NEW OROPERU RESOURCES INC.

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in US dollars)

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

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INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF NEW OROPERU RESOURCES INC.

We have audited the accompanying consolidated financial statements of New Oroperu Resources Inc., which comprise the consolidated statements of financial position as at December 31, 2012 and 2011, and the consolidated statements of loss and comprehensive loss, equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of New Oroperu Resources Inc. as at December 31, 2012 and 2011 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to note 1 in the consolidated financial statements, which describes matters and conditions that indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

Smythe Ratcliffe LLP

Chartered Accountants

Vancouver, British Columbia
April 23, 2013

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Vancouver, BC V6C 2G8

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NEW OROPERU RESOURCES INC.
Consolidated Statements of Financial Position
(Expressed in US dollars)

		December 31 2012		December 31 2011
Assets				
Current				
Cash	$	**40,853**	$	176,517
Receivables		**3,367**		31,310
Prepaid expenses		**7,242**		7,422
		51,462		215,249
Non-current				
Exploration and evaluation assets (Note 4)		**572,272**		739,033
	$	**623,734**	$	954,282
Liabilities				
Current				
Trade payables and accrued liabilities (Note 5)	$	**68,013**	$	72,698
Equity				
Share capital (Note 6)		**25,993,269**		25,993,269
Share-based payments reserves (Note 6c)		**899,384**		881,000
Deficit		**(26,336,932)**		(25,992,685)
		555,721		881,584
	$	**623,734**	$	954,282

Approved and Authorized for Issue by the Board on April 23, 2013:

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

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

The accompanying notes form an integral part of these consolidated financial statements.

NEW OROPERU RESOURCES INC.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in US dollars)
Years ended December 31, 2012 and 2011

		2012		2011
Expenses				
Consulting fees (Note 8)	$	**119,942**	$	126,402
Directors' fees		**35,740**		36,409
General and administration (Note 8)		**115,848**		116,423
Insurance		**12,595**		12,304
Legal and audit		**29,855**		46,017
Property maintenance (Note 4c)		**(4,496)**		96,316
Regulatory fees		**10,096**		9,813
Share-based payments (Note 6c)		**18,384**		202,704
		337,964		646,388
Foreign exchange gain		**(10,105)**		(6,660)
Interest income		**-**		(3,098)
Write-off of exploration properties (Note 4)		**2**		-
Write-off of receivables		**16,386**		14,303
Net Loss and Comprehensive Loss for the Year	$	**344,247**	$	650,933
Loss Per Share, Basic and Diluted	$	**0.02**	$	0.04
Weighted Average Number of Common Shares Outstanding		**16,398,318**		16,386,811

The accompanying notes form an integral part of these consolidated financial statements.

NEW OROPERU RESOURCES INC.
Consolidated Statements of Equity
(Expressed in US dollars)
Years ended December 31, 2012 and 2011

	Share Capital				Reserves				
	Number of Shares		Amount		Share-Based Payments		Deficit		Total Equity
Balance, December 31, 2010	16,248,318	$	25,902,579	$	711,986	$	(25,341,752)	$	1,272,813
Common shares issued									
on exercise of stock options	150,000		57,000		-		-		57,000
Transfer to share capital on exercise of options	-		33,690		(33,690)		-		-
Share-based payments	-		-		202,704		-		202,704
Net loss for the year	-		-		-		(650,933)		(650,933)
Balance, December 31, 2011	16,398,318		25,993,269		881,000		(25,992,685)		881,584
Share-based payments (Note 6c)	-		-		18,384		-		18,384
Net loss for the year	-		-		-		(344,247)		(344,247)
Balance, December 31, 2012	16,398,318	$	25,993,269	$	899,384	$	(26,336,932)	$	555,721

The accompanying notes form an integral part of these consolidated financial statements.

