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**TSX-V: LER**  
**PRESS RELEASE**  
30 April, 2008

## **Lero Gold Corp. (“Lero” or the “Company”)**

### **Results for the Period December 31, 2007**

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Lero Gold Corp. (“Lero” or “the Company”) (TSX-V:LER) – a base and precious metal exploration company with assets in Kyrgyzstan and Kazakhstan today reports its results for the period ended December 31, 2007. All amounts are reported in United States dollars unless otherwise indicated. Canadian dollars are referred to herein as CAD\$.

#### **HIGHLIGHTS**

##### **February 2007**

Acquisition of the Karchiga copper volcanogenic massive sulphide (VMS) project in Kazakhstan

##### **March 2007**

Granting of the Barkol exploration licence in Kyrgyzstan to Lero

##### **June 2007**

Lero completed a second private placement with Gold Fields Exploration B.V. (“Gold Fields”) to raise CAD\$233,420 to invest specifically into the Barkol exploration licence

Lero entered into an agreement for the sale of all of the shares of Tournon to a subsidiary of Delta Industrial B.V.I. The sale of the shares did not complete, as announced by the Company on November 26, 2007

Lero completes comprehensive re-interpretation of geophysical and geochemical data at the Taldybulak licence

Lero commenced a >5,000m drilling programme in the Talas area in Kyrgyzstan

##### **July 2007**

Lero commenced a 1,800m confirmatory drilling programme at Karchiga project in Kazakhstan

##### **December 2007**

Lero completed a private placement of 10,000,000 common shares at a price of CAD\$0.25 per share to raise CAD\$2,500,000

Oriel Resources plc disposed of 100 per cent. of its interest (30,000,000 common shares or approximately 49.35 per cent. of the issued share capital at that time) in the Company

##### **February 2008**

Lero completes 1,879m diamond drilling programme at the Karchiga project

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**March 2008**

Lero appointed two new Directors and officers, Dr. Alexander Yakubchuk, as Director and Chief Executive Officer, and Massimo Carello, as a Non-Executive Director. Darryl Yea resigned as Non-Executive Chairman of the Company.

**April 2008**

European Minerals Corporation ("EMC") announces intention to acquire Lero Gold Corp.

Lero enters into a CAD\$60 million private placement

Directors accepted David Swan's resignation from the position of Chief Financial Officer and Company Secretary

Lero appoints Randy Reichert as Chief Operating Officer, Petro Mychalkiw as Chief Financial Officer and Tania Tchedayeva as Company Secretary



Dr Sergey V Kurzin, Chairman of Lero Gold Corp. commented:

“During 2007 and into 2008, several important and strategic relationships were built, key management appointments were made and significant resource calculations were reported for our Kyrgyz and Kazakh-based exploration projects.

Given the potential merger with EMC, Gold Field's involvement in the Taldybulak project, the reported resource estimates for the Karchiga and Taldybulak-Talas projects and the potential merger with EMC, I believe the Company is well positioned to significantly grow its profile of base metal exploration and development opportunities within the Central Asian region.”

#### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

A full Management's Discussion and Analysis of the results for the year ended December 31, 2007 (“MD&A”) and Financial Statements (“Financials”) for the Company for the year ended December 31, 2007 are available on SEDAR ([www.sedar.com](http://www.sedar.com)) or on the Company's website ([www.lerogold.com](http://www.lerogold.com)). These can also be obtained on application to the Company. The following information has been extracted from the MD&A and the Financials.

#### **FINANCIAL RESULTS**

##### **Results for the Year**

The Company has incurred a net loss for fiscal year 2007 of \$4.2 million compared to \$2.8 million for 2006, an increase of \$1.4 million.

Interest income for fiscal year 2007 was \$94,000 compared to \$55,000 for fiscal year 2006. The increase is due to the Company holding increased cash balances in fiscal year 2007.

Other income of \$94,000 for 2007 represents a withheld deposit following the non-completion of the disposal of the Company's wholly-owned subsidiary Tournon, which through its wholly-owned subsidiary Oriel in Kyrgyzstan LLP, holds the Company's exploration and mining licence for the Tokhtazan and Akdjol areas in western Kazakhstan.

Administration costs for fiscal year 2007 were \$1.9 million compared to \$1.6 million for fiscal year 2006. The increase of \$0.3 million is in line with Management's expectations and reflects the costs of increasing the Company's management team commensurate with the requirements of a listed entity. Fiscal year 2007 administration costs includes stock based compensation of \$0.6 million compared to \$0.8 million in 2006. During 2007, following the Reverse Takeover Transaction, the Company awarded options to members of its Board, Management and employees.

#### **LIQUIDITY AND CAPITAL RESOURCES**

At December 31, 2007 the Company had unrestricted cash of \$2.9 million (2006 - \$3.5 million).

