NEW OROPERU RESOURCES INC.

2005 ANNUAL REPORT

LETTER TO SHAREHOLDERS

May 9, 2006

In 2005 New Oroperu Resources Inc. ("Oroperu", the "Company") acquired through its wholly owned operating subsidiary in Peru, a silver project in the Andes east of Lima, Peru. The project gives the Company another 100% owned grass roots developed project which it acquired principally by concession application. An adjacent claim has been added by a purchase option agreement. Surface geology, geochemistry and geophysics has outlined a number of drill targets, which are currently in the permitting stage. Drilling is contemplated for later in this year.

The Company's principal asset is its 100% owned Tres Cruces deposit, with a historical measured and indicated resource of 1.7 million oz of gold (subject to a 1 ½% royalty). This resource was developed by Oroperu and Battle Mountain Gold and reviewed by the Company's qualified person. The details of the report, entitled "Summary Report of the Tres Cruces Property dated July 25, 2002", were filed on SEDAR (www.sedar.com) on July 31, 2002. The deposit is estimated at 34.5 million tonnes of 1.59 g/t Au at a 0.75 g/t cut-off. Currently the project is under an option agreement with Barrick Gold Corp. whereby Barrick has the option to acquire 70% in the project by expanding all funds required to make a production decision.

Following a production decision, Barrick would make a $1,000,000 advance royalty payment (on Oroperu's 2% NSR royalty) and finance the Company's 30% interest, subject to certain payback provisions.

In June 2005 Barrick commenced production on its 7.3 million oz Lagunas Norte deposit located 8 km north from Tres Cruces, at a capital cost of approximately 340 million. Barrick recently announced that as of December 31, 2005, 550,000 oz gold were produced there at a total cost of $110/oz.

The close proximity of the two deposits and the financial arrangements in place with Barrick would allow Oroperu to participate in the existing synergies of a larger project, with Barrick as sole operator.

The Company is in sound financial condition to explore its precious metal projects, mostly wholly-owned, during this period of elevated metal prices. We look forward to further advancement of the Tres Cruces project by Barrick as we continue to explore our other new opportunities.

The Company wishes to thank its shareholders and the board of directors for its continued support and guidance.

ON BEHALF OF THE BOARD OF DIRECTORS

"K. Wayne Livingstone"

President

NEW OROPERU RESOURCES INC.

Consolidated Financial Statements
December 31, 2005 and 2004
(Expressed in US dollars)

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

March 30, 2006

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AUDITORS' REPORT

TO THE SHAREHOLDERS OF NEW OROPERU RESOURCES INC.

We have audited the consolidated balance sheets of New Oroperu Resources Inc. as at December 31, 2005 and 2004 and the consolidated statements of operations and deficit and cash flows for the years 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 audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. 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, 2005 and 2004 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"Smythe Ratcliffe" (signed)

Chartered Accountants

Vancouver, British Columbia
March 30, 2006

NEW OROPERU RESOURCES INC.
Consolidated Balance Sheets
December 31
(Expressed in US dollars)

	2005	2004
Assets		
Current		
Cash and cash equivalents	$ 1,854,508	$ 1,984,189
Accounts receivable	10,701	9,198
Prepaid expenses	51,967	255
	1,917,176	1,993,642
Mineral Properties (note 3)	1,816,295	1,904,912
Investment (note 4)	2	2
	$ 3,733,473	$ 3,898,556
Liabilities		
Current		
Accounts payable and accrued liabilities	$ 106,473	$ 112,058
Shareholders' Equity		
Capital Stock (note 5)	25,733,946	25,733,946
Contributed Surplus (note 5)	57,070	57,070
Deficit	(22,164,016)	(22,004,518)
	3,627,000	3,786,498
	$ 3,733,473	$ 3,898,556

Organization and Nature of Operations (note 1)

Approved by the Board:

"K. Wayne Livingstone"
……………………………………………… Director
K. Wayne Livingstone

"Maynard E. Brown"
……………………………………………… Director
Maynard E. Brown

NEW OROPERU RESOURCES INC.
Consolidated Statements of Operations and Deficit
Years Ended December 31
(Expressed in US dollars)