NEW OROPERU RESOURCES INC.
Consolidated Statements of Cash Flows
Years ended December 31, 2012 and 2011
(Expressed in US dollars)

		2012		2011
Operating activities				
Net loss	$	**(344,247)**	$	(650,933)
Items not involving cash:				
Share-based payments		**18,384**		202,704
Unrealized foreign exchange (gain) loss		**(10,105)**		22,986
Write-off of exploration properties		**2**		-
Write-off of receivables		**16,386**		14,303
Changes in non-cash working capital:				
Receivables		**11,557**		(42,942)
Prepaid expenses		**180**		626
Trade payables and accrued liabilities		**(4,685)**		19,236
Cash Used in Operating Activities		**(312,528)**		(434,020)
Investing Activities				
Proceeds from mineral property option		**175,000**		175,000
Mineral property expenditures		**(8,241)**		(84,121)
Cash Provided by Investing Activites		**166,759**		90,879
Financing Activities				
Proceeds from exercise of stock options		**-**		57,000
Cash Provided by Financing Activities		**-**		57,000
Effect of Foreign Exchange on Cash		**10,105**		(22,986)
Decrease in Cash		**(135,664)**		(309,127)
Cash, Beginning of Year		**176,517**		485,644
Cash, End of Year	$	**40,853**	$	176,517

The accompanying notes form an integral part of these consolidated financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

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 acquiring and exploring mineral properties in Peru and Canada, and has not yet determined whether its properties contain ore reserves that are economically recoverable. The Company is listed on the TSX Venture Exchange and is a reporting issuer in Ontario, Alberta and British Columbia.

The Company is not generating any operating revenue, has never paid any dividends and is unlikely to pay dividends or generate earnings from operations in the immediate or foreseeable future. As at December 31, 2012 the Company has an accumulated deficit of $26,336,932 (2011 - $25,992,685) and incurred a loss of $344,247 (2011 - $650,933) during the year ended December 31, 2012 and a working capital deficit of $16,551. The continuation of the Company as a going concern is dependent upon the ability of the Company to obtain the necessary financing to continue operations and to determine the existence and successful exploitation of economically recoverable reserves in its exploration and evaluation properties, confirmation of the Company's interests in the underlying properties and the attainment of profitable operations, or realize proceeds from their sale.

The Company is dependent on raising funds through the issuance of shares and/or obtaining debt financing. Management believes that additional financing is available and may be sourced in time to allow the Company to continue its current planned activities in the normal course. There can, however, be no assurance the Company will be able to raise funds in the near future.

The Company has been receiving a net annual advance royalty payment of $175,000 in connection with the Tres Cruces Project in Peru (note 4a). Although it is anticipated that this annual payment will continue under the related option agreement, there is no certainty that the optionee will continue to maintain the option.

The head office and principal address of the Company is situated at Suite 320 – 800 West Pender Street, Vancouver, British Columbia, Canada, V6C 2V6.

2. BASIS OF PRESENTATION

a) Statement of Compliance

These consolidated financial statements are prepared on an accrual basis in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). These consolidated financial statements have been prepared on a historical cost basis using the accrual basis of accounting, except for cash flow information.

The significant accounting policies set out in note 3 have been applied consistently to all years presented.

b) Approval of Consolidated Financial Statements

The consolidated financial statements of the Company for the year ended December 31, 2012 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on April 23, 2013.

c) Adoption of New and Revised Standards and Interpretations

The IASB issued a number of new and revised International Accounting Standards ("IAS"), IFRS, amendments and related interpretations, which are effective for the Company's financial years beginning on or after January 1, 2012. For the purpose of preparing and presenting the financial information for the relevant periods, the Company has consistently adopted all these new standards for the relevant reporting periods.

2. BASIS OF PRESENTATION (Continued)

c) Adoption of New and Revised Standards and Interpretations (Continued)

At the date of authorization of these consolidated financial statements, the IASB and IFRS Interpretations Committee have issued the following new and revised standards and interpretations, which are not yet effective for the relevant reporting periods:

(i) IAS 27 *Separate Financial Statements* (2011)

This amended version now only deals with the requirements for separate financial statements, which have been carried over largely unamended from IAS 27 *Consolidated and Separate Financial Statements*. Requirements for consolidated financial statements are now contained in IFRS 10 *Consolidated Financial Statements*.

Applicable to annual periods beginning on or after January 1, 2013.

(ii) IAS 28 *Investments in Associates and Joint Ventures* (2011)

This standard supersedes IAS 28 *Investments in Associates* and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

The standard defines “significant influence” and provides guidance on how the equity method of accounting is to be applied (including exemptions from applying the equity method in some cases). It also prescribes how investments in associates and joint ventures should be tested for impairment.

Applicable to annual periods beginning on or after January 1, 2013.