At December 31, 2007, the Company's consolidated working capital comprising cash, accounts receivable and prepaid expenses and less accounts payable and accrued liabilities was \$1.7 million compared to \$3.4 million at December 31, 2006. The decrease in working capital arose as a result of cash used in operations during the year exceed receipts from the issue of shares. The Company's liability of \$1.1m to Oriel Resources Plc at December 31, 2007 was included in current liabilities as it was repaid in full in April 2008.



The Company's spending incurred on its Tokhtazan, Taldybulak and Karchiga prospects during the year have been financed through equity or debt contributions from shareholders as and when required. Although the Company has been successful in the past in raising equity, there can be no assurance that any funding required by the Company in the future will be made available to it and, if such funding were to be made available, that it would be offered on reasonable terms. If the Company were unable to raise such financing, it may not be able to continue as a going concern. As a result, material adjustments would be required to the carrying value of assets and liabilities and the balance sheet classifications used and the reported amounts of income and expenses.

In July 2006, the Company completed private placements linked to the RTO raising total gross proceeds of CAD\$4.165 million. Issue costs totalled \$0.4 million and have been recorded as a reduction of share capital.

In September 2006, the Company exercised an option to acquire the entire issued share capital of Kami Associates Limited. The cash element of the consideration was \$1.5 million.

In November 2006, the Company completed a private placement with Gold Fields Limited for the gross proceeds of CAD\$2.5 million. In connection with this private placement the Company is required to spend at least CAD\$2.0 million of the placement funds on further exploration of the Company's Taldybulak project.

In June 2007, the Company completed a private placement of 466,840 common shares at a price of C\$0.50 per share to Gold Fields Exploration B.V., a subsidiary of Gold Fields, for proceeds of \$201,093, net of share issue costs of \$5,730.

In December, 2007, the Company completed a private placement of 10,000,000 common shares at a price of C\$0.25 per share for proceeds of \$2,246,353, net of share issue costs of \$267,726.

## REVIEW OF OPERATIONS

### TALDYBULAK-TALAS EXPLORATION LICENCE

Within the Taldybulak-Talas Exploration Area, Lero currently holds four licence areas. The Taldybulak copper-gold porphyry deposit is the Company's primary exploration property.

Licence Areas	Area (km <sup>2</sup> )	Date Granted	Expiry Date
Barkol	223	16 March 2007	16 March 2009
Taldybulak	42	14 February 2005	31 December 2010
Kentash	46	14 February 2005	31 December 2009
Korgontash	66	30 March 2005	31 December 2009

For avoidance of confusion;

1. The Taldybulak copper-gold porphyry deposit within the Taldybulak-Talas Exploration Licence area is a separate deposit from the Taldybulak Levoberezhny gold deposit previously owned by Central Asia Gold Limited, and
2. The Talas Copper Gold Limited Liability Company, the holder of the Lero's Taldybulak licence is a separate company from Talas Gold Mining Company, which is the owner of the Jerooy Gold Project.



### Taldybulak copper-gold porphyry deposit

A 2007 - 2008 drilling programme was completed to better delineate the extent and geometry at Taldybulak Central and assess the additional tonnage potential through the testing of peripheral targets along strike to the east, north west and south of the central high grade core.

Results from the recently completed geological modelling and resource evaluation studies have confirmed the potential for a large open-pittable Cu-Au porphyry target at Taldybulak Central. These results have given Lero a solid foundation from which to calculate an NI 43-101 compliant resource estimate for Taldybulak Central and to further expand and advance exploration activities in 2008.

The resource estimate has been calculated at various gold cut-off grades and incorporates all drilling data obtained for the Taldybulak-Talas copper-gold project by end Q1 2008. At a 0.30g/t gold cut-off, the Indicated resource is 79Mt @ 0.63g/t Au and 0.17% Cu with the Inferred resources totalling 163Mt @ 0.58g/t Au and 0.14% Cu.

### Taldybulak-Talas Copper-Gold Project, Mineral Resource Estimate.

Cut-off Au g/t	Indicated						
	Mt	Au g/t	Au Moz	Cu %	Cu Mlb	Au_eq g/t	Au_eq Moz
0.20	107	0.53	1.83	0.17	388	0.95	3.24
0.30	79	0.63	1.61	0.17	301	1.07	2.71
0.40	61	0.72	1.40	0.18	238	1.17	2.27
0.50	45	0.81	1.18	0.18	181	1.27	1.84

Cut-off Au g/t	Inferred						
	Mt	Au g/t	Au Moz	Cu %	Cu Mlb	Au_eq g/t	Au_eq Moz
0.20	286	0.43	3.99	0.14	876	0.78	7.18
0.30	163	0.58	3.03	0.14	492	0.92	4.82
0.40	115	0.68	2.50	0.13	336	1.01	3.73
0.50	87	0.75	2.10	0.13	247	1.07	3.00

Note:  $Au\_eq = Au\ g/t + 2.5 \times Cu\ \%$

Metal equivalent: metallurgical recoveries and net smelter returns are assumed to be 100%

### Kentash Project Area

Limited work has been performed on the Kentash licence to date however stream sediment geochemistry completed during 2006 returned high copper and gold values, indicating potential for further occurrences of mineralisation along the corridor linking Andash and Taldybulak.

