NEW OROPERU RESOURCES INC.
(An Exploration Stage Company)

Consolidated Financial Statements
December 31, 2007 and 2006
(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 Canadian generally accepted accounting principles 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 comprised 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 as at December 31, 2007 and 2006 and for the years then ended have been audited by Smythe Ratcliffe LLP, Chartered Accountants, and their report outlines the scope of their examination and gives their opinion on the consolidated financial statements.

"K. Wayne Livingstone"

K. Wayne Livingstone
President

Vancouver, British Columbia
April 7, 2008

AUDITORS' REPORT

TO THE SHAREHOLDERS OF NEW OROPERU RESOURCES INC.
(An Exploration Stage Company)

We have audited the consolidated balance sheets of New Oroperu Resources Inc. (an exploration stage company) as at December 31, 2007 and 2006 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, 2007 and 2006 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 LLP" (signed)

Chartered Accountants

Vancouver, British Columbia
April 7, 2008

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355 Burrard Street, Vancouver, BC
Canada V6C 2G8

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

	2007	2006
Assets		
Current		
Cash and cash equivalents	$ 1,312,041	$ 1,312,137
Accounts receivable	1,875	17,194
Prepaid expenses	34,432	2,052
	1,348,348	1,331,383
Mineral Properties (note 4)	1,619,127	2,108,201
Investment (note 5)	-	2
	$ 2,967,475	$ 3,439,586
Liabilities		
Current		
Accounts payable and accrued liabilities (note 8(b))	$ 65,124	$ 52,281
Shareholders' Equity		
Capital Stock (note 6)	25,902,579	25,733,946
Contributed Surplus (note 6(b))	310,617	189,882
Deficit	(23,310,845)	(22,536,523)
	2,902,351	3,387,305
	$ 2,967,475	$ 3,439,586

Subsequent Events (note 10)

Approved by the Board:

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

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

See notes to consolidated financial statements.

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

	2007	2006
Expenses		
Consulting fees (note 6(d))	$ 249,805	$ 210,077
General and administration	108,127	75,145
Legal and audit	56,353	58,306
Property investigation and maintenance	42,408	47,158
Regulatory fees	2,832	8,699
Investor relations	-	86,465
Loss Before Other Items	459,525	485,850
Other Items		
Foreign exchange gain	(23,146)	(7,754)
Interest income	(57,308)	(74,164)
Expense recoveries	-	(62,383)
Write-off of receivable	4,561	-
Write-down of mineral properties and investments	390,690	30,958
	314,797	(113,343)
Net Loss and Comprehensive Loss for Year	774,322	372,507
Deficit, Beginning of Year	22,536,523	22,164,016
Deficit, End of Year	$ 23,310,845	$ 22,536,523
Loss Per Share	$ 0.05	$ 0.02
Weighted Average Number of Common Shares Outstanding	15,671,913	15,503,574

See notes to consolidated financial statements.

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

	2007	2006
Operating Activities		
Net loss	$ (774,322)	$ (372,507)
Items not involving cash		
Stock-based compensation	177,805	132,812
Expense recoveries	-	(62,383)
Unrealized foreign exchange loss	423	-
Write-off of receivable	4,561	-
Write-down of mineral properties and investments	390,690	30,958
	(200,843)	(271,120)
Changes in non-cash working capital		
Accounts receivable	10,758	(8,825)
Prepaid expenses	(32,380)	49,915
Accounts payable and accrued liabilities	12,843	16,572
	(8,779)	57,662
Cash Used in Operating Activities	(209,622)	(213,458)
Investing Activities		
Expenditures on mineral properties	(76,614)	(503,913)
Proceeds from mineral property option	175,000	175,000
Cash Provided by (Used in) Investing Activities	98,386	(328,913)
Financing Activity		
Common shares issued for cash	111,563	-
Foreign Exchange Effect on Cash	(423)	-
Decrease in Cash and Cash Equivalents	(96)	(542,371)
Cash and Cash Equivalents, Beginning of Year	1,312,137	1,854,508
Cash and Cash Equivalents, End of Year	$ 1,312,041	$ 1,312,137
Supplemental Cash Flow Information		
Interest paid	$ -	$ -
Income taxes paid	$ -	$ -
Write-off of investment	$ 2	$ -

See notes to consolidated financial statements.

1. ORGANIZATION AND NATURE OF OPERATIONS

New Oroperu Resources Inc. (the "Company") was incorporated under the laws of British Columbia on October 12, 1994. 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 shown 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 their disposition.

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned integrated subsidiary, S.A. Mining Ventures Limited ("SA Mining"), a company incorporated in the Bahamas. SA Mining owns 100% of Minera Angelica S.A.C., a company incorporated in Peru, and Angelica Mining Inc. "(Angelica"), a company incorporated in the Bahamas.