	2005	2004
Expenses		
General and administration	$ 97,680	$ 90,396
Consulting fees	72,000	72,000
Legal and audit	29,648	41,992
Property investigation and maintenance	7,215	40,871
Regulatory fees	5,216	6,025
Stock-based compensation (note 5(f))	0	16,306
	211,759	267,590
Other Expenses (Income)		
Foreign exchange loss (gain)	545	(149,431)
Interest income	(52,806)	(41,000)
	(52,261)	(190,431)
Net Loss for Year	159,498	77,159
Deficit, Beginning of Year	22,004,518	21,927,359
Deficit, End of Year	$ 22,164,016	$ 22,004,518
Basic Loss Per Share	$ 0.01	$ 0.01
Weighted Average Number of Shares Outstanding	15,503,574	13,677,838

NEW OROPERU RESOURCES INC.
Consolidated Statements of Cash Flows
Years Ended December 31
(Expressed in US dollars)

	2005	2004
Operating Activities		
Net loss	$ (159,498)	$ (77,159)
Item not involving cash		
Stock-based compensation	0	16,306
Operating Cash Flow	(159,498)	(60,853)
Changes in Non-Cash Working Capital		
Accounts receivable	(1,503)	14,316
Prepaid expenses	(51,712)	2,943
Accounts payable and accrued liabilities	(5,585)	9,255
	(58,800)	26,514
Cash Used in Operating Activities	(218,298)	(34,339)
Financing Activity		
Capital stock issued for cash	0	3,750
Investing Activities		
Mineral property option payments received	200,000	200,000
Mineral property expenditures	(111,383)	0
Cash Provided by Investing Activities	88,617	200,000
Increase (Decrease) in Cash and Cash Equivalents	(129,681)	169,411
Cash and Cash Equivalents, Beginning of Year	1,984,189	1,814,778
Cash and Cash Equivalents, End of Year	$ 1,854,508	$ 1,984,189
Supplemental Cash Flow Information		
Interest income	$ 52,806	$ 41,000

See notes to 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).

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies used in the preparation of these consolidated financial statements:

Basis of consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated on consolidation.

Cash and cash equivalents

Cash and cash equivalents consists of cash on hand, cash held at banks and term deposits maturing within 90 days from acquisition.

Investments

Investments where the Company does not exert significant influence are accounted for on a cost basis.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Carrying costs will be 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.

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.

Environmental expenditures and reclamation

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") Handbook 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 US dollars. Accounts denominated in currencies other than the US dollar are translated into their US 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.

Revenue recognition

Interest on cash and cash equivalents is recorded on an accrual basis at the stated rate of the term deposits.

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 per share. The Company does not present the diluted loss per share, as the effects are anti-dilutive.

Income taxes

The Company accounts for future income taxes 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 more likely than not to be realized.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 carrying value of the investment best approximates the fair value in so far as practicable to do so (see note 4).

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.

Stock-based compensation

The Company accounts for 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 using the fair value based method. The fair value is recorded as an expense in the period the stock-based payments are vested or the awards or rights are granted, with a corresponding increase to contributed surplus. When an option is exercised, the fair value amount previously recognized in contributed surplus is transferred to capital stock.

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, future income tax assets and liabilities, and stock-based compensation and transactions. Actual results may differ from those estimates.

3. MINERAL PROPERTIES

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.

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 complied with and measured.

Tres Cruces Project

The Company owns the Tres Cruces project through its wholly-owned subsidiary, Aurifera.

On October 31, 2003, the Company amended a purchase agreement with Pan American, to accelerate acquisition of Pan American's 50% interest in the shares of Aurifera with the issuance of 3,500,000 common shares of the Company and the granting of a 1.5% net smelter royalty to Pan American.

(Expressed in US dollars)

3. MINERAL PROPERTIES (Continued)

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 was obligated to spend $1,750,000 on the project by September 30, 2005 and pay $200,000 annually until the exploration obligation was met, and thereafter $250,000 a year to maintain its option. All obligations have been met to date. All exploration expenditures will be payable by Barrick until a production decision is made. Upon making a production decision, Barrick must pay the Company a $1,000,000 advance royalty payment, and following such production decision the Company would retain a 30% fully financed interest in Aurifera and a 2% royalty interest, subject to payback provisions.