In 2007, Lero completed a widely-spaced soil geochemical survey over the entire Kentash licence. This returned some gold, copper and molybdenum anomalism in 3 areas which will be further assessed in 2008. In 2007, the widely-spaced IP survey revealed chargeability anomalies in the central part of the license to be further assessed in 2008.



### **Korgontash Project Area**

The Tokhtonnisai copper-gold skarn project lies within the Korgontash licence area, Talas Oblast, north western Kyrgyzstan. A trenching programme was completed in 2006 with the objective of validating the width and grade of a copper-gold anomaly outlined at Tokhtonnisai during the Soviet era. A total of 10 trenches twinning Soviet era trenches were sampled. Some very encouraging results were obtained from the trenching programme. During June 2006, 4 lines of DD-IP geophysics were completed across the prospect. The results indicated a steeply north dipping chargeable body extending to the NE beneath cover and beyond the limit of the current sampling. Lero drilled two 150m diamond drill holes to test the trench and geophysical targets during November 2006. Drilling failed to adequately test the targets as it appears that the mineralisation dips at a shallower angle than had been interpreted, however, broad widths of low grade mineralisation were intersected in hole TTDD-01.

In 2007, Lero covered the area north of the contact with granitoid batholiths with widely spaced soil geochemical survey. This survey revealed gold and copper anomalism east of Tokhtonnisai and west of the Aktash exclusion licence. Due to late completion of the survey in November 2007 these targets were not followed up, but they will be more thoroughly assessed in 2008.

In 2007, Lero drilled 3 additional diamond drill holes at the Tokhtonnisai prospect, which returned some good intercepts, generally in line with the previous Soviet data (Table below).

### **Significant Tokhtonnisai drill results in 2007**

<b>ID</b>	<b>Type</b>	<b>From (m)</b>	<b>To (m)</b>	<b>Length (m)</b>	<b>Au (g/t)</b>	<b>Cu (%)</b>
TTDD07-03	Drill hole	158.8	196.6	38	0.57	1.2

### **TOKHTAZAN EXPLORATION LICENCE AREA**

<b>Project Area</b>	<b>Licence Holder</b>	<b>Area (km<sup>2</sup>)</b>	<b>Date Renewed</b>	<b>Expiry date</b>
Akdjol	Oriel in Kyrgyzstan LLP	108	14 February, 2005	31 December, 2009
Tokhtazan	Oriel in Kyrgyzstan LLP	4	14 February, 2005	31 December, 2009

In 2006, Lero initiated a trench sampling program at the Tokhtazan, Akdzhol and Kurpsai prospects which returned promising gold values that warrant further trenching and drilling. Three diamond drill holes were completed in late 2006 returning a best intersection of 5m at 6.2g/t at the south east of the deposit.

The 2007 programme consisted of chip and channel sampling, which returned results in line with historical intercepts. The Company is actively seeking to dispose of this asset.

Within the Akdjol licence the company performed 3,140 cubic metres of trenching and road cut sampling, with some 2,532 samples collected. Within the Tokhtazan licence, 1,540 cubic metres of trenching and road cutting were performed, with 640 samples collected.



## KARCHIGA EXPLORATION LICENCE

In February 2007, Lero Gold Corp. entered into an agreement to purchase 73.9% of “Eildon Enterprises Ltd” the registered and beneficial owner of 94.75% of the capital of GRK MLD LLP (“MLD”), a limited liability partnership incorporated under the laws of the Republic of Kazakhstan. Upon completion of this transaction Lero indirectly owns 70% of MLD.

The Karchiga copper-gold licence area, which covers a total area of 47.3km<sup>2</sup>, is a mid-Palaeozoic aged metamorphosed volcanogenic massive sulphide deposit (VMS) located in the extreme north east of the Republic of Kazakhstan, within 40km of the Chinese border. The project is readily accessible and is situated on gentle undulating terrain.

Mineralisation at Karchiga occurs as shallow dipping tabular bodies of massive and disseminated chalcopyrite-pyrrhotite-pyrite ranging from 2 to 25m thick that are hosted by highly metamorphosed amphibolite and micaceous schist. The mineralisation appears to be geologically continuous for 1km of strike length and robust.