SA Mining also owns 100% of T.C. Mining Inc. ("TC Mining"). TC Mining directly and indirectly owns a 100% interest in Aurifera Tres Cruces S.A. ("Aurifera"), a company incorporated in Peru for the purposes of holding the Tres Cruces Project (note 4(a)). Of the interest, 50% is owned directly and the remaining 50% interest is owned indirectly through TC Mining's 100% interest in 687211 B.C. Ltd., a British Columbia incorporated company.

All intercompany balances and transactions have been eliminated on consolidation.

(b) Cash and cash equivalents

The Company considers deposits that are highly liquid, readily convertible to known amounts of cash, redeemable on demand, and have original maturities of less than three months from the date purchased to be cash equivalents.

(c) 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 abandoned or allowed to lapse. Costs to investigate new mineral properties where no acquisition is completed are expensed when incurred.

All deferred mineral property expenditures are reviewed, at least annually, 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 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, provision is made for the impairment in value.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Mineral properties (Continued)

These 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 that would be payable or receivable to maintain option rights are not recorded. Option payments are recorded as property costs or recoveries when the option payments are received.

(d) Asset retirement obligations

The Company recognizes an estimate of the liability associated with an asset retirement obligation ("ARO") in the financial statements at the time the liability is incurred. The estimated fair value of the ARO is recorded as a long-term liability, with a corresponding increase in the carrying amount of the related asset. The capitalized amount is depleted on a straight-line basis over the estimated life of the asset. The liability amount is increased each reporting period due to the passage of time and the amount of accretion is charged to earnings in the period. The ARO can also increase or decrease due to changes in the estimates of timing of cash flows or changes in the original estimated undiscounted cost. Actual costs incurred upon settlement of the ARO are charged against the ARO to the extent of the liability recorded. At present, the Company has determined that it has no material AROs.

(e) Foreign currency translation

The Company's functional currency is the US dollar. Amounts recorded in foreign currency are translated into US dollars as follows:

(i) Monetary assets and liabilities, at the rate of exchange in effect as at the balance sheet date;
(ii) Non-monetary assets, at historical exchange rates; and
(iii) Revenue and expenses, at the average rate of exchange by quarter.

Gains and losses arising from this translation of foreign currency are included in net loss for the year.

(f) Loss per share

Loss per share is calculated using the weighted average number of common shares outstanding during the year. The Company uses the treasury stock method for calculating diluted loss per share. However, diluted loss per share is not presented where the effects of various conversions and exercise of options and warrants would be anti-dilutive. Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Income taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis, and losses carried forward. Future tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in operations in the period in which the change is enacted or substantially assured. The amount of future income tax assets is limited to the amount of the benefit that is more likely than not to be realized.

(h) Stock-based compensation

The Company has a stock option plan that is described in note 6. The Company accounts for all grants of options to employees, non-employees and directors in accordance with the fair value method for accounting for stock-based compensation using the Black-Scholes option pricing method. Stock-based payments are recorded as an expense over the vesting period or when awards or rights are granted, with a corresponding increase to contributed surplus. When stock options are exercised, the corresponding fair value at the date of grant is transferred from contributed surplus to capital stock.

(i) Use of estimates

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 assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of estimates include the net recoverable amount of mineral property interests, determination of asset retirement obligations and accrued liabilities, the variables used in the calculation of fair value of stock-based compensation and determination of valuation allowance for future income tax assets. Management determined that the estimates are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows.

(j) Non-monetary transactions

All monetary transactions having commercial substance are reviewed and recorded at fair value in accordance with guidelines established in the Canadian Institute of Chartered Accountants' ("CICA") Handbook Section 3138. Any non-monetary transactions that cannot be accurately measured in accordance with the guidelines are recorded at the lower of the carrying value or fair value.

(k) Related party transactions

All monetary transactions occurring with related parties in the normal course of operations are measured at the exchange value, which is determined by management to approximate fair value. Non-monetary transactions in the normal course of operations that have commercial substance and do not involve the exchange of property or product held for sale are also measured at the exchange value. All other related party transactions are valued at the carrying value.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Changes in accounting policies

(i) Other comprehensive income (loss)

Effective January 1, 2007, the Company adopted CICA Handbook Section 1530, “comprehensive income”, which establishes standards for presentation and disclosure of comprehensive income (loss). Comprehensive income (loss) is the overall change in the net assets of the Company for a period, other than changes attributable to transactions with shareholders. It is made up of net income and other comprehensive income (loss). The historical make-up of net income has not changed. Other comprehensive income (loss) consists of gains and losses affecting shareholders’ equity that, under generally accepted accounting principles, are excluded from net income. The Company has no items of other comprehensive income (loss) in any period presented. Therefore, net loss as presented in the Company’s consolidated statement of operations equals comprehensive loss.

