NEW OROPERU RESOURCES INC.

2004 ANNUAL REPORT

LETTER TO SHAREHOLDERS

May 10, 2005

This has been a constructive year for New Oroperu Resources Inc. ("Oroperu", the "Company"). In 2004 Oroperu created a new operating subsidiary in Peru, Minera Angelica S.A.C. Minera Angelica is currently in the process of acquiring property by application, adjacent to a newly acquired silver prospect that is owned 100% by Minera Angelica.

Oroperu's major asset is its Tres Cruces deposit, with a measured and indicated resource of 1.7 million oz. of gold. About US $7 million has been spent by Oroperu and others on the project to date. The Company owns a 100% interest in the Tres Cruces project, subject to a 1½% royalty, through its wholly-owned subsidiary, Aurifera Tres Cruces S.A. The project is located in north central Peru about 100 km. east of the city of Trujillo and is currently accessed by an all-weather road, which has been significantly upgraded for Barrick Gold Corp.'s Alta Chicama project.

In 2003 Barrick announced the discovery and delineation of the 7.3-million oz. Lagunas Norte gold deposit, the Alta Chicama project, located about 15 km. north from Tres Cruces. In 2004 Barrick announced that it had obtained permits necessary for construction of facilities capable of producing 535,000-560,000 oz. of gold per year. In its first quarter report of 2005 dated April 28, 2005 Barrick stated that construction on the Alta Chicama project is already about 95% complete. The commissioning of the equipment and facilities at Alta Chicama started last month and its first gold pour is expected to be made in mid-June 2005.

In September 2003, the Company concluded its formal option agreement with Barrick for the latter's continuing exploration and development of the Company's Tres Cruces project. This agreement gives Barrick an option to explore and develop our property at Barrick's cost up to a production decision stage. Upon a production decision, Barrick earns a 70% interest in the project and the Company retains a fully financed 30% interest and a net 2% royalty. This financial arrangement is at Barrick's option during the exploration and development stage and, if made, a production decision stage will follow which will allow Oroperu to participate in the existing synergies of the larger project, with Barrick as the sole operator. The Company looks forward to the development and production of the Tres Cruces project.

With a carried interest in the Tres Cruces project development and approximately US $2 million cash in the bank the Company is in sound financial position to continue to seek and investigate new exploration opportunities in Peru and elsewhere that are within its scope of expertise.

The Company wishes to thank its shareholders for their continued support.

ON BEHALF OF THE BOARD OF DIRECTORS

"K. Wayne Livingstone"
President

SmytheRatcliffe
CHARTERED ACCOUNTANTS

NEW OROPERU RESOURCES INC.

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2004 AND 2003

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements of New Oroperu Resources Inc. are the responsibility of the Company's management. The consolidated financial statements are prepared in accordance with accounting principles generally accepted in Canada and reflect management's best estimates and judgment based on information currently available.

Management has developed and maintains a system of internal controls to ensure that the Company's assets are safeguarded, transactions are authorized and properly recorded and financial information is reliable.

The Board of Directors is responsible for ensuring management fulfills its responsibilities for financial reporting and internal control through an audit committee which is composed primarily of non-management directors. The Audit Committee reviews the results of the audit and the annual consolidated financial statements prior to their submission to the Board of Directors for approval.

The consolidated financial statements have been audited by Smythe Ratcliffe, Chartered Accountants and their report outlines the scope of their examination and gives their opinion on the consolidated financial statements.

"K. Wayne Livingstone" (signed)

K. Wayne Livingstone
President

April 8, 2005

SmytheRatcliffe.com

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SmytheRatcliffe
CHARTERED ACCOUNTANTS

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AUDITORS' REPORT

TO THE SHAREHOLDERS OF NEW OROPERU RESOURCES INC.

We have audited the consolidated balance sheet of New Oroperu Resources Inc. as at December 31, 2004 and the consolidated statements of operations and deficit and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles in Canada.

The consolidated financial statements as at December 31, 2003 and for the year then ended were audited by another auditor who expressed an opinion without reservation on those statements on his report dated February 12, 2004.

"Smythe Ratcliffe"

Smythe Ratcliffe
Chartered Accountants

Vancouver, Canada
April 8, 2005

NEW OROPERU RESOURCES INC.