The 2007 programme consisted of geophysical surveys, geological mapping and geochemical sampling to identify new mineralised targets along the 10km of strike length of the VMS horizon. Eight widely-spaced IP profiles were completed during 2007 and revealed the presence of additional chargeable targets which require in-fill geophysical profiling. The soil geochemical assays are pending.

In 2007, Lero drilled 21 confirmatory holes totalling 1,879 m and 3 trenches within the historically identified resource at Karchiga. The exploration results have confirmed the dimensions of the known mineralisation and historic Soviet assays completed between 1941 and 1984.

On 22 April 2008, Lero reported a National Instrument 43-101 compliant resource estimate for the Karchiga VMS deposit. The resource incorporates the 1,879m of confirmation diamond drilling completed by Lero in Q4 2007 and 86 historical Soviet diamond drill holes and trenches totalling 10,330m. At a 0.50% copper cut-off, the Indicated resource is 4.75Mt @ 2.46% Cu while the Inferred resources total 2.81Mt @ 1.81% Cu.

### Karchiga Copper Project, Resource Estimate April 2008

Cut-off (%) Cu	Indicated Sulphide			Inferred Oxide			Inferred Sulphide		
	Tonnes (Mt)	Cu (%)	Copper (Mlb)	Tonnes (Mt)	Cu (%)	Copper (Mlb)	Tonnes (Mt)	Cu (%)	Copper (Mlb)
0.3	5.10	2.32	261	0.86	1.30	26.9	2.21	1.77	86.5
0.5	4.75	2.46	258	0.71	1.49	26.3	2.10	1.85	86.3



## **BARKOL EXPLORATION LICENCE**

<b>Project Area</b>	<b>Licence Holder</b>	<b>Area (km<sup>2</sup>)</b>	<b>Date Granted</b>	<b>Expiry date</b>
Barkol	Talas Cu-Au LLP	223	16 March, 2007	16 March, 2009

In March 2007, Lero was granted the 223km<sup>2</sup> Barkol exploration licence, located immediately to the west of the Taldybulak project and was acquired at no cost to the company. The Barkol licence contains numerous occurrences of known mineralisation, with one copper-gold-molybdenum deposit occurring within a 2km<sup>2</sup> excision from the licence. Lero has undertaken an estimated annual expenditure commitment on the Barkol licence of US\$200,000, with exploration work due to commence spring 2007.

During 2007, Lero completed soil geochemical sampling over areas of historically mapped alteration. This returned some anomalous results for Au, Cu and other base metals. These areas were also covered by widely-spaced IP geophysical survey, which returned some chargeability anomalism in the areas west of Chonur exclusion licence and in the central western part of the Barkol licence. These anomalisms will be followed up during 2008.



## RESULTS OF OPERATIONS

### OVERVIEW OF OPERATIONS

#### *Acquisition of Karchiga*

On February 1, 2007, the Company completed the acquisition of 73.9% of Eildon Enterprises Ltd ("Eildon") the registered and beneficial owner of 94.75% of the capital of GRK MLD LLP ("MLD"), a limited liability partnership incorporated under the laws of the Republic of Kazakhstan. On completion, the Company owns 70% of MLD. MLD holds the rights to subsoil use for exploration and mining of copper on the Karchiginskoye Deposit in the Vostochno-Kazakhstanskaya (Eastern Kazakhstan) Area of the Republic of Kazakhstan, referred to as the Karchiga property. In terms of property license agreement the Company has an expenditure commitment on the Karchiga property of \$2,500,000 over the period ending January 16 2009. The consideration paid was 2,000,000 common shares of the Company with a fair value of \$765,630 plus a finder's fee of \$65,000 and the assumption of liabilities totalling \$104,321. Under the terms of the subsoil use license, the Company has agreed to repay certain historic costs totalling \$718,374 that the Republic of Kazakhstan incurred for a geological survey of the license area. The payment of the liability is contingent on commercial production of the Karchiga project.

The allocation of the purchase price is summarised below:

	Book value	Fair value adjustments	Fair value
	\$	\$	\$
Net assets acquired:			
Receivables and prepaid expenses	2,181	-	2,181
Cash and cash equivalents	676	-	676
Other creditors	(7,172)	-	(7,172)
Mineral property rights and interests	7,182	932,084	939,266
	<u>2,867</u>	<u>932,084</u>	<u>934,951</u>
Consideration satisfied by:			
Fair value of shares			765,630
Transaction costs			65,000
Liabilities assumed			<u>104,321</u>
Total cost of acquisition			<u>934,951</u>