(ii) Financial instruments

Effective January 1, 2007, the Company adopted CICA Handbook Section 3855, “Financial Instruments - Recognition and Measurement”. This standard sets out criteria for the recognition and measurement of financial instruments for fiscal years beginning on or after October 1, 2006. This standard requires all financial instruments within its scope, including derivatives, to be included on a Company’s balance sheet and measured either at fair value or, in certain circumstances when fair value may not be considered most relevant, at cost or amortized cost. Changes in fair value are to be recognized in the statements of operations and other comprehensive income.

All financial assets and liabilities are recognized when the entity becomes a party to the contract creating the item. As such, any of the Company’s outstanding financial assets and liabilities at the effective date of adoption are recognized and measured in accordance with the new requirements as if these requirements had always been in effect. Any changes to the fair values of assets and liabilities prior to October 1, 2006 are recognized by adjusting opening deficit or opening accumulated other comprehensive income.

All financial instruments are classified into one of the following five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. Initial and subsequent measurement and recognition of changes in the value of financial instruments depends on their initial classification.

(iii) Hedges

Effective January 1, 2007, the Company adopted CICA Handbook Section 3865, “Hedges”. This standard sets out how hedge accounting may be applied. The Company currently does not have any hedges in place and, therefore, this standard has no impact on the consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Future accounting changes

(i) Capital disclosures

In February 2007, the CICA issued Handbook Section 1535, "Capital Disclosures", which requires the disclosure of both qualitative and quantitative information that provides users of financial statements with information to evaluate the entity's objectives, policies and procedures for managing capital. The new section is effective for years beginning on or after October 1, 2007. The Company is in the process of assessing the impact of this new section on its consolidated financial statements.

(ii) International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian generally accepted accounting principles with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own generally accepted accounting principles. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

(iii) Going-concern

In June 2007, the CICA amended Handbook Section 1400, "General Standards of Financial Statement Presentation", which requires management to make an assessment of a company's ability to continue as a going-concern. When financial statements are not prepared on a going-concern basis, that fact shall be disclosed together with the basis on which the financial statements are prepared and the reason why the company is not considered a going-concern.

The new section is effective for years beginning on or after January 1, 2008, and management anticipates that such adoption may have an impact on future consolidated financial statements.

(iv) Financial instruments

In February 2007, the CICA issued two new standards, Section 3862, "Financial Instruments Disclosures", and Section 3863, "Financial Instruments Presentation". These sections will replace the existing Section 3861, "Financial Instruments Disclosure and Presentation". Section 3862 provides users with information to evaluate the significance of the financial instruments of the entity's financial position and performances, nature and extent of risks arising from financial instruments, and how the entity manages those risks. Section 3863 deals with the classification of financial instruments, related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. The new sections are effective for years beginning on or after October 1, 2007. The Company is in the process of assessing the impact of this new section on its consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Future accounting changes (Continued)

(v) Inventories

In June 2007, the CICA issued this section, which prescribes the accounting treatment for inventories. In particular, this section provides guidance on the determination of cost and its subsequent recognition as an expense, including any write-down to net realizable value. The mandatory effective date is for annual and interim financial statements for years beginning on or after October 1, 2007. Management does not anticipate that this section will impact the Company's consolidated financial statements.

3. FINANCIAL INSTRUMENTS

The Company has designated its cash and cash equivalents and investment as held-for-trading, and accounts payable and accrued liabilities as other liabilities.

(a) Fair value

The carrying values of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments.

(b) Credit risk

The Company is exposed to credit risk with respect to its cash and cash equivalents. This risk is minimized as cash and cash equivalents have been placed with a major financial institution.

(c) Currency risk

The Company’s functional and reporting currency is the US dollar. The Company translates the results of Canadian and foreign operations into US dollars. The Company’s reported earnings are therefore subject to exchange rate fluctuations each year. The Company does not utilize derivative or other techniques to manage foreign currency risks.

(Expressed in US dollars)

4. MINERAL PROPERTIES

	Tres Cruces (note 4(a))	Estrella (note 4(b))	Other Mineral Properties (note 4(c))	Total
Balance, December 31, 2005	$ 1,704,908	$ 111,383	$ 4	$ 1,816,295
Additions during the year				
Acquisition costs	-	30,958	-	30,958
Deferred expenditures				
Project management	-	27,455	-	27,455
Geology/geophysical	-	413,099	-	413,099
Transportation	-	24,094	-	24,094
Assaying	-	2,258	-	2,258
Expenditures for the year	-	497,864	-	497,864
	1,704,908	609,247	4	2,314,159
Write-down	-	(30,958)	-	(30,958)
Option payment received	(175,000)	-	-	(175,000)
Balance, December 31, 2006	1,529,908	578,289	4	2,108,201
Deferred expenditures				
Project management	-	72,387	-	72,387
Geology/geophysical	-	4,227	-	4,227
Expenditures for the year	-	76,614	-	76,614
	1,529,908	654,903	4	2,184,815
Write-down	-	(390,688)	-	(390,688)
Option payment received	(175,000)	-	-	(175,000)
Balance, December 31, 2007	$ 1,354,908	$ 264,215	$ 4	$ 1,619,127