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

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	1,925,000
Option payment received from Barrick on June 2, 2004	(200,000)
Carrying value of Tres Cruces property interest - December 31, 2004	1,904,908
Option payment received from Barrick on May 31, 2005	(200,000)
Carrying value of Tres Cruces property interest - December 31, 2005	$ 1,704,908

Estrella Project, Peru

During fiscal 2005, the Company carried out an evaluation of the 1,800-hectare property and incurred $111,383 in geological, geophysical and other exploration costs.

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. 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 Dorada, El 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. The Nuevo Condor project is currently inactive.

The Company does not have significant influence, involvement or underlying mineral property interests in Nuevo Condor. Accordingly, the investment is recorded at a nominal carrying value due to uncertainty over recoverable value.

(Expressed in US dollars)

5. CAPITAL STOCK

(a) Authorized

Unlimited number of common shares without par value

(b) Issued and outstanding

	Number of Shares	Amount
Balance, December 31, 2003	11,978,574	$ 23,803,278
Issued during the year		
For Aurifera purchase (note 5(c))	3,500,000	1,925,000
For stock options exercised (note 5(e))	25,000	3,750
Fair value of options exercised (note 5(f))	0	1,918
Balance, December 31, 2004 and December 31, 2005	15,503,574	$ 25,733,946

(c) Private placements

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% interest in Aurifera that it did not already own (note 3).

(d) Warrants

At December 31, 2005, the Company had 2,679,240 warrants outstanding to purchase 2,679,240 common shares at a price of $0.80 per share, expiring on October 25, 2006.

(e) 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, 2005 and 2004 and changes during the years then ended is as follows:

	2005		2004	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding, beginning of year	743,750	$0.15	768,750	$0.15
Exercised	0	$0.00	(25,000)	$0.15
Outstanding, end of year	743,750	$0.15	743,750	$0.15
Options exercisable, end of year	743,750	$0.15	743,750	$0.15

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

(Expressed in US dollars)

5. CAPITAL STOCK (Continued)

(f) Stock-based compensation

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:

	2005	**2004**
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. INCOME TAXES

As at December 31, 2005, the Company has non-capital losses of approximately $607,000 that 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:

2005	$ 171,000
2006	29,000
2009	67,000
2010	130,000
2014	126,000
2015	84,000
	$ 607,000

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

	2005	**2004**
Future income tax assets		
Temporary differences in fixed assets	$ 1,235	$ 1,289
Receivables and properties written-down for accounting purposes	2,405,981	2,511,754
Net tax losses carried forward	207,108	384,340
	2,614,324	2,897,383
Valuation allowance for future income tax assets	(2,614,324)	(2,897,383)
	$ 0	$ 0

(Expressed in US dollars)

6. INCOME TAXES (Continued)

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

	2005	2004
	34.12%	35.62%
Income tax benefit computed at Canadian statutory rates	$ 54,421	$ 27,484
Foreign tax rates different from statutory rates	(32,510)	(37,311)
Temporary differences not recognized in year		
Share issue costs	4,396	4,589
Foreign exchange gain	0	(53,188)
Unrecognized tax losses	(26,307)	58,426
	$ 0	$ 0

7. 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:

	2005	2004
Consulting	$ 72,000	$ 72,000
General and administration	$ 31,882	$ 30,767
Professional fees	$ 506	$ 12,606

(b) At December 31, 2005, a total of $21,000 (2004 - $21,000) included in accounts payable 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.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

8. SEGMENTED DISCLOSURE

The Company has one operating segment, mineral exploration and development. Of the Company's assets, a total amount of $1,816,297 (2004 - $1,904,914) in mineral properties is located in Peru, and $1,917,176 (2004 - $1,993,642) comprising all of the Company's other assets are located in Canada.

9. SUBSEQUENT EVENTS

(a) In January 2006, the Company granted additional incentive stock options to directors, officers and consultants of the Company totaling 670,000 common shares of the Company at an exercise price of $0.38 per share for a period of five years.