(iii) IFRS 9 *Financial Instruments* (2009)

IFRS 9 introduces new requirements for classifying and measuring financial assets, as follows:

- Debt instruments meeting both a “business model” test and a “cash flow characteristics” test are measured at amortized cost (the use of fair value is optional in some limited circumstances)
- Investments in equity instruments can be designated as “fair value through other comprehensive income” with only dividends being recognized in profit or loss
- All other instruments (including all derivatives) are measured at fair value with changes recognized in the profit or loss
- The concept of “embedded derivatives” does not apply to financial assets within the scope of the standard and the entire instrument must be classified and measured in accordance with the above guidelines.

This standard is only applicable if it is optionally adopted for annual periods beginning before January 1, 2015. For annual periods beginning on or after January 1, 2015, the Company must adopt IFRS 9 (2010).

2. BASIS OF PRESENTATION (Continued)

c) Adoption of New and Revised Standards and Interpretations (Continued)

(iv) IFRS 9 *Financial Instruments* (2010)

This is a revised version of IFRS 9 incorporating revised requirements for the classification and measurement of financial liabilities, and carrying over the existing de-recognition requirements from IAS 39 *Financial Instruments: Recognition and Measurement*.

The revised financial liability provisions maintain the existing amortized cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss; in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss.

Applies to annual periods beginning on or after January 1, 2015. This standard supersedes IFRS 9 (2009). However, for annual reporting periods beginning before January 1, 2015, an entity may early-adopt IFRS 9 (2009) instead of applying this standard.

(v) IFRS 10 *Consolidated Financial Statements*

Requires a parent to present consolidated financial statements as those of a single economic entity, replacing the requirements previously contained in IAS 27 *Consolidated and Separate Financial Statements* and SIC-12 *Consolidation - Special Purpose Entities*.

The standard identifies the principles of control, determines how to identify whether an investor controls an investee and therefore must consolidate the investee, and sets out the principles for the preparation of consolidated financial statements.

The standard introduces a single consolidation model for all entities based on control, irrespective of the nature of the investee (i.e., whether an entity is controlled through voting rights of investors or through other contractual arrangements as is common in “special purpose entities”). Under IFRS 10, control is based on whether an investor has power over the investee, exposure, or rights, to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of the returns.

Applicable to annual reporting periods beginning on or after January 1, 2013. If early-adopted, must be adopted together with IFRS 11, IFRS 12, IAS 27 (2011) and IAS 28 (2011).

2. BASIS OF PRESENTATION (Continued)

c) Adoption of New and Revised Standards and Interpretations (Continued)

(vi) IFRS 11 *Joint Arrangements*

Replaces IAS 31 *Interests in Joint Ventures*. Requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and then account for those rights and obligations in accordance with that type of joint arrangement.

Joint arrangements are either joint operations or joint ventures:

- A **joint operation** is a joint arrangement whereby the parties that have joint control of the arrangement (joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint operators recognize their assets, liabilities, revenue and expenses in relation to its interest in a joint operation (including their share of any such items arising jointly)

- A **joint venture** is a joint arrangement whereby the parties that have joint control of the arrangement (joint venturers) have rights to the net assets of the arrangement. A joint venturer applies the equity method of accounting for its investment in a joint venture in accordance with IAS 28 *Investments in Associates and Joint Ventures* (2011). Unlike IAS 31, the use of "proportionate consolidation" to account for joint ventures is not permitted.

Applicable to annual reporting periods beginning on or after January 1, 2013. If early-adopted, must be adopted together with IFRS 10, IFRS 12, IAS 27 (2011) and IAS 28 (2011).

(vii) IFRS 12 *Disclosure of Interests in Other Entities*

Requires the extensive disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

In high-level terms, the required disclosures are grouped into the following broad categories:

- **Significant judgments and assumptions** – such as how control, joint control, significant influence has been determined
- **Interests in subsidiaries** – including details of the structure of the group, risks associated with structured entities, changes in control, and so on
- **Interests in joint arrangements and associates** – the nature, extent and financial effects of interests in joint arrangements and associates (including names, details and summarized financial information)
- **Interests in unconsolidated structured entities** – information to allow an understanding of the nature and extent of interests in unconsolidated structured entities and to evaluate the nature of, and changes in, the risks associated with its interests in unconsolidated structured entities.

IFRS 12 lists specific examples and additional disclosures which further expand upon each of these disclosure objectives, and includes other guidance on the extensive disclosures required.

Applicable to annual reporting periods beginning on or after January 1, 2013. If early-adopted, must be adopted together with IFRS 10, IFRS 11, IAS 27 (2011) and IAS 28 (2011).

