statements and information. Although we have attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking statements or information, there may be other factors that cause actual results, performances, achievements or events not to be anticipated, estimated or intended. Also, many of the factors are beyond our control. Accordingly, readers should not place undue reliance on forward-looking statements or information. We undertake no obligation to reissue or update forward-looking statements or information as a result of new information or events after the date of this MD&A except as may be required by law. All forward-looking statements and information made in this document are qualified by this cautionary statement.

Eldorado's consolidated financial statements are prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP") and are filed with appropriate regulatory authorities in Canada and the United States