(b) In January 2006, the Company completed the acquisition of the 1,800-hectare Estrella Project in Peru, by purchase and concession application at a cost of $15,000 for a 100% interest.

(c) In February 2006, the Company entered into an agreement for an option to purchase an additional 300-hectare mineral claim in the area adjacent to its Estrella property interest.

The terms of the option agreement are:

- $30,000 on signing of the agreement (paid);
- $30,000 payable on the first anniversary of the agreement;
- $50,000 payable on each anniversary thereafter, until the option is exercised

The purchase price for the property is $600,000, subject to a 3% royalty payable from any production on the claim.

MANAGEMENT DISCUSSION & ANALYSIS **DECEMBER 31, 2005**
(expressed in US dollars)

This MD&A should be read in conjunction with the audited financial statements and notes for the year ended December 31, 2005, and includes information up to April 25, 2006.

Company Overview

New Oroperu Resources Inc. (the "Company", "New Oroperu") is an exploration stage company engaged in the acquisition and exploration of prospective gold and silver properties. The Company is currently focusing its exploration activities in Peru. It 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.

In 2006 we acquired by application a grassroots land package in Peru for a prospective new silver project, which we announced in January 2006 as the Estrella silver property. It consists of a 1,800 hectare property and is 100% owned by New Oroperu. In February 2006 we also acquired an option to purchase an adjoining claim adjacent to this property. Plans are currently underway to begin exploring the property this year.

We also own the 900 hectare Angelica property, another prospective grassroots gold project, situated 5 km. from our Tres Cruces resource discovery in central Peru. We are currently making preparation for a geophysics and other surface work program on the Angelica project in 2006.

With the completion of the acquisition of 100% of the Tres Cruces project in 2004, and our option agreement with Minera Barrick Misquichilca S.A. (a subsidiary of Barrick Gold Corp. ("Barrick")), we are well positioned to capitalize on the existing and potential gold resources at Tres Cruces. Barrick continues to make significant progress in the development and exploitation of its nearby Lagunas Norte discovery and mine development, for which Tres Cruces is potential additional feedstock ore for its new $340 million production facility 10 km. away.

The Company's total cash position at December 31, 2005 was $1,854,508, 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 projected exploration and corporate needs for the year. New Oroperu's working capital position at December 31, 2005 was $1,881,584.

Tres Cruces Project

Our 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 over $6 million has been spent on the property with 38,662 meters of reverse-circulation and diamond drilling completed. This work has outlined a historical measured and indicated resource of 1.7 million oz. gold in the northwest part of the property, as detailed in our NI 43-101 report titled "Summary Report of the Tres Cruces Property dated July 25, 2002" and filed on SEDAR on July 31, 2002. These resources were calculated and reported to the Company by Battle Mountain Gold Company in 1999. The Company's Qualified Person reviewed the data, methodology and interviewed the Battle Mountain personnel responsible for the calculation and determined that it was according to industry standards at the time.

In September 2003 we 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 met its obligation to spend $1,750,000 on the project by December 31, 2005 and paid us $200,000 in 2005 and in 2004 to maintain its option. Barrick's cost to maintain its option on the Tres Cruces property now increases to $250,000 a year. All exploration expenditures will be incurred by Barrick until a production decision is made. Following a production decision, we would retain a 30% fully financed interest in Aurifera and a 2% royalty interest.

On March 30, 2004 we 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 were restricted and held in trust until March 15, 2006.

No further payments are required to be made by us 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 that was previously payable to Pan American.

In 2003, under the terms of our agreement, 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. In June 2005 Barrick completed construction on the Alta Chicama project and produced 550,000 oz. gold in the first year. Meanwhile Barrick has moved the development of the Tres Cruces project from its exploration department to its technical services group in Peru.

Estrella Project, Peru

In January 2006 we completed the acquisition of the 1800 hectare Estrella Project in central Peru, by purchase and concession application at a cost of $15,000 for a 100% interest.