2. BASIS OF PRESENTATION (Continued)

c) Adoption of New and Revised Standards and Interpretations (Continued)

(viii) IFRS 13 *Fair Value Measurement*

Replaces the guidance on fair value measurement in existing IFRS accounting literature with a single standard.

This IFRS defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. However, IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value.

IFRS 13 applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements). With some exceptions, the standard requires entities to classify these measurements into a "fair value hierarchy" based on the nature of the inputs:

- **Level 1** – quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date
- **Level 2** – inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- **Level 3** – unobservable inputs for the asset or liability.

Entities are required to make various disclosures depending upon the nature of the fair value measurement (e.g., whether it is recognized in the financial statements or merely disclosed) and the level in which it is classified.

Applicable to annual reporting periods beginning on or after January 1, 2013.

d) Use of Judgments and Estimates

The preparation of these consolidated financial statements requires management to make estimates that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the impairment of exploration and evaluation properties, determination of environmental obligations, accrued liabilities, assumptions used in the determination of the fair value of share-based payments and recoverability of deferred income tax assets. The Company bases its estimates and assumptions on current facts and various other factors that it believes to be reasonable under the circumstances. The actual results experienced by the Company may differ materially and adversely from the Company's estimates and could affect future results of operations and cash flows.

(Expressed in US dollars)

3. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its controlled entities. Details of controlled entities are as follows:

		Percentage owned	
		December 31, 2012	December 31, 2011
S.A. Mining Ventures Ltd.*	Canada (B.C.)	100%	100%
Minera Angelica S.A.C.	Peru	100%	100%
Angelica Mining Inc.*	Canada (B.C.)	100%	100%
T.C. Mining Inc.*	Canada (B.C.)	100%	100%
687211 B.C. Ltd.	Canada (B.C.)	100%	100%
Aurifera Tres Cruces S.A.	Peru	100%	100%

** These corporate entities were continued from the jurisdiction of the Bahamas to the jurisdiction of the Province of British Columbia in 2012.*

Inter-company balances and transactions are eliminated on consolidation.

b) Exploration and Evaluation Assets

Exploration and evaluation activities involve the search for minerals, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Exploration and evaluation costs incurred prior to obtaining rights are expensed in the period in which they are incurred. Once a right to explore an area has been secured, expenditures on exploration and evaluation activities are capitalized to exploration and classified as a component of mineral properties. Such expenditures include, but are not limited to, exploration rights expenditures, leasehold property acquisition costs, evaluation costs including drilling costs directly attributable to a property, and directly attributable general and administrative costs. From time to time the Company may acquire or dispose of a mineral property 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.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets are tested for impairment and transferred to “mines under construction”. No amortization is taken during the exploration and evaluation phase.

c) Impairment of Non-current Assets

The Company’s tangible and intangible assets are reviewed for an indication of impairment at the end of each reporting period. If an indication of impairment exists, the Company makes an estimate of the asset’s recoverable amount. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. The recoverable amount of an asset group is the higher of its fair value less costs to sell and its value in use. Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in profit or loss. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Impairment of Non-current Assets (Continued)

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

d) Provision for Closure and Reclamation

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of exploration and evaluation assets. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates, and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision. The increase in the provision due to the passage of time is recognized as interest expense.

e) Currency Translation

IFRS requires that the functional currency of each entity in the consolidated group be determined separately in accordance with the indicators as outlined in IAS 21 *Foreign Exchange* and should be measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company and its subsidiaries' functional currency is the US dollar, which is also the presentation currency.

f) Earnings (Loss) per Share

Basic earnings (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 earnings (loss) per share. Under this method the dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

g) Income Taxes

The Company uses the balance sheet method of accounting for income taxes. Under this method, deferred 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. Deferred 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. Deferred income tax assets also result from unused loss carry-forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is possible that future taxable profits will be available against which they can be utilized.

Deferred tax assets are reviewed at each reporting date and are not recognized if it is not probable that the related tax benefit will be realized.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Share-based Payments

The Company has a stock option plan that is described in Note 6(b). Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods using the graded vesting method. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to share-based payments reserve. Consideration received on the exercise of stock options is recorded as share capital and the related share-based payments reserve is transferred to share capital.

i) Financial Instruments

(i) Financial assets

The Company classifies its financial assets in the following categories: held-to-maturity, fair value through profit or loss, loans and receivables, and available-for-sale (“AFS”). The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at recognition.