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2004 and 2003

(expressed in U.S. dollars)

	2004	2003
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 1,984,189	$ 1,814,778
Accounts receivable	9,198	23,514
Prepaid expenses	255	3,198
	1,993,642	1,841,490
INVESTMENT IN AURIFERA (Note 3)	-	179,908
MINERAL PROPERTIES (Note 3)	1,904,912	4
INVESTMENT (Note 4)	2	2
	$ 3,898,556	$ 2,021,404
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 112,058	$ 102,803
SHAREHOLDERS' EQUITY		
CAPITAL STOCK (Note 5)	25,733,946	23,803,278
STOCK BASED COMPENSATION (Note 5)	57,070	42,682
DEFICIT	(22,004,518)	(21,927,359)
	3,786,498	1,918,601
	$ 3,898,556	$ 2,021,404

ORGANIZATION AND NATURE OF OPERATIONS (Note 1)

APPROVED BY THE DIRECTORS

"K. Wayne Livingstone" (signed)
Director - K. Wayne Livingstone

"Maynard E. Brown" (signed)
Director - Maynard E. Brown

See Accompanying Notes to the Consolidated Financial Statements

NEW OROPERU RESOURCES INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

For the Years Ended December 31, 2004 and 2003

(expressed in U.S. dollars)

	2004	2003
EXPENSES		
General and administration	$ 90,396	$ 115,495
Consulting fees	72,000	103,500
Legal and audit	41,992	51,717
Property investigation and maintenance expenses	40,871	36,542
Stock based compensation (Note 5(d))	16,306	37,983
Regulatory fees	6,025	5,852
Investor relations	-	44,931
Interest expense	-	9,520
	267,590	405,540
OTHER (INCOME) EXPENSES		
Foreign exchange gain	(149,431)	(87,597)
Interest and other income	(41,000)	(21,040)
Expense recoveries	-	(184,288)
Write-down of mineral properties (Note 3)	-	1,482,506
	(190,431)	1,189,581
LOSS FOR THE YEAR	77,159	1,595,121
DEFICIT, BEGINNING OF YEAR	21,927,359	20,332,238
DEFICIT, END OF YEAR	$ 22,004,518	$ 21,927,359
BASIC AND DILUTED LOSS PER SHARE	$ 0.01	$ 0.14
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	13,677,838	11,006,057

See Accompanying Notes to the Consolidated Financial Statements

NEW OROPERU RESOURCES INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2004 and 2003

(expressed in U.S. dollars)

	2004	2003
CASH PROVIDED BY (USED FOR)		
OPERATING ACTIVITIES		
Loss for the year	$ (77,159)	$ (1,595,121)
Items not involving cash		
Stock based compensation	16,306	37,983
Expense recoveries	-	(184,288)
Write-down of mineral properties	-	1,482,506
	(60,853)	(258,920)
Net changes in non-cash working capital items		
Accounts receivable	14,316	7,266
Prepaid expenses	2,943	3,182
Accounts payable and accrued liabilities	9,255	(32,241)
Bank loan	-	(95,480)
	(34,339)	(376,193)
FINANCING ACTIVITIES		
Capital stock issued for cash	3,750	345,931
INVESTING ACTIVITIES		
Investment in Aurifera	-	370,092
Mineral properties	200,000	-
	200,000	370,092
INCREASE IN CASH AND CASH EQUIVALENTS	169,411	339,830
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,814,778	1,474,948
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,984,189	$ 1,814,778

SUPPLEMENTAL CASH FLOW INFORMATION (Note 6)

See Accompanying Notes to the Consolidated Financial Statements

1. ORGANIZATION AND NATURE OF OPERATIONS

The Company is in the business of exploration and development of mineral properties and is considered to be in the exploration stage. The recoverability of carrying amounts for mineral properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development, and future profitable production from the properties or proceeds of disposition.

Through its wholly-owned subsidiary, S.A. Mining Ventures Limited ("SA Mining"), the Company owns 100% of Oromin S.A. ("Oromin") and Minera Angelica S.A.C., two companies incorporated in Peru, and Angelica Mining Inc. ("Angelica"), a company incorporated in the Bahamas during 2003. In 2003, the Company transferred three mineral properties in Peru (Note 3) from Oromin to Angelica.

SA Mining also owns 100% of T.C. Mining Inc. ("TC Mining"), a company incorporated in the Bahamas. TC Mining owns a 100% interest in Aurifera Tres Cruces S.A. ("Aurifera"), a company incorporated in Peru for the purposes of operating the Tres Cruces project (Note 3).

The Company is listed on the TSX Venture Exchange and is a reporting issuer in Ontario, Alberta and British Columbia.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries:

S.A. Mining Ventures Limited
Angelica Mining Inc.
T.C. Mining Inc.
Aurifera Tres Cruces S.A.
Minera Angelica S.A.C.
Oromin S.A.