(a) Tres Cruces Project, Peru

In September 2003, the Company entered into an option agreement with Minera Barrick Misquichilca S.A. (“Barrick”) for Barrick to acquire up to a 70% interest in Aurifera, subject to:

(i) Barrick incurring $1,700,000 in exploration expenditures by September 30, 2005 (incurred);
(ii) Barrick making payment to the Company of: $400,000 on execution of the option agreement (paid); $200,000 per year until completion of the $1,700,000 in exploration expenditures (paid); and $250,000 ($175,000, net of Peruvian withholding taxes) per year after completion of the $1,700,000 in exploration expenditures; and
(iii) Barrick making a production decision on or before December 31, 2020.

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, and following such production decision, the Company, through Aurifera, would retain a 30% fully financed interest subject to certain payback provisions, and would also retain a 2% royalty interest.

4. MINERAL PROPERTIES (Continued)

(b) Estrella Project, Peru

In January 2006, the Company acquired 100% of the 1,800-hectare Estrella Project in Peru. 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. At December 31, 2006, the Company abandoned this option and, accordingly, wrote-off the related acquisition costs of $30,958.

Pursuant to an asset impairment review completed by management during 2007, the project's value was written down by $390,688 to its estimated recoverable value.

(c) Other Mineral Properties

The Company owns a 100% interest in three separate mineral properties located in various regions of Peru known as Angelica, Trucha Dorada and El Espigon, which in fiscal 2003 were written down 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.

(d) Title to mineral property interests

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.

(e) Realization of assets

The investment in and expenditures on mineral properties comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal.

The amounts shown for acquisition costs and deferred exploration expenditures represent costs incurred to date and do not necessarily reflect present or future values.

Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore.

(f) Environmental

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the property may be diminished or negated.

(Expressed in US dollars)

4. MINERAL PROPERTIES (Continued)

(f) Environmental (Continued)

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

5. INVESTMENT

The Company holds a 20% share interest in Nuevo Condor Inc. ("Nuevo Condor"), a former subsidiary in the Bahamas. Nuevo Condor holds certain mineral properties and dormant mining interests in Peru. Management has determined that the interests have no measureable value and is not able to assess the likelihood of any residual value of the interest should Nuevo Condor restructure and resume operations. This investment has been fully written off as management does not intend to further invest in this project.

6. CAPITAL STOCK

(a) Authorized

Unlimited number of common shares without par value

(b) Issued and outstanding

	Number of Shares	Amount	Contributed Surplus
Balance, December 31, 2005	15,503,574	$ 25,733,946	$ 57,070
Stock-based compensation	-	-	132,812
Balance, December 31, 2006	15,503,574	25,733,946	189,882
Stock options exercised	743,750	111,563	-
Contributed surplus on exercise of stock options	-	57,070	(57,070)
Stock-based compensation	-	-	177,805
Balance, December 31, 2007	16,247,324	$ 25,902,579	$ 310,617

The Company has a stock option plan that authorizes the board of directors to grant options for the purchase of up to 3,100,714 common shares. Options granted under the plan vest over a period of 18 months from the date of 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 grant.

(Expressed in US dollars)

6. CAPITAL STOCK (Continued)

(c) Stock options

A summary of the status of the Company's stock options at December 31, 2007 and 2006 and changes during the years then ended is as follows:

	2007		2006	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding, beginning of year	1,413,750	$ 0.26	743,750	$ 0.15
Granted	1,085,000	$ 0.55	670,000	$ 0.38
Exercised	(743,750)	$ (0.15)	-	$ 0.00
Outstanding, end of year	1,755,000	$ 0.49	1,413,750	$ 0.26
Options exercisable, end of year	1,212,500	$ 0.46	1,078,750	$ 0.26

Stock options outstanding at December 31, 2007 are as follows:

	Number of options	Exercisable	Exercise price	Expiry date
Incentive options	670,000	670,000	$ 0.38	February 3, 2011
Incentive options	1,085,000	542,500	$ 0.55	June 29, 2012
	1,755,000	1,212,500		

(d) Stock-based compensation

In 2007, the Company recognized stock-based compensation of $177,805 (2006 - $132,812) related to stock options granted, which is included in consulting fees. There is $164,432 in unrecognized stock-based compensation, which will be recognized in future periods as the options vest.