Held-to-maturity

Held-to-maturity financial assets are recognized on a trade-date basis and are initially measured at fair value using the effective interest rate method. The Company has no assets classified as held-to-maturity.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are initially recognized at fair value with changes in fair value recorded through income. Cash is included in this category of financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets or non-current assets based on their maturity date. Loans and receivables are carried at amortized cost using the effective interest rate method, less any impairment.

Available-for-sale financial assets

AFS financial assets are non-derivatives that are either designated as AFS or not classified in any of the other financial asset categories. Changes in the fair value of AFS financial assets are recognized as other comprehensive income and classified as a component of equity. The Company has no assets classified as AFS.

(Expressed in US dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Financial Instruments (Continued)

(ii) Financial liabilities

The Company classifies its financial liabilities in the following categories:

Borrowings and other financial liabilities

Borrowings and other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in the consolidated statements of loss and comprehensive loss over the period to maturity using the effective interest method.

Borrowings and other financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include trade payables and accrued liabilities.

(i) Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Inputs for the asset or liability that are not based on observable market data.

4. EXPLORATION AND EVALUATION ASSETS

	Tres Cruces (Note 4a)	Estrella (Note 4b)	Other Mineral Properties (Note 4c)	Total
Balance, December 31, 2010	$ 829,908	$ 1	$ 3	$ 829,912
Geological services	84,121	-	-	84,121
Option payment received	(175,000)	-	-	(175,000)
Balance, December 31, 2011	739,029	1	3	739,033
Geological services	8,241	-	-	8,241
Write-off exploration properties	-	-	(2)	(2)
Option payment received	(175,000)	-	-	(175,000)
Balance, December 31, 2012	$ 572,270	$ 1	$ 1	$ 572,272

4. EXPLORATION AND EVALUATION ASSETS (Continued)

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 as advance royalty ($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% interest subject to certain payback provisions and would also retain a 2% royalty interest.

b) Estrella Project, Peru

In January 2006, the Company acquired 100% of the Estrella Project in Peru. In 2007, the project's value was written down by $390,688 as a result of an asset impairment review by management. There was no exploration work done on the property in 2011 or 2012 and its carrying value at December 31, 2012 is $1.

c) Other Exploration and Evaluation Properties

The Company owned a 100% interest in two separate mineral properties located in various regions of Peru known as Angelica and El Espigon, which in fiscal 2003 were written down to a nominal value of $1 each. These mineral titles were abandoned during the year and the mineral title assets have been written down to $Nil.

The Company also owns three mineral leases located in Ontario, Canada, which in fiscal 2002 were written down to a nominal value of $1. Two of these mineral properties were abandoned during the year; the Company continues to maintain one mineral property located in Ontario, Canada, which is carried at a nominal value of $1.

During the year ended December 31, 2012, the Company incurred aggregate expenses of $37,551 (2011 - $96,316) for property management, administration and taxes on its mineral properties. The Company also recorded a $42,047 (2011 - $Nil) write-off of accounts payable in regard to an expense reversal of accrued property maintenance costs for five mineral claims in Peru that have been abandoned. The net effect of $4,496 (2011 - $Nil) has been reflected in the consolidated statement of loss and comprehensive loss as an expense recovery.

d) Title to Exploration and Evaluation Properties

Although the Company has taken steps to verify the title to exploration and evaluation 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.

(Expressed in US dollars)

4. EXPLORATION AND EVALUATION ASSETS (Continued)

e) Realization of Assets

The investment in and expenditures on exploration and evaluation 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.

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.

The amounts shown for acquisition costs and deferred exploration expenditures represent net costs incurred to date, less impairment charges, and do not necessarily reflect present or future values. These amounts will be depleted over the useful lives of the properties upon commencement of commercial production or written off if the properties are abandoned, impaired or the claims allowed to lapse.

f) Environmental

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 farm-out participants, former owners and operators of its properties, and properties in which it has previously had an interest. 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.

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are subject to uncertainty. 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 exploration and evaluation properties, the potential for production on the properties may be diminished or negated.

5. TRADE PAYABLES AND ACCRUED LIABILITIES

	December 31, 2012	December 31, 2011
Trade payables	**$ 45,513**	$ 45,698
Accrued liabilities	**22,500**	27,000
	$ 68,013	$ 72,698

(Expressed in US dollars)

6. SHARE CAPITAL

a) Authorized

Unlimited number of common shares without par value

b) Stock Options

The Company has a stock option plan that authorizes the Board of Directors to grant options for the purchase of up to 3,279,663 common shares pursuant to a 20% fixed stock option plan. Options granted under the plan vest according to the terms and conditions by the compensation committee of the Company, subject also to regulatory vesting requirements where applicable in the case of investor relations options. All of the Company's currently outstanding options were issued with vesting periods ranging from zero to eighteen months from the date of issue.