Mineral properties

The Company capitalizes all costs related to investments in mineral property interests on a property by property basis. Such costs include mineral property acquisition costs and exploration and development expenditures, net of any recoveries. Costs are deferred until such time as the extent of mineralization has been determined and mineral property interests are either developed or the Company's mineral rights are allowed to lapse. Costs to investigate new mineral properties are expensed when incurred.

All deferred mineral property expenditures are reviewed, on a property by property basis, to consider whether there are any events or changes in circumstances that may indicate impairment. When the carrying value of a property is determined by management to exceed its net recoverable amount, estimated by quantifiable evidence of an economic geological resource or reserve, joint venture expenditure commitments or assessment of the ability to sell the property for an amount exceeding the deferred costs or abandonment of the interest, provision is made for the impairment in value.

Carrying costs are depleted over the useful lives of the properties upon commencement of commercial production or written off if the properties are abandoned or the claims allowed to lapse.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company may acquire or dispose of a mineral property interest pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as property costs or recoveries when the payments are made or received.

Although the Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

Environmental expenditures and reclamation

The operations of the Company may in the future be impacted by changes in environmental regulations, including those for future removal and site restoration costs. Management has developed policies and practices designed to follow environmental laws, regulations and industry standards in respect of environmental compliance in jurisdictions where the Company operates. There is no certainty that all future environmental costs or outcomes can be measured and complied with.

Environmental expenditures that relate to ongoing environmental and reclamation programs are charged against earnings as incurred or capitalized and amortized depending on their future economic benefits. Estimated future removal and site restoration costs, when the ultimate liability is reasonably determinable, are charged against earnings over the estimated remaining life of the related business operation, net of expected recoveries.

Asset retirement obligations

The Company has adopted the recommendations of the Canadian Institute of Chartered Accountants ("CICA"), Section 3110 "Asset Retirement Obligations". This statement establishes standards for accounting for the recognition and measurement of liabilities for obligations associated with the retirement of property, plant and equipment when those obligations result from the acquisition, construction, development or normal operations of the assets.

Foreign currency translation

All accounts are reported in United States dollars. Accounts denominated in currencies other than the U.S. dollar are translated into their U.S. dollar equivalents. Revenues and expenses are translated using the average exchange rates for the period. Monetary assets and liabilities are remeasured at the balance sheet dates using the exchange rates on that date and non-monetary items are translated at historical exchange rates. Any exchange differences are charged to the statement of operations during the year.

Loss per share

Basic loss per share is calculated using the weighted-average number of shares outstanding during the year. The Company uses the treasury stock method for calculating diluted earnings (loss) per share. However, diluted loss per share presented is the same as basic loss per share as the exercise of options and warrants would be anti-dilutive.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

The Company accounts for future income tax using the asset and liability method. Under this method of tax allocation, future income tax assets and liabilities are determined based on differences between the financial statement carrying values and their respective income tax basis (temporary differences). Future income tax assets and liabilities are measured using the tax rates expected to be in effect when the temporary differences are likely to reverse. The effect on future income tax assets and liabilities of a change in tax rates is included in operations in the period in which the change is enacted or substantially assured. The amount of future income tax assets recognized is limited to the amount of the benefit that is likely to be realized.

Financial instruments

The carrying amounts reported in the consolidated balance sheets for cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities approximate their fair values due to the short term to maturity of these instruments.

The Company is exposed to credit risk with respect to its cash. To minimize this risk, cash and cash equivalents have been placed with major financial institutions.

The Company retains certain carried interest rights and net smelter royalties, the value of which is derived from future events and commodity prices. These rights are derivative instruments. However, the mineral interests to which they relate are not sufficiently developed to reasonably determine value.

Cash and cash equivalents

Cash and cash equivalents include cash and short-term liquid investments having terms to maturity when acquired of three months or less. Short-term investments having terms to maturity when acquired of greater than three months and less than one year are included in marketable securities.

Stock based compensation

Effective January 1, 2002, the Company adopted the new accounting standard of the Canadian Institute of Chartered Accountants (“CICA”) Handbook Section 3870 "Stock-Based Compensation and Other Stock-Based Payments" for accounting for stock-based compensation expense. Under this standard, all stock-based payments as well as employee awards that are direct awards of stock, call for settlement in cash or other assets, or stock appreciation rights that call for settlement by the issuance of equity instruments, granted on or after January 1, 2002, are accounted for using the fair value based method, and are recorded as an expense in the period the stock-based payments are vested or the awards or rights are granted.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires the Company’s management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and related notes to the financial statements. Significant items involving estimates include determinations of fair value of mineral property interests and financial instruments, asset retirement obligations and stock based compensation and transactions. Actual results may differ from those estimates.