**Lero Gold Corp.**

Consolidated Balance Sheets  
As at December 31, 2007 and 2006

	<b>2007</b>	<b>2006</b>
	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	2,931,125	3,498,671
Receivables and prepaid expenses	92,068	159,411
	<u>3,023,193</u>	<u>3,658,082</u>
<b>Equipment</b>	137,145	73,974
<b>Mineral property rights and interests</b>	<u>6,223,693</u>	<u>5,284,426</u>
	<u><u>9,384,031</u></u>	<u><u>9,016,482</u></u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	265,366	221,631
Due to related party	1,136,771	1,111,762
	<u>1,401,137</u>	<u>1,323,393</u>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	12,972,339	9,816,698
Contributed surplus	1,449,866	830,015
Deficit	(7,318,740)	(3,135,322)
Other comprehensive income	878,429	171,698
	<u>7,981,894</u>	<u>7,683,089</u>
	<u><u>9,384,031</u></u>	<u><u>9,016,482</u></u>



**Lero Gold Corp.**

Consolidated Statements of Operations and Deficit  
For the years ended December 31, 2007 and 2006

	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
<b>Income (expenses)</b>		
Impairment of geological information	-	(383,143)
Interest income	90,378	55,221
Other income	93,690	-
Amortization and depreciation	(23,090)	(163,109)
General and administration	(1,925,537)	(1,593,084)
Mineral property exploration and evaluation expenditures	(2,389,382)	(893,253)
Foreign exchange (loss)/gain	(29,477)	143,322
	<hr/>	<hr/>
<b>Net loss</b>	(4,183,418)	(2,834,046)
	<hr/>	<hr/>
<b>Deficit, beginning of year</b>	(3,135,322)	(301,276)
<b>Deficit, end of year</b>	(7,318,740)	(3,135,322)
	<hr/>	<hr/>
Basic and diluted net loss per share	(0.07)	(0.07)
	<hr/>	<hr/>
Weighted average number of shares outstanding – basic and diluted	60,605,170	40,578,730
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**Lero Gold Corp.**

Consolidated Statements of Comprehensive Income (Loss) and Accumulated Other  
Comprehensive Income  
For the years ended December 31, 2007 and 2006

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	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
<b>Net loss for the year</b>	(4,183,418)	(2,834,046)
<b>Other Comprehensive Income</b>		
Foreign currency translation	706,731	171,698
<b>Comprehensive loss for the year</b>	<u>(3,476,687)</u>	<u>(2,662,348)</u>
<b>Accumulated other comprehensive income – beginning of year</b>	171,698	-
Other comprehensive income	706,731	171,698
<b>Accumulated other comprehensive income – end of year</b>	<u>878,429</u>	<u>171,698</u>



**Lero Gold Corp.**

Consolidated Statements of Cash Flows  
For the years ended December 31, 2007 and 2006

	2007 \$	2006 \$
<b>Cash flows from operating activities</b>		
Net loss	(4,183,418)	(2,834,046)
Adjustments to reconcile net loss to cash flow from operating activities:		
Foreign exchange gain/(loss)	29,477	(143,322)
Stock based compensation	615,851	830,015
Impairment of geological information	-	383,143
Amortization and depreciation	23,090	163,109
Forgiveness of debt	39,424	-
Changes in non-cash working capital:		
Receivables and prepaid expenses	69,524	46,927
Accounts payable and accrued liabilities	(72,226)	689,630
Cash used in operating activities	<u>(3,478,277)</u>	<u>(864,544)</u>
<b>Cash flows from investing activities</b>		
Acquisition of Kami, net of cash acquired	-	(1,446,773)
Cash acquired on acquisition of ELE, net of transaction costs	-	12,663
Acquisition of Karchiga, net of cash acquired	(64,324)	-
Acquisitions of equipment	(86,261)	(19,046)
Payment of historical costs	(700,000)	-
Cash used in investing activities	<u>(850,585)</u>	<u>(1,453,156)</u>
<b>Cash flows from financing activities</b>		
Common shares issued	2,447,446	5,375,407
Proceeds from exercise of warrants	541,313	60,923
Proceeds from exercise of options	65,826	-
Loan funding	-	65,000
Cash flow from financing activities	<u>3,054,585</u>	<u>5,501,330</u>
<b>Effect of exchange rate changes</b>	<u>706,731</u>	<u>171,698</u>
<b>(Decrease)/Increase in cash and cash equivalents</b>	(567,546)	3,355,328
<b>Cash and cash equivalents – beginning of year</b>	3,498,671	143,343
<b>Cash and cash equivalents – end of year</b>	<u>2,931,125</u>	<u>3,498,671</u>



## **Lero Gold Corp.**

Notes to Consolidated Financial Statements  
For the years ended December 31, 2007 and 2006  
(In thousands of US Dollars)

### **1. Nature and continuance of operations**

Lero Gold Corp. ("Lero", or the "Company"), is a Canadian registered gold and base metals exploration company based in the United Kingdom that is seeking and evaluating gold and base metal projects in the former Soviet Union countries.