The following weighted average assumptions were used for the Black-Scholes option pricing model valuation of incentive options:

	2007	2006
Risk-free interest rate	4.66%	5.0%
Expected option life in years	3	5
Annual volatility	82.52%	66.94%
Dividend rate	-	-

(Expressed in US dollars)

7. INCOME TAXES

As at December 31, 2007, the Company has non-capital losses of approximately $1,153,000 that may be applied against future income for Canadian and Peruvian income tax purposes. The potential future tax benefit of these losses has not been recorded in these financial statements. The losses expire as follows:

2009	$ 66,000
2010	131,000
2012	433,000
2014	126,000
2015	84,000
2026	204,000
2027	109,000
	$ 1,153,000

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

	2007	2006
Future income tax assets		
Tax value in excess of book value of equipment	$ 1,423	$ 1,235
Tax value in excess of book value of mineral properties	2,405,981	2,405,981
Non-capital losses carried forward	288,659	218,027
	2,696,063	2,625,243
Valuation allowance for future income tax assets	(2,696,063)	(2,625,243)
	$ -	$ -

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

	2007	2006
	34.12%	34.12%
Income tax benefit computed at Canadian statutory rates	$ 264,199	$ 138,793
Foreign tax rates different from statutory rates	(55,370)	(28,303)
Stock-based compensation	(60,667)	(45,315)
Share issue costs	-	4,396
Unrecognized tax losses	(148,162)	(69,571)
	$ -	$ -

(Expressed in US dollars)

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:

Consulting	$	72,000
General and administration		45,433
	$	117,433

(b) At December 31, 2007, there was $10,526 (2006 - $22,458) in outstanding amounts payable due to related parties. These amounts are unsecured, non-interest bearing and payable under normal business terms.

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

9. SEGMENTED DISCLOSURE

The Company has one operating segment, mineral exploration and development. Of the Company's assets, an amount totaling $1,619,126 (2006 - $2,108,201) is located in Peru and $1,348,349 (2006 - $1,331,386) is located in Canada.

10. SUBSEQUENT EVENTS

Subsequent to December 31, 2007:

(a) The Company granted incentive stock options to a certain employee, entitling that employee to purchase up to 65,000 common shares at a price of $1 per share for a period of five years.

(b) The board of directors approved management and consulting service contracts to:

(i) a company owned by the President for an amount totaling Cdn $11,000 per month; and
(ii) a company 50% owned by the Chief Financial Officer for an amount totaling Cdn $4,500 per month.

NEW OROPERU RESOURCES INC.

MANAGEMENT DISCUSSION & ANALYSIS **Form 52-102F1**
For the year ended December 31, 2007
(expressed in US dollars)

April 17, 2008

This Management Discussion and Analysis (“MD&A”) has been prepared by management as of April 17, 2008 and should be read in conjunction with the audited consolidated financial statements and related notes thereto of New Oroperu Resources Inc. for the year ended December 31, 2007, which were prepared in accordance with Canadian generally accepted accounting principles.

Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

Forward-Looking Statements

When used in this document, words like “anticipate”, “believe”, “estimate”, “expect” and similar expressions are intended to identify forward-looking statements. Such statements are used to describe management’s future plans, objects and goals for the Company and therefore, involve inherent risks and uncertainties. The reader is cautioned that actual results, performance, or achievements may be materially different from those implied or expressed in such statements.

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 on the TSX Venture Exchange under the symbol ORO.

Our principal asset is the measured and indicated 1.7 million oz. gold Tres Cruces deposit in north central Peru. We hold 100% of the project subject to a 1½% royalty and a 70% earn-in option (see below). The Tres Cruces project is currently being further explored under the terms of an option agreement with Minera Barrick Misquichilca S.A. (the operating Peruvian subsidiary of Barrick) and is further described below.

Nearby the Tres Cruces project, about 10 km. to the north, Barrick has invested US$340 million in the development of its Lagunas Norte deposit and production started in June 2005. Barrick recently reported that Lagunas Norte produced over 1,000,000 oz/gold per year for the second year in a row, and still holds over 8.8 million oz. gold.

We consider that the proximal location of the Tres Cruces to Barrick’s operations would enhance the economics for the development of the Tres Cruces deposit.

The Company's total cash position at December 31, 2007 was $1,312,041, 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, 2007 was $1,283,224.

Tres Cruces Project

The Tres Cruces project is a grass roots discovery made by the Company. An initial 11,000 meters of drilling outlined several zones of mineralization which attracted a joint venture with Battle Mountain Gold. Infill drilling and exploration led to the discovery of another mineralized area. After an expenditure totaling US$6 million which included about 30,000 meters of reverse circulation and diamond drilling by both companies, a resource estimation was made by Battle Mountain. This historical resource of 1.7 million oz. gold is detailed in our NI 43-101 report titled “Summary Report of the Tres Cruces Property dated July

(expressed in US dollars)

25, 2002" and filed on SEDAR on July 31, 2002. These resources were estimated 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. Although standard techniques for calculating the resources were used, the calculation is deemed "historical" by NI-43-101 standards and should not be relied on.