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.

On October 26, 2012, the Company granted an aggregate of 2,000,000 incentive stock options to directors, officers and employees of the Company, for the purchase up to an aggregate 2,000,000 common shares of the Company at an exercise price of $0.50 per share for a period of five years, subject to regulatory and disinterested shareholder approval. As at the report date, the Company has yet to receive disinterested shareholder approval.

A summary of the status of the Company's stock options at December 31, 2012 and 2011 and changes during the years is as follows:

	2012		2011	
	Number of Shares	**Weighted Average Exercise Price**	Number of Shares	Weighted Average Exercise Price
Outstanding, beginning of year	2,350,000	$ 0.51	3,020,000	$ 0.48
Granted	2,000,000	$ 0.50	-	-
Expired	(1,085,000)	$ 0.55	(520,000)	$ 0.38
Exercised	-	-	(150,000)	$ 0.38
Options outstanding	**3,265,000**	**$ 0.49**	2,350,000	$ 0.51
Options exercisable	**1,265,000**	**$ 0.49**	2,050,000	$ 0.52

Stock options outstanding and exercisable as at December 31, 2012 are as follows:

Number of Options		**Exercise**		**Weighted Average Contractual Life of Options Remaining**
Outstanding	**Exercisable**	**Price**	**Expiry Date**	**in Years**
65,000	65,000	$ 1.00	January 29, 2013	0.08
1,200,000	1,200,000	$ 0.45	October 6, 2015	2.76
2,000,000	-	$ 0.50	October 26, 2017	4.76
3,265,000	1,265,000			3.94

(Expressed in US dollars)

6. SHARE CAPITAL (Continued)

b) Stock Options (Continued)

Stock options outstanding and exercisable as at December 31, 2011 are as follows:

Number of Options		Exercise		Weighted Average Contractual Life of Options Remaining
Outstanding	**Exercisable**	**Price**	**Expiry Date**	**in Years**
1,085,000	1,085,000	$ 0.55	June 29, 2012	0.49
65,000	65,000	$ 1.00	January 29, 2013	1.08
1,200,000	900,000	$ 0.45	October 6, 2015	3.76
2,350,000	2,050,000			2.18

c) Share-based Payments and Stock Option Reserves

During the year ended December 31, 2012, the Company recognized share-based compensation of $18,384 (2011 - $202,704) related to stock options, which were granted in 2010. For the year ended December 31, 2012, share-based amounts of $Nil (2011 - $21,996) related to consulting fees and $18,384 (2011 - $180,708) related to general and administration were added to share-based payments reserve for the year.

On October 26, 2012, the Company granted an aggregate 2,000,000 incentive stock options to directors, officers and employees of the Company. However, the options are subject to regulatory and disinterested shareholder approval. Share-based compensation of $396,270 will be recognized once the options have been approved. The fair value of each option granted to employees was estimated at the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions and resulting fair value:

Risk-free interest rate	1.34%
Expected life of the options in years	5
Annualized volatility	52%
Dividend rate	-
Grant date fair value	$0.50

7. INCOME TAXES

As at December 31, 2012, the Company has non-capital losses of approximately $1,771,000 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 consolidated financial statements. The losses expire as follows:

2014	$	144,000
2015		97,000
2026		234,000
2027		129,000
2028		249,000
2029		217,000
2030		221,000
2031		293,000
2032		187,000
	$	1,771,000

(Expressed in US dollars)

7. INCOME TAXES (Continued)

Effective January 1, 2012, the Canadian federal corporate tax rate decreased from 16.5% to 15.0% and the British Columbia provincial tax remained consistent at 10.0%. The overall reduction in tax rates has resulted in a decrease in the Company's statutory tax rate from 26.5% to 25.0%.