In February 2006 we entered into an agreement for an option to purchase an additional 300 hectare mineral claim in the area adjacent to its Estrella property interest. The terms of the option agreement are:

- $30,000 on signing of the agreement (paid);
- $30,000 payable on the first anniversary of the agreement;
- $50,000 payable on each anniversary thereafter, until the option is exercised;
- The purchase price for the property is $600,000, subject to a 3% royalty payable from any production on the claim.

In 2005 $111,383 was spent on mineral exploration work which, with the completion of the land acquisition, has now been capitalized as a deferred cost in the Mineral Properties section of the balance sheet.

We are planning a two-phase, 20 hole drilling program this year to test the Estrella property, at an initial-phase budget of $150,000. Permits for drilling at Estrella have been submitted to various agencies for approval and we hope to commence drilling sometime this summer.

Angelica Project, Peru

We are currently making plans for a geophysics and surface work program on the 900 Ha. Angelica property this year. A budget will be prepared once proposals for the work program have been received by the Company.

Other Mineral Properties

We also have three mineral leases located in Ontario, Canada, which in fiscal 2002 were written down to a nominal value of $1. We will maintain our rights on these properties in 2006, but do not plan any exploration activities there this year.

We will continue to evaluate other precious metals properties in Peru and elsewhere.

Investment

We continue to have 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.

Selected Annual Information

Selected annual information from the audited financial statements for the years ended December 31, 2005, 2004 and 2003.

	2005	2004	2003
Loss before adjustments	$ 159,498	$ 77,159	$ 1,595,121
Loss for the year	159,498	77,159	1,595,121
Basic and diluted loss per share	0.01	0.01	0.14
Total assets	3,733,473	3,898,556	2,021,404
Total liabilities	106,473	112,058	102,803
Total shareholders' equity	3,627,000	3,786,498	1,918,601

Results of Operations

The Company's net loss and operating loss reported for the year ended December 31, 2005 of $159,498 was higher than last year (2004 - $77,159), however our overall expenses were actually less than the previous year. In 2004 we realized an extraordinary gain of $149,431 on foreign exchange due to funds held in Canadian currency while they increased against the US dollar. For the year ended December 31, 2005, general and administrative costs of $97,680 remained low and similar to the previous year (2004 - $90,396). This was primarily due to lower general and administration costs at the corporate level.

(expressed in US dollars)

In 2005 we continued to invest our cash in low-risk bankers' acceptance note securities, earning $52,806 of interest income during the year.

The Company did not incur any investor relations expense during the year (2004 - Nil) however we paid a $50,000 deposit during the year (Prepaid expense) for a proposed investor relations program which is scheduled to begin in April 2006.

We did not incur any stock based compensation expense in 2005 (2004 - $16,306) as all stock options were fully vested during the previous year.

Summary of Quarterly Results

In the fourth quarter of 2005, we continued to assemble our Estrella project land package in Peru, which was completed just after the year-end. Based on the successful completion of this acquisition, we reclassified $111,383 of mineral property expenses during the year to the balance sheet to Estrella deferred costs under Mineral Properties. The amount of $21,387 of these costs were incurred during the fourth quarter.

General and administrative expenses during the quarter totalled $51,185, consistent with previous periods and containing no unusual items. We earned $19,053 in interest income during the quarter.

Results for the eight most recent quarters ending with the last quarter ending December 31, 2005.

For the quarterly periods ending on	**Dec. 31 2005**	**Sept. 30 2004**	**June 30 2004**	**Mar. 31 2004**
Loss (income) before adjustments	$(32,132)	$ 34,036	$ 88,539	$ 46,171
Loss (income) for the period	(32,132)	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

Our cash and cash equivalents decreased by a net amount of $129,681 over the year. In 2005 the Company's sources of cash were from:

- $200,000 option payment from Barrick
- $52,806 in interest income

Our total cash position at December 31, 2005 was $1,854,508, sufficient to meet its project exploration and corporate needs for the ensuing year. The Company's total working capital position at December 31, 2005 was $1,810,703 (December 31, 2004 - $1,881,584). We expect to receive $250,000 from Barrick in May, 2006 as payment to maintain their Tres Cruces option for the year.

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 (2004-$84,000).

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 $19,882 (2004-$18,767).

A chartered accounting firm of which one of our directors is a partner was paid $506 during the year for services rendered.

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.