(expressed in U.S. dollars)

3. MINERAL PROPERTIES

Tres Cruces Project

In October 1998, the Company entered into a joint venture agreement with Pan American Silver Corp. ("Pan American") to pool each company's property interests in the Tres Cruces project. After each company had earned an equal interest in the other's property, Aurifera was formed to hold and develop the properties with each company owning 50% of Aurifera.

On May 22, 2002 the Company obtained an option from Pan American to acquire Pan American's 50% interest in the shares of Aurifera in consideration of share issuances and $1,750,000 in work expenditures to earn the right to exercise the option, and thereafter $100,000 in annual payments and a 2% Net Smelter Royalty ("NSR"), of which a $1,000,000 advance royalty is payable upon a production decision. In 2002, 500,000 shares of the Company, valued at $50,000, were issued to Pan American and in 2003, $12,600 cash was paid for Tres Cruces property expenses as part of the earn-in to exercise the option.
On September 16, 2003 the Company finalized an agreement with Minera Barrick Misquichilca S.A. ("Barrick") for an option to acquire up to a 70% interest in Aurifera and received an initial payment of $400,000 from Barrick. Barrick is obligated to spend $1,750,000 on the project by September 30, 2005 and pay $200,000 annually until the exploration obligation is met, and thereafter $250,000 a year to maintain its option. All exploration expenditures will be payable by Barrick until a production decision is made. Following a production decision, the Company would retain a net 21% fully financed interest in Aurifera and a 1½% royalty interest.

On October 31, 2003 the Company entered into a new agreement with Pan American which replaced the May 22, 2002 agreement. The new agreement which closed on March 30, 2004, accelerated the purchase of the 50% of Aurifera held by Pan American with the issuance of 3,500,000 common shares of the Company and the granting of a 1½% NSR to Pan American. The agreement was approved at an extraordinary meeting of shareholders held on February 27, 2004, as the issuance of 3,500,000 shares resulted in the creation of a control position in the Company by Pan American. Of the 3,500,000 shares issued, 1,000,000 of the shares will be held in escrow for a two-year period.

By consolidating 100% of the interest in the Tres Cruces property, the Company's interest in the Barrick agreement will increase from 21% to 30% and its royalty interest will increase from 1½% to 2%. No further payments will be required to be made by the Company to Pan American and all annual option payments required of Barrick will be payable to the Company, including the $1,000,000 advance royalty payment.

The Company acquired control of Aurifera on March 30, 2004 as noted above. Accordingly the accounts and operations of Aurifera have been consolidated in the accounts of the Company as of the acquisition date.

The acquisition has been accounted for under the purchase method as a step-by-step purchase as follows:

Original share of net assets held prior to control	$	179,908
Net identifiable assets acquired		1,551,747
Residual amount assigned to mineral property interest		373,253
Consideration paid by issuance of 3,500,000 shares (Note 6(a)(ii))		1,925,000
Option payment received from Barrick		(200,000)
Carrying value of Tres Cruces property interest	$	1,904,908

(expressed in U.S. dollars)

3. MINERAL PROPERTIES (continued)

Other Mineral Properties

The Company owns a 100% interest in three separate mineral properties located in various regions of Peru. The properties were acquired as a result of regional exploration programs conducted in prior years. The Angelica and Trucha Dorada properties are located in Libertad province, 5 km and 25 km from the Company's Tres Cruces project . The El Espigon property is located near Huancavalica, Peru. During 2003, due to uncertainty over the Company's future plans for the properties and lack of objective methodology in measuring recoverable value, the Company wrote down the carrying value of these properties by $1,482,506, to a nominal value of $1 each.

The Company also owns three mineral leases located in Ontario, Canada, which in fiscal 2002 were written down to a nominal value of $1.

The aggregate carrying value of the Angelica, Trucha Dorado, Es Espigon and Ontario leases is $4.

4. INVESTMENT

The Company has a 20% interest in Nuevo Condor, a former subsidiary in Peru, which investment is recorded at a nominal value of $2.