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 $1,700,000 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 is $250,000 a year. All exploration expenditures deemed necessary by Barrick to make a production decision will be paid by Barrick at no cost to the Company. Following a production decision, we would retain a 30% fully financed interest in Aurifera, a 2% royalty interest and receive a US$1 million advance royalty payment.

On March 31, 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 (to be paid by Barrick if a production decision is made).

In 2007 Barrick significantly increased its level of exploration activity at Tres Cruces. In early 2007, Barrick completed a 5,773 m. diamond drill program on the Tres Cruces Project which was reported by the Company in its August 8, 2007 News Release. This program encountered better grades and also extended mineralization beyond the historical resources. Following the diamond drilling Barrick initiated reverse circulation drilling for the purpose of in-fill drilling and testing the limits of the existing mineralization, as well as some condemnation drilling. In addition, a program of geotechnical drilling was completed comprising 3,925 m. in 20 holes.

Table 1 below summarizes Barrick's drilling for the Tres Cruces Project in 2007. Table 2 summarizes the assays from the geotechnical holes drilled in 2007. The assay results of the latest reverse circulation drilling are almost complete and the better assay intervals received to date are reported below in Table 3.

TABLE 1

TRES CRUCES PROJECT 2007 Total Drilling Summary		
	Meters	**Holes**
Diamond Drilling	5,773	37
Reverse Circulation	9,401	43
Twin Holes	547	3
Piezometer Holes	2,540	13
Geotech Holes	1,385	7
Condemnation Holes (RC)	4,816	27

(expressed in US dollars)

TABLE 2

ASSAY RESULTS GEOTECHNICAL HOLES					
Drill Hole ID		**From - (m)**	**To (m)**	**Interval (m)**	**Grade (g/t Gold)**
TCG-001		57.5	69.5	12.0	1.87
TCG-002		57.5	84.5	27.0	1.55
TCG-003		61.0	150.5	89.5	2.65
TCG-007		133.5	139.5	6.0	5.41
TCP-007		52.0	89.0	37.0	2.24
	incl.	52.0	75.0	23.0	3.00
		112.0	**200.0	88.0	0.99
TCP-009		155.0	184.0	29.0	4.25

** signifies mineralization open at end of hole.

TABLE 3

ASSAY RESULTS REVERSE CIRCULATION HOLES						
Drill Hole ID		**From - (m)**	**To (m)**	**Interval (m)**	**Grade Gold (g/t)**	**Grade Silver (g/t)**
RTC-218		4.0	40.0	36.0	2.54	
RTC-222		40.0	62.0	22.0	1.03	
		90.0	102.0	12.0	1.18	
RTC-229		52.0	59.0	7.0	1.05	
		78.0	91.0	12.0	1.61	
RTC-236		54.0	75.0	21.0	2.89	
RTC-239		48.0	77.0	29.0	2.61	
		86.0	101.0	15.0	1.64	
		118.0	127.0	9.0	1.39	
		166.0	183.0	17.0	1.04	
RTC-240		72.0	83.0	11.0	2.91	
RTC-248		30.0	41.0	11.0	* 2.65	
RTC-251		54.0	72.0	18.0	1.47	
RTC-254		64.0	95.0	31.0	1.58	
RTC-255		37.0	265.0	228.0	**2.95	
	incl.	37.0	62.0	25.0	3.37	
		111.0	122.0	11.0	5.96	111.8
		197.0	210.0	13.0	16.17	67.7
RTC-259		140.0	155.0	15.0	2.09	
RTC-269		33.0	76.0	43.0	1.66	

* an unusually high 1.0 m. assay of 101.5 g/t gold was cut to 10.89 g/t gold for this average.
** signifies mineralization open at end of hole.

Drill Hole RTC-255 is notable because of its continuous length of mineralization and better grade, 228.0 m. grading 2.95 g/t gold. It also contains a 13.0 m. section grading 16.17 g/t gold with 67.7 g/t silver. The presence of significant silver values is notable as the first occurrence of continuous silver mineralization.

Some of the deep holes completed by Barrick encountered gold and silver mineralization as deep as 350 m. before technical difficulties caused termination of the hole. There is potential for deeper mineralization within the Tres Cruces low sulphidation system such as high grade feeder zones known to exist elsewhere in this type of deposit.