Lero was incorporated under the Company Act (British Columbia) on December 19, 1994 under the name "The Electric Mail Company Inc". On March 29, 2004, the Company was transitioned under The Business Corporations Act (British Columbia) and its name was changed to ELE Capital Corporation. During the year ended December 31, 2006 the Company changed its name to Lero Gold Corp.

The consolidated financial statements reflect the acquisition from Oriel Resources plc ("Oriel") of certain assets by Lero on July 24, 2006, including a 100% interest in Tournon Finance Limited ("Tournon"). As the shareholders of Tournon acquired control of Lero following the Tournon acquisition, this transaction, described as a reverse takeover, has been accounted for as an acquisition of Lero by Tournon (See Note 3). Tournon was incorporated in the British Virgin Islands under the International Companies Act of the British Virgin Islands on December 8, 2004.

The consolidated financial statements reflect the acquisition by Lero on February 1, 2007 of 73.9% of Eildon Enterprises Ltd ("Eildon") the registered and beneficial owner of 94.75% of the capital of GRK MLD LLP ("MLD"), a limited liability partnership incorporated under the laws of the Republic of Kazakhstan (See Note 3).

The Company is in the development stage and is in the process of exploring its mineral properties and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of amounts shown for mineral properties and related deferred exploration expenditures are dependant upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the Company's ability to obtain the necessary financing to complete the development of the properties and upon future profitable production or proceeds from the disposition thereof.

These consolidated financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Continued operations of the Company are dependent on the Company's ability to receive continued financial support as needed, and ultimately on generating profitable operations in the future. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.



## 2. Basis of presentation and significant accounting policies

These consolidated financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles ("Canadian GAAP").

These consolidated financial statements and their accompanying notes are presented in United States dollars. Canadian dollars are referred to as "C\$".

The Company has adopted the following significant accounting policies:

### a) Changes in accounting policies

January 1, 2007, the Company adopted five new accounting standards issued by the Canadian Institute of Chartered Accountants (CICA): Handbook Section 1530, *Comprehensive Income*, Handbook Section 3855, *Financial Instruments – Recognition and Measurement*, Handbook Section 3251, *Equity*, Handbook Section 3861, *Financial Instruments – Disclosure and Presentation* and Handbook Section 3865, *Hedges*. These standards were adopted prospectively and accordingly, comparative amounts for prior periods have not been restated.

- i. 3861 Financial Instruments – Disclosures and Financial Instruments – Presentation: Section 3861 establishes standards for presentation of financial instruments and non-financial derivatives and identifies the information that should be disclosed about them. Under the new standards, policies followed for periods prior to the effective date generally are not restated and therefore, the comparative figures have not been restated.
- ii. On adopting these new standards, the Company designated its cash and term deposits as held-for-trading, which are measured at fair value. Marketable securities are designated as available for sale which are measured at fair value. Receivables are classified under loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities, and due to related parties are classified as other financial liabilities, which are measured at amortized cost.
- iii. Financial assets classified as loans and receivables, as well as other financial liabilities, have a fair value equivalent to their carrying value due to the short term nature of their maturity.
- iv. 1530 Comprehensive Income: The new standard is effective for fiscal years beginning on or after October 1, 2007 and establishes standards for reporting comprehensive income, defined as a change in value of net assets that is not due to owner activities, by introducing a new requirement to temporarily present certain gains and losses outside of net income. The Company's other comprehensive income represents changes in shareholders' equity arising from the net unrealized foreign currency gain/(loss) on the Company's net investment in foreign operation.
- v. 3251 Equity: The new standard establishes standards for the presentation of equity and changes in equity during the reporting period.



- vi. 3855 Financial Instruments – Recognition and Measurement: Section 3855 requires that all financial assets and financial liabilities (including derivatives) be measured at fair value on initial recognition except for certain related party transactions. Measurement in subsequent periods depends on whether the financial asset or liability has been classified as held-for-trading, available-for-sale, held-to-maturity, loans and receivables or other liabilities.

Financial instruments classified as held-for-trading are measured at fair value and unrealized gains and losses are included in net income in the period in which they arise.

Available-for-sale assets are those non-derivative financial assets that are designated as available-for-sale or are not classified as held-for-trading, held-to-maturity, or loans and receivables. Available-for-sale assets are measured at fair value with unrealized gains and losses recorded in other comprehensive income until realized, at which time they will be recognized in net income.