5. CAPITAL STOCK

	Number of Shares	Amount
Authorized		
100,000,000 common shares without par value		
Issued and outstanding		
Balance, December 31, 2002	10,051,571	$ 23,437,683
Issued during the year		
Conversion of special warrants (Note 5(a)(i))	1,200,000	-
For cash		
Exercise of warrants	470,760	307,494
Exercise of options (Note 5(c))	256,250	38,437
Fair value of options exercised (Note 5(d))	-	19,664
Shares returned to treasury	(7)	-
Balance, December 31, 2003	11,978,574	23,803,278
Issued during the year		
For Aurifera purchase (Note 5(a)(ii))	3,500,000	1,925,000
For stock options exercised (Note 5(c))	25,000	3,750
Fair value of options exercised (Note 5(d))	-	1,918
Balance, December 31, 2004	15,503,574	$ 25,733,946

(expressed in U.S. dollars)

5. CAPITAL STOCK (continued)

(a) Private placements

(i) The Company completed a private placement on May 31, 2002, for the issue of 1,200,000 non-transferable special warrants at a price of $0.10 per special warrant for gross proceeds of $120,000. Each special warrant was converted at no additional cost into one common share on May 31, 2003.

(ii) On March 30, 2004 the Company issued 3,500,000 shares, valued at $1,925,000, to Pan American to complete the purchase of the 50% of Aurifera that it did not already own (Note 3).

(b) Warrants

At December 31, 2004 the Company had 2,679,240 warrants outstanding to purchase 2,679,240 common shares at a price of $0.80 per share until their expiry date on October 25, 2005.

(c) Stock options

The Company has a stock option plan that authorizes the board of directors to grant options for the purchase of up to 2,250,314 common shares. Options granted under the plan vest over a period of 18 months from the date of the grant.

Stock options to purchase common shares have been granted to directors, employees and consultants at exercise prices determined by reference to the market value on the date of the grant.

A summary of the status of the Company's stock options at December 31, 2004 and 2003 and changes during the years then ended is as follows:

	2004		2003	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding at beginning of year	768,750	$0.15	1,025,000	$0.15
Exercised	(25,000)	$0.15	(256,250)	$0.15
Outstanding at end of year	743,750	$0.15	768,750	$0.15
Options exercisable at end of year	743,750	$0.15	556,250	$0.15

The options to acquire 743,750 common shares expire on October 25, 2007.

(d) Stock based compensation

During the year ended December 31, 2002 the Company granted stock options to directors and employees to acquire up to an aggregate of 850,000 common shares at an exercise price of $0.15 per share. As at December 31, 2004, all of the options had fully vested and were exercisable.

During the year ended December 31, 2002 the Company also granted stock options to consultants to acquire up to an aggregate of 175,000 common shares at an exercise price of $0.15 per share. As at December 31, 2004, all of the options had fully vested and were exercisable.

(expressed in U.S. dollars)

5. CAPITAL STOCK (continued)

Pursuant to the CICA standard of accounting for stock-based compensation (Note 2), the fair value of stock options granted, and which had vested in 2004, in the amount of $16,306, has been recorded as an expense in the year. The fair value of options exercised during 2004, in the amount of $1,918, has been credited to capital stock.

The fair value of stock options used to calculate compensation expense was estimated using the Black-Scholes Option Pricing Model with the following assumptions:

Risk-free interest rate	3.9%
Expected dividend yield	-
Expected stock price volatility	162%
Expected option life in years	2.5

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

6. SUPPLEMENTAL CASH FLOW INFORMATION

Non cash transactions:

During the year ended December 31, 2004, the Company issued 3,500,000 common shares valued at $1,925,000 in connection with the acquisition of Aurifera (Note 3).

There were no other non-cash transactions excluded from the statement of cash flows during the year ended December 31, 2003.

Other cash flow information:

During the year ended December 31, 2004, the Company received interest income in the amount of $41,000 (2003 - $21,040).

7. INCOME TAXES

As at December 31, 2004, the Company has non-capital losses of approximately $1,226,000 which may be applied against future income for Canadian income tax purposes. The potential future tax benefits of these losses have not been recorded in these financial statements. The losses expire as follows:

2004	$	647,000
2005		199,000
2006		33,000
2009		77,000
2010		152,000
2014		118,000
	$	1,226,000

(expressed in U.S. dollars)

7. INCOME TAXES (continued)

The reconciliation of income tax provision computed at statutory rates to the reported income tax provision is as follows:

	2004	2003
	35.62%	37.62%
Income tax benefit computed at Canadian statutory rates	27,484	600,085
Foreign tax rates different from statutory rate	(37,311)	(530,157)
Temporary differences not recognized in year	(48,599)	(65,760)
Unrecognized tax losses	58,426	(4,168)
Future income tax assets, net	$ -	$ -

Significant components of the Company's future tax assets and liabilities, after applying enacted corporate income tax rates, are as follows:

	2004	2003
Future income tax assets		
Temporary differences in assets	$ 1,155	$ 1,155
Net tax losses carried forward	346,640	304,498
	347,795	305,653
Valuation allowance for future income tax assets	(347,795)	(305,653)
Net future income tax assets	-	-
Future income tax liabilities	-	-
Future income tax assets, net	$ -	$ -

8. RELATED PARTY TRANSACTIONS

(a) The following services were provided to the Company by companies with common directors or officers or by the directors or officers themselves:

	2004	2003
Consulting	$ 72,000	$ 72,000
General and administration	$ 30,767	$ 24,000
Professional fees	$ 12,606	$ 22,994

(b) At December 31, 2004, a total of $21,000 (2003 - $nil) included in accounts payable, under current liabilities, is due to related parties. These amounts are non-interest bearing and payable under normal business terms.

(c) The president and chief financial officer receive $7,000 per month and Cdn$2,000 per month respectively under month-to-month arrangements.

9. SEGMENTED DISCLOSURE

The Company has one operating segment, mineral exploration and development. Of the Company's assets, a total amount of $1,904,913 (2003 - $179,913) in assets is located in Peru and $1,993,643 (2003 - $1,841,491) in assets is located in Canada.

NEW OROPERU RESOURCES INC.

FORM 51-102F1
MANAGEMENT DISCUSSION & ANALYSIS **DECEMBER 31, 2004**
(expressed in US dollars)

Description of Business and Report Date

New Oroperu Resources Inc. (the "Company", "New Oroperu") is an exploration stage company engaged in the acquisition and exploration of prospective gold properties. The Company is currently focusing its exploration activities in Peru. The Company is a reporting issuer in Ontario, British Columbia and Alberta and trades in U.S. dollars on the TSX Venture Exchange under the symbol ORO.U. The following discussion and analysis of the financial position and results of operations for the Company should be read in conjunction with the audited financial statements and the notes thereto for the year ended December 31, 2004.

The following management discussion and analysis is for the year ended December 31, 2004 and includes information up to April 25, 2005 ("Report Date").

In February, 2004, the Company held an extraordinary general meeting of shareholders approving the Tres Cruces project acquisition and in March, the Company completed the Tres Cruces project acquisition and issued 3,500,000 shares to Pan American Silver Corp. ("Pan American"), thus creating a control block of shares in the Company by Pan American.

With the completion of the acquisition of 100% of the Tres Cruces project in the first quarter, and its September 2003 option agreement with Minera Barrick Misquichilca S.A. (a subsidiary of Barrick Gold Corp. ("Barrick")), New Oroperu is well positioned to capitalize on the existing and potential gold resources at Tres Cruces.

The Company's total cash position at December 31, 2004 was $1,984,189, and with all the proposed exploration expenditures on the Tres Cruces project being covered by Barrick under its option agreement with the Company, the Company's current cash position is sufficient to meet its project and corporate needs for the year. New Oroperu's working capital position at December 31, 2004 was $1,881,584.

Tres Cruces Project

The Company's principal asset is the Tres Cruces mineral project in north central Peru.

The Tres Cruces property is underlain by Tertiary Calipuy volcanics which host gold mineralization in the area. To date about $7 million has been spent on the property with 38,662 meters of reverse-circulation and diamond drilling completed. This work has outlined a measured and indicated resource of 1.7 million oz. gold in the northwest part of the property.

In September 2003 the Company finalized an agreement with Barrick granting them an option to acquire up to a 70% interest in Aurifera Tres Cruces S.A., the subsidiary that holds the Tres Cruces project. An initial payment of $400,000 was received from Barrick in respect of this option during the period. Barrick is obligated to spend $1,750,000 on the project by December 31, 2005 and pay $200,000 annually until the exploration obligation is met, and thereafter $250,000 a year to maintain its option. All exploration expenditures will be incurred by Barrick until a production decision is made. Following a production decision, the Company would retain a net 30% fully financed interest in Aurifera and a 2% royalty interest.

On March 30, 2004 the Company completed an agreement with Pan American for the purchase of the 50% of Aurifera previously held by Pan American, with the issuance of 3,500,000 common shares of the Company and the granting of a 1½% NSR to Pan American. Of the shares issued, 1,000,000 shares are being held in escrow for a two year period. At an extraordinary meeting of shareholders held on February 27, 2004 the shareholders approved the agreement and issuance of the shares.

No further payments are required to be made by the Company to Pan American and all annual option payments required of Barrick will be payable to the Company, including a $1,000,000 advance royalty payment previously payable to Pan American.