Barrick has also completed an IP survey and is planning, concurrent with further definition and condemnation drilling, to test any new geophysical targets. Work on baseline environmental studies is in progress. Additional samples have been submitted for metallurgical test work. A progress report on this work is expected. A new resource estimation by Barrick is currently in progress.

We were pleased to be advised by Barrick that it is continuing to delineate the resource and explore the deeper targets as well as other studies necessary for the evaluation of the deposit. We will report on these results when received from Barrick.

We continue to be encouraged by this level of activity on our Tres Cruces project and we believe that the close proximity of our project with Barrick's operations 12 km. to the north could enhance the economics of the Tres Cruces mineralization.

Other Mineral Properties

In 2007 we incurred costs of $76,614 on our Estrella property in Peru. Based on an on-going review of the project's value, the Estrella property was written down by $390,688 during the year to $264,215. This amount reflects the management's estimate of the value of the Estrella property, considering shallow drill site testing and the remaining geophysical and geological targets on the property.

We own the 900 hectare Angelica property, another prospective grassroots gold project, situated 5 km. from our Tres Cruces resource discovery in central Peru. We also have three mineral leases located in Ontario, Canada, which in fiscal 2002 were written down to a nominal value of $1. We continued to maintain our rights on these properties in 2007, but did not conduct any exploration programs.

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

Results of Operations

The Company's operating loss before other items reported for the year ended December 31, 2007 was $459,525 (2006 - $485,850). Non-cash stock compensation expense related to the issuance of 1,085,000 stock options during the year accounted for $177,805 (2006 - $132,812) of the loss. General and administrative costs for the period of $108,127 (2006 - $75,145) remained low. We incurred expenditures of $76,614 on mineral properties in Peru, which consisted primarily of project management, drill site reclamation and property maintenance payments.

We continued to invest our cash in low-risk bankers' acceptance note securities, earning $57,308 of interest income in 2007 (2006 - $74,164).

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For the year ended December 31, 2007
(expressed in US dollars)

Selected Annual Information

Selected annual information from the audited financial statements for the years ended December 31, 2007, 2006 and 2005.

	2007	2006	2005
Loss before other items	$ 459,525	$ 485,850	$ 211,759
Loss for the year	774,332	372,507	159,498
Basic and diluted loss per share	0.05	0.02	0.01
Total assets	2,967,475	3,439,586	3,733,473
Total liabilities	65,124	52,281	106,473
Total shareholders' equity	2,902,351	3,387,305	3,627,000

Summary of Quarterly Results

Results for the eight most recent quarters ending with the last quarter ending December 31, 2007:

For the quarterly periods Ending on	**Dec. 31 2007**	**Sept. 30 2007**	**June 30 2007**	**Mar. 31 2007**
Loss (income) before adjustments	$ 205,262	61,448	$161,462	$41,589
Loss (income) for the period	205,262	61,448	161,462	41,589
Basic loss (earnings) per share	0.01	0.01	0.01	0.01
For the quarterly periods Ending on	**Dec. 31 2006**	**Sept. 30 2006**	**June 30 2006**	**Mar. 31 2006**
Loss before adjustments	$ 84,362	$ 107,169	$ 98,582	$ (107,916)
Loss (income) for the period	58,839	107,169	98,582	(107,916)
Basic loss (earnings) per share	0.01	0.01	0.01	0.01

Liquidity

Our cash and cash equivalents did not significantly change from December, 2006. In the past 12 months the Oroperu's sources of cash were from:

- $175,000 option payment from Barrick ($250,000 less $75,000 Peruvian withholding taxes)
- $57,308 in interest income
- $111,563 from the exercise of stock options

Our total cash position at December 31, 2007 was $1,312,041 (2006 – $1,312,137), sufficient to meet our property maintenance and corporate needs for the ensuing year. New Oroperu's working capital position at December 31, 2007 was $1,283,224 (2006 - $1,279,102).

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 $22,000 in 2008.

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Off-Balance Sheet Arrangements

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

Outstanding Share Data

There are 16,247,324 shares of the Company outstanding as of the date of this report.

The following stock options are outstanding as of the date of this report:

No. of Options	Price per Share	Expiry Date
670,000	$0.38	February 3, 2011
1,085,000	$0.55	June 29. 2012
65,000	$1.00	January 29, 2013
1,820,000		

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 during the period totaling an aggregate of $84,000 (2006 - $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 period totaling $45,443 (2006 - $25,565).

Certification of Interim Filing

Based on their knowledge, the President and Chief Financial Officer of the Company have reviewed the interim filing and certified that the annual consolidated financial statements together with the other financial information included in the annual filings fairly present in all material respects the financial condition, results of operations and cash flows. The President and Chief Financial Officer are responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting for the Company, and they believe:

- the disclosure controls and procedures provide reasonable assurance that material information relating to the Company, including its consolidated subsidiary, are made known to them, particularly during the period in which the annual filings are being prepared; and

- the internal control over financial reporting provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Canadian generally accepted accounting principles.