- vii. Other accounting implications arising upon the adoption of Section 3855 include the use of the effective interest method (“EIM”) for any transaction costs or financing fees earned or incurred for financial instruments measured at amortized cost, and the recognition of the fair value of the obligation undertaken in issuing a guarantee that meets the definition of a guarantee pursuant to Accounting Guidelines 14, Disclosure of Guarantees (AcG 14). No subsequent re-measurement at fair value is required unless financial guarantee qualifies as a derivative. If the financial guarantee meets the definition of a derivative, it is re-measured at fair value at each balance sheet date.
- viii. 3865 Hedges: The new standard establishes standards for when and how hedge accounting may be applied.
- ix. These new standards replace accounting standard 3861 Financial Instruments Disclosure

**a) Basis of consolidation**

These consolidated financial statements include the accounts of the Company and all of its subsidiaries. All inter-company transactions and balances have been eliminated on consolidation.

In accordance with the guidance relating to reverse takeover accounting and disclosures, the consolidated financials statements as a December 31, 2006 reflected the results of operations and cash flows of Tournon until the date of the reverse takeover on July 24, 2006 and included those of Lero subsequent to the date of the reverse takeover on July 24, 2006.

The consolidated financials statements as at December 31, 2007 also reflect the results of operations and cash flows of Eildon and its subsidiary GRK MLD LLP from the date of acquisition on February 1, 2007.



**b) Functional and reporting currency**

The Company's reporting currency is the United States dollar. The Company and its subsidiaries operate in Canada and in the countries of the Former Soviet Union. The financial results of subsidiaries have been translated into United States Dollars using the current rate method. The current rate method provides that all assets and liabilities are translated at the year-end rate of exchange and all revenue and expense items are translated at the average rate of exchange prevailing during the period. Exchange gains and losses arising from this translation, representing the net unrealized foreign currency translation gain/(loss) on the Company's net investment in those foreign operations, are recorded as a component of Other Comprehensive Income, as the Company is reporting in a currency other than its functional currency in accordance with Canadian GAAP.

**c) Cash and cash equivalents**

Cash and cash equivalents include cash and other short instruments with an original maturity of three months or less.

**d) Mineral property interests and rights**

The Company records mineral properties at the lower of cost or estimated recoverable value. The Company includes option acquisition and exercise costs as components of the cost of mineral properties. The carrying value of mineral properties are reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

**e) Mineral property exploration and evaluation expenditures**

Mineral property exploration and evaluation expenditure incurred are charged to operations in the period in which they are incurred. When a project reaches a stage whereby a positive assessment of its technical feasibility and economic viability can be reasonably determined, such as the result of a pre-feasibility study, then to the extent that they are recoverable, all further exploration and development costs will be capitalized as a deferred development and exploration costs in the balance sheet.

**f) Equipment**

Equipment is recorded at cost less accumulated depreciation. Depreciation is provided to write off the cost or valuation, less estimated residual values, of all equipment evenly over their estimated useful lives.

Equipment and vehicles	10% – 33 % per annum
Office equipment and furniture	20% – 100% per annum



**g) Environmental protection and asset retirement obligation costs**

The Company recognizes liabilities for statutory, contractual or legal obligations associated with the retirement of property, plant and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, the fair value of the liability for an assets retirement obligation is recognized in the period incurred. The net present value is added to the carrying amount of the associated asset and amortized over the asset's useful life. The liability is accreted over time through periodic charges to earnings and it is reduced by actual costs of reclamation. The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements and assumptions regarding the amount and timing of the future expenditures. Expenditures relating to ongoing environmental programs are charged against operations as incurred or capitalized and amortized depending on their relationship to future earnings. At December 31, 2007, the Company's asset retirement obligation was not material.

**h) Income taxes**

The Company uses the liability method of accounting for income taxes. Under the liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of liabilities and their respective tax bases and for tax losses and other deductions carried forward. Upon business acquisitions, the liability method results in a grossing up of mining interests to reflect the recognition of the future tax liabilities for the tax effect of such differences. Future tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realized or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date. A reduction in respect of the benefit of a future tax asset (a valuation allowance) is recorded against any future tax asset if it is not likely to be realized. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period in which the change is substantively enacted.

**i) Stock compensation**

The Company uses the fair value method of accounting for all stock option awards. Under this method, the Company recognizes a compensation expense for all stock options based on the fair value of the options on the date of grant, which is determined by using an option pricing model. The fair value of the options is expensed over the vesting period of the options.

**j) Loss per share**

Earnings per share calculations are based on the weighted average number of common shares and common share equivalents issued and outstanding during the year. Diluted earnings per share is calculated using the treasury method which requires the calculation of diluted earnings per share by assuming that outstanding stock options, warrants, and restricted share units with an average market price that exceeds the average exercise prices of the options and warrants for the year, are exercised and the assumed proceeds are used to repurchase shares of the Company at the average market price of the common shares for the year. The loss per share for the year ended December 31, 2006 were calculated, based on the number of shares issued in the reverse take over and not the number of shares outstanding in the accounting parent, in accordance with Canadian GAAP.