In 2003, under the terms of its agreement with the Company, Barrick completed an initial phase program on the Tres Cruces property. The Barrick exploration program was comprised of geological mapping, re-logging of existing drill core, IP and gravity geophysical studies and the drilling of 14 diamond drill holes for a total of 4,029 metres. Barrick's main thrust for this phase of work was to evaluate lateral extensions of known mineralization as defined by prior drilling and IP targets immediately outside the known resource to the west and to a lesser degree, the east, with limited success. This leaves the southwest extension of the mineralization open towards Cerro Colorado. Barrick hole DTC202 intersected 186 metres of 1.20 g/t Au on the east margin of the south zone deposit. The waste boundaries in these areas had been generally defined by prior drilling.

Barrick's 2004 drilling exploration program completed 5 drill holes on wide spaced centers along the SW extension of the mineralized zone. The altered sinter/sediment basin was intercepted several times but no mineralization was encountered underneath similar to the earlier found deposits. Barrick also twinned several holes in the known deposits for metallurgical testing.

Other Mineral Properties

The Company owns a 100% interest in three separate grassroots mineral properties located in various regions of Peru. The properties were acquired as a result of regional exploration programs in prior years. Two of the properties are located in Libertad province, 5 km and 25 km, respectively, from the Tres Cruces project. The other property is located near Huancavalica, Peru. In 2003, due to uncertainty over the Company's future plans for the properties and lack of objective methodology in measuring recoverable value, the Company wrote down the carrying value of these properties by $1,482,506, to a nominal value of $1 each.

The Company also owns three mineral leases located in Ontario, Canada, which in fiscal 2002 were written down to a nominal value of $1.

The Company continues to evaluate other precious metals properties in Peru and elsewhere.

Investment

The Company has a 20% interest in Nueva Condor S.A., a former subsidiary in Peru, which investment has been written down to a nominal value of $2.

(expressed in US dollars)

Selected Annual Information

Selected annual information from the audited financial statements for the years ended December 31, 2004, 2003 and 2002.

	2004	2003	2002
Loss before adjustments	$ 77,159	$ 292,799	$ 292,799
Loss for the year	77,159	265,071	265,071
Basic and diluted loss per share	0.01	0.04	0.04
Total assets	3,898,556	3,544,620	3,544,620
Total liabilities	112,058	102,803	414,812
Total shareholders' equity	3,786,498	1,918,601	3,129,808

Results of Operations

The Company's operating loss for the year ended December 31, 2004 of $267,590 was lower than for the same period last year of $405,540. Its net loss for the year was $77,159, compared to a loss of $1,595,121 for the previous year when the Company had a number of items which contributed an extraordinary loss of $1,189,581 in 2003. For the year ended December 31, 2004, general and administrative costs of $90,396 remained low and continued to decrease in comparison to the previous year (2003 - $115,495). This was primarily due to lower general and administration costs at the corporate level.

The Company enjoyed a $149,431 gain on foreign exchange in 2004, benefiting from fluctuations between the Canadian and US dollars and converting a substantial amount of its cash from Canadian dollars to US dollars in the fourth quarter. This accounts for the net income of $105,513 the Company realized in the fourth quarter.

In 2004 the Company continued to invest its cash in low-risk bankers' acceptance note securities, earning $41,000 in interest during the year.

Consulting expense of $72,000 was also lower this year (2003 - $103,500) as the Company's only consulting expense during the period was for technical services provided by K. Wayne Livingstone, president of the Company.

The Company did not incur any investor relations expense during the year (2003 - $44,931), and recovered a $50,000 deposit it paid in January 2004 for a proposed investor relations program which it later cancelled.

The Company incurred stock based compensation expense of $16,306 for the year (2003 - $37,983) based on stock options that were vested in the second quarter of 2004. All of the Company's outstanding stock options have been fully vested since April 25, 2004.

(expressed in US dollars)

Summary of Quarterly Results

Results for the eight most recent quarters ending with the last quarter ending December 31, 2004.

For the quarterly periods ending on	**Dec. 31 2004**	**Sept. 30 2004**	**June 30 2004**	**Mar. 31 2004**
Loss (income) before adjustments	$(105,513)	$ 34,036	$ 88,539	$ 46,171
Loss (income) for the period	(105,513)	34,039	88,539	46,171
Basis loss (earnings) per share	(0.01)	0.01	0.01	0.01
For the quarterly periods ending on	**Dec. 31 2003**	**Sept. 30 2003**	**June 30 2003**	**Mar. 31 2003**
Loss before adjustments	$ 29,340	$ 56,747	$ 105,472	$ 150,473
Loss (income) for the period	1,510,220	11,622	(77,190)	150,473
Basic loss (earnings) per share	0.13	0.01	(0.01)	0.02

Liquidity

The Company's cash and cash equivalents increased by a net amount of $169,411 over the year. In 2004 the Company's sources of cash were from:

- $200,000 option payment from Barrick
- $41,000 in interest income
- $3,750 from the exercise of stock options

The Company's total cash position at December 31, 2004 was $1,984,189, sufficient to meet its project and corporate needs for the ensuing year. The Company's total working capital position at December 31, 2004 was $1,881,584 (December 31, 2003 - $1,738,687).