Due to the small size of the Company, there is a lack of segregation of duties which may be an internal control weakness. Management mitigates this risk through direct involvement of senior management in day to day operations and board review and audit committee communications on major transactions. It is unlikely that this weakness can be properly addressed until the Company grows to a sufficient size to warrant the cost of, and need for, such controls. During the period December 31, 2007, there were no significant changes in the Company's internal control over financial reporting that occurred that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

Changes in Accounting Policies

Other comprehensive income (loss)

Effective January 1, 2007, the Company adopted CICA Handbook Section 1530 "comprehensive income" which establishes standards for presentation and disclosure of comprehensive income (loss). Comprehensive income (loss) is the overall change in the net assets of the Company for a period, other than changes attributable to transactions with shareholders. It is made up of net income and other comprehensive income (loss). The historical make-up of net income has not changed. Other comprehensive income (loss) consists of gains and losses affecting shareholders' equity that, under generally accepted accounting principles are excluded from net income. The Company has no items of other comprehensive income (loss) in any period presented. Therefore, net loss as presented in the Company's Statement of Operations equals comprehensive loss.

Financial instruments

Effective January 1, 2007, the Company adopted CICA Handbook Section 3855 "Financial Instruments - Recognition and Measurement." This standard sets out criteria for the recognition and measurement of financial instruments for fiscal years beginning on or after October 1, 2006. This standard requires all financial instruments within its scope, including derivatives, to be included on a Company's balance sheet and measured either at fair value or, in certain circumstances when fair value may not be considered most relevant, at cost or amortized cost. Changes in fair value are to be recognized in the statements of operations and other comprehensive income.

All financial assets and liabilities are recognized when the entity becomes a party to the contract creating the item. As such, any of the Company's outstanding financial assets and liabilities at the effective date of adoption are recognized and measured in accordance with the new requirements as if these requirements had always been in effect. Any changes to the fair values of assets and liabilities prior to October 1, 2006 are recognized by adjusting opening deficit or opening accumulated other comprehensive income.

All financial instruments are classified into one of the following five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. Initial and subsequent measurement and recognition of changes in the value of financial instruments depends on their initial classification.

Hedges

Effective January 1, 2007, the Company adopted CICA Handbook Section 3865 "Hedges." This standard sets out how hedge accounting may be applied. The Company currently does not have any hedges in place, and therefore this standard has no impact on the financial statements.

Future accounting changes

<u>Capital disclosures</u>

In February 2007, the Canadian Institute of Chartered Accountants issued Handbook Sections 1535, "Capital Disclosures", which requires the disclosure of both qualitative and quantitative information that provides users of financial statements with information to evaluate the entity's objectives, policies and procedures for managing capital. The new section is effective for years beginning on or after October 1, 2007. The Company is in the process of assessing the impact of this new section on its financial statements.

International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian generally accepted accounting principles with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own generally accepted accounting principles. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

Going-concern

In June 2007, the CICA amended Handbook Section 1400, "General Standards of Financial Statement Presentation", which requires management to make an assessment of Company's ability to continue as a going-concern. When financial statements are not prepared on a going-concern basis, that fact shall be disclosed together with the basis on which the financial statements are prepared and the reason why the Company is not considered a going-concern.

The new section is effective for years beginning on or after January 1, 2008, and management anticipate that such adoption may have an impact on future financial statements.

Financial instruments

In February 2007, the CICA issued two new standards, Section 3862, "Financial Instruments Disclosures", and Section 3863, "Financial Instruments Presentation". These sections will replace the existing Section 3861, "Financial Instruments Disclosure and Presentation". Section 3862 provides users with information to evaluate the significance of the financial instruments of the entity's financial position and performances, nature and extent of risks arising from financial instruments, and how the entity manages those risks. Section 3863 deals with the classification of financial instruments, related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. The new sections are effective for years beginning on or after October 1, 2007. The Company is in the process of assessing the impact of this new section on its consolidated financial statements.

Inventories

In June 2007, the CICA issued this Section which prescribes the accounting treatment for inventories. In particular, this Section provides guidance on the determination of cost and its subsequent recognition as an expense, including any write-down to net realizable value. The mandatory effective date is for annual and interim financial statements for years beginning on or after October 1, 2007. Management does not anticipate that this Section will impact the Company's financial statements.

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 or otherwise realize net cash flows from the property for an amount exceeding the deferred costs, a provision is made for the impairment of value.

Management's estimates of mineral prices 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.

Estimates are also used in the determination of valuation allowances for future income tax assets. Management has made its best estimate of such allowances, however actual results may differ from those estimates and would impact future results of operations and cash flows.

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. 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.
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.