**k) Measurement uncertainty and risk management**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results may differ from those estimates. Significant areas requiring the use of management estimates relate to the determination of impairment of mineral properties, carrying value of mineral properties, future income tax effects and the determination of fair value for stock based transactions.

**CAUTIONARY NOTE REGARDS FORWARD-LOOKING STATEMENTS**

Certain statements in this MD&A constitute forward-looking statements. The words "anticipate", "continue", "estimate", "expect", "may", "will", "should", "believe", "potential" and similar expressions are intended to identify forward-looking statements. Such forward-looking statements, including but not limited to statements with respect to anticipated rates of production, the estimated costs and timing of the Company's planned work programs and reserves determination involve known and unknown risks, uncertainties and other factors which may cause the actual rates of production, costs and results to be materially different from estimated rates of production, costs or results expressed or implied by such forward-looking statements.

The Company believes the expectations reflected in these forward looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon. Factors that could cause actual results to differ materially from those anticipated in these forward-looking statements include, among others, uncertainties associated with estimating reserves, competition for, among other things, capital, acquisitions of reserves, undeveloped properties and skilled personnel, risks related to international operations, general risks associated with mining operations, risks associated with equipment procurement and equipment failure and volatility in market prices. Although the Company has attempted to take into account important factors that could cause actual costs or operating results to differ materially, there may be other factors that cause costs of the Company's program or results not to be as anticipated, estimated or intended.

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com)

**ENDS**

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Notes to Editors:

1. Lero Gold Corporation (TSX-V: LER) is a base and precious metal exploration company led by a senior management team with extensive expertise in mineral exploration and advanced project management. In July, 2006 Oriol Resources Plc completed its previously announced transfer and sale of its gold related assets into Lero Gold Corporation ('Lero') (formerly ELE Capital Corporation – 'ELE'). Lero resumed trading on TSX Venture Exchange (TSX-V) on Thursday July 27, 2006 under the trading symbol "LER". Lero Gold is currently seeking and evaluating advanced exploration stage gold and base metal projects in Kazakhstan and Kyrgyzstan. Lero is currently exploring advanced staged gold deposits in the Tien Shan gold belt in the Kyrgyz Republic and Rudny Altai belt in the Republic of Kazakhstan.
2. Information Concerning Estimates of Measured, Indicated and Inferred Resources. This market announcement also uses the terms 'indicated resources' and 'inferred resources'. Lero Gold Corp. advises investors that although these terms are recognised and required by Canadian regulations (under National Instrument 43-101 Standards of Disclosure for Mineral Projects), the U.S. Securities and Exchange Commission does not recognise them. Investors are cautioned not to assume that any part or all of the mineral deposits in these categories will ever be converted into reserves. In addition, 'inferred resources' have a great amount of uncertainty as to their existence, and economic and legal feasibility. It cannot be assumed that all or any part of an Inferred Mineral Resource will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Mineral Resources may not form the basis of feasibility or pre-feasibility studies, or economic studies except for Preliminary Assessment as defined under 43-101. Investors are cautioned not to assume that part or all of an inferred resource exists, or is economically or legally mineable.
3. Resource estimations were carried out by Julian Woodcock and reviewed by Matthew Boyes (Senior Geologist and a Qualified Person under National Instrument 43-101). Assays are conducted at the internationally certified Alex Stewart Lab in Bishkek, Kyrgyzstan. Lero Gold Corporation operates a stringent QA/QC policy that includes external certified standard samples and blanks in each individual batch sent for analysis. Wardell Armstrong International is currently reviewing methodology and interpolation parameters used in the block model.
4. For avoidance of confusion;
  - a. The Taldybulak-Talas copper gold porphyry is a separate deposit from the Taldybulak Levoberezhny gold deposit previously owned by Central Asia Gold Limited, and
  - b. The Talas Copper Gold Limited Liability Company, the holder of the Lero owned Taldybulak licence, is a separate company from Talas Gold Mining Company which owned the Jerooy Gold project.
5. In November 2006, Lero granted Gold Fields Exploration B.V. an option to enter into a joint venture agreement with the Company under which Gold Fields Exploration B.V. has the right to;
  - a. earn up to a 60% interest in exploration licences on the Kentash, Taldybulak and Korgontash tenements in the Talas Region by funding exploration expenditures of up to CAD\$10 million, and
  - b. increase its interest in the project by a further 10% (to a total of 70%) by funding the expenditure of up to a further CAD\$10 million on a feasibility study. Thereafter, Gold Fields Exploration B.V. and Lero will contribute to the project requirements on a pro-rata basis through to development, if appropriate.
6. Gold Fields Exploration B.V. is an indirect wholly owned subsidiary of Gold Fields Limited.
7. The TSX Venture Exchange does not accept responsibility for adequacy or accuracy of this release.

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