Capital Resources

The Company has no material commitments for capital expenditures at this time. All holding costs and exploration expenditures planned for the Tres Cruces project this year are being covered by Barrick under its option agreement with the Company. Holding costs for the Company's other mineral properties are anticipated to be approximately $18,000 this year.

Off-Balance Sheet Arrangements

The Company has not entered into any off-balance sheet financing arrangements.

Related Party Transactions

N.S. Star Enterprises, a company owned by K. Wayne Livingstone, president of New Oroperu, provided technical management services and administrative services to the Company in the year totaling in the aggregate $84,000 (2003-$84,000).

Maynard Brown, legal counsel for the Company and a director of the Company since 1994, provided legal services to the Company in the year totaling $12,606 (2003-$14,180).

Morfopoulos Consulting Associates Ltd., a company 50% owned by Aris Morfopoulos, C.F.O. of New Oroperu, provided accounting and administration services to the Company during the year totaling $18,767 (2003-$12,000).

Critical Accounting Estimates

The most significant accounting estimate for the Company relates to the carrying value of its mineral property assets. All deferred mineral property expenditures are reviewed, on a property-by-property basis, to consider whether there are any conditions that may indicate impairment. When the carrying value of a property exceeds its net recoverable amount that may be estimated by quantifiable evidence of an economic geological resource or reserve, joint venture expenditure commitments or the Company's assessment of its ability to sell the property for an amount exceeding the deferred costs, a provision is made for the impairment of value.

Management's estimates of mineral prices, recoverable proven and probable reserves, and operating, capital and reclamation costs are subject to certain risks and uncertainties which may affect the recoverability of mineral property costs. Although management has made its best estimate of these factors, it is possible that changes could occur in the near term that could adversely affect management's estimate of the net cash flow to be generated from its properties.

Another significant accounting estimate relates to accounting for stock-based compensation. The Company uses the Black-Scholes Option Pricing Model. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimates, and therefore the existing models no not necessarily provide a reliable single measure of the fair value of the Company's stock options granted/vested during the year.

Financial Instruments

The carrying amounts reported in the consolidated balance sheets for cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities approximate their fair values due to the short term to maturity of these instruments.

Forward-Looking Statements

Certain statements contained in this Management Discussion and Analysis and elsewhere constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance of achievements of the Company to materially differ from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth below.

Risk Factors

Companies operating in the mining industry face many and varied kind of risks. While risk management cannot eliminate the impact of all potential risks, the Company strives to manage such risks to the extent possible and practical. Following are the risk factors most applicable to the Company.

Industry

Exploring and developing mineral resource projects bears a high potential for all manner of risks. Additionally, few exploration projects successfully achieve development due to factors that cannot be predicted or foreseen. Moreover, even one such factor may result in the economic viability of a project being detrimentally impacted such that it is not feasible or practical to proceed. The Company closely monitors its risk based activities and employs experienced consulting, engineering, insurance and legal advisors to assist in its risk management reviews.

Although the Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

Metal Prices

The principal activity of the Company is the exploration and development of gold resource properties. The feasible development of such properties is highly dependent upon the price of gold. A sustained and substantial decline in commodity gold prices could result in the write-down, termination of exploration and development work or loss of its interests in identified resource properties. Although such prices cannot be forecasted with certainty, the Company carefully monitors factors which could affect gold commodity prices in order to assess the feasibility of its resource projects.

Political Risk

The resource properties on which the Company is actively pursuing its exploration and development activities are all located in Peru, South America. While the political climate is considered by the Company to be stable, there can be no assurances that this will continue indefinitely. To alleviate such risk, the Company funds its Peru operations on an as-needed basis. The Company does not presently maintain political risk insurance for its foreign exploration projects.

Environmental

Exploration and development projects are subject to the environmental laws and regulations of the country within which the Company is conducting its operations. As such laws are subject to change, the Company carefully monitors proposed and potential changes and management believes the Company remains in compliance with current environmental regulations in the relevant jurisdictions.

Other

Additional information about the Company may be found on the SEDAR website at www.sedar.com.