The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

		2012		2011
Deferred income tax assets				
Tax value in excess of book value of equipment	$	4,231	$	4,231
Non-capital losses carried forward		1,770,052		1,582,793
	$	1,774,283	$	1,587,024

The reconciliation of income tax provision computed at the Canadian statutory tax rate of 25.0% (2011 – 26.5%) to the reported income tax provision is as follows:

		2012		2011
Loss for the year	$	(344,247)	$	(650,933)
Statutory income tax rate		25.0%		26.5%
Income tax benefit computed at statutory rates		(86,062)		(172,497)
Items non-deductible for income tax purposes		6,661		57,774
Foreign tax rates different from statutory rates		32,710		41,915
Effect of change in tax rate		-		9,229
Impact of foreign exchange on tax assets and liabilities		-		11,012
Unused tax losses and tax offsets not recognized in tax asset		46,691		52,567
Total income taxes	$	-	$	-

8. RELATED PARTY TRANSACTIONS

Key management personnel compensation consists of the Chief Executive Officer and Chief Financial Officer and Directors of the Company. Aggregate compensation consists of the following:

		2012		2011
Short term employee benefits	**$**	**215,232**	$	186,624
Share-based payments		**15,277**		101,352
	$	**230,509**	$	287,976

9. MANAGEMENT OF CAPITAL

The Company's equity is considered to be capital under management. There has been no change in the nature of the Company's capital structure during the year ended December 31, 2012. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of mineral properties and to maintain a flexible capital structure at an acceptable risk.

The Board of Directors manages the capital structure and makes adjustments to its plan based on economic and market conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new shares, issue debt and may acquire or dispose of assets.

In order to facilitate the management of capital, the Company prepares expenditure budgets that are updated as necessary depending on factors determined by the Board of Directors.

The Company is not subject to any external capital restrictions.

10.FINANCIAL INSTRUMENTS

The Company has classified its cash as held-for-trading; and trade payables and accrued liabilities, as other financial liabilities.

Fair value

The carrying values of trade payables and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments.

The Company's risk exposure and the impact on the Company's financial instruments are as follows:

a) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations.

The Company is exposed to concentration of credit risk with respect to its cash; however, the risk is minimized as cash are placed with major Canadian financial institutions.

b) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient assets and cash flows to meet liabilities when due. As at December 31, 2012, the Company has a working capital deficiency of $16,551 (see note 12). As at December 31, 2012, the Company has trade payables and accrued liabilities of $68,013, which are due in the first and second quarters of 2013.

10. FINANCIAL INSTRUMENTS (Continued)

c) Market Risk

Market risk is the risk that the fair value of or future cash flows from the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of financial instruments can be affected by changes in interest rates, foreign exchange rates and equity prices. Management closely monitors individual interest rates and foreign currency movements to determine the appropriate course of action to be taken by the Company.

(i) Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is not exposed to significant interest rate risk.

(ii) Foreign currency risk

The Company has certain assets and liabilities denominated in Canadian dollars that expose it to currency risk, as follows:

		2012		2011
Cash	$	20,674	$	41,947
Trade payables and accrued liabilities		(67,657)		(27,781)
Net foreign exposure (USD equivalent)	$	(46,983)	$	14,166

The Company does not utilize derivatives or other techniques to manage foreign currency risk.

Based on the above net foreign currency exposure as at December 31, 2012 and assuming all other variables remain constant, a 10% weakening or strengthening of the US dollar against the Canadian dollar would result in an immaterial increase/decrease in the Company's loss.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to any significant price risk.

11. SEGMENTED DISCLOSURE

The Company has one operating segment, mineral exploration and development. The Company's non-current assets by geographical location at December 31, 2012 and 2011 are as follows:

		December 31, 2012		December 31, 2011
Canada	**$**	**1**	$	3
Peru		**572,271**		739,030
Total	**$**	**572,272**	$	739,033

12. SUBSEQUENT EVENTS

Subsequent to year-end, the Company arranged for a private placement of loans aggregating $175,000 bearing interest at 10% per annum, which matures June 30, 2014. The Company has agreed to issue 140,000 common shares to the lenders as a bonus for entering into the agreement. The agreement is subject to regulatory approval.

NEW OROPERU RESOURCES INC.

MANAGEMENT DISCUSSION & ANALYSIS
For the year ended December 31, 2012
(Expressed in US dollars)

General

The information in this Management's Discussion and Analysis, or MD&A, is intended to assist the reader in the understanding and assessment of the trends and significant changes in the results of operations and financial conditions of New Oroperu Resources Inc. (the "Company" or "New Oroperu"). This MD&A should be read in conjunction with the audited consolidated financial statements of the Company, including the notes thereto, for the years ended December 31, 2012 and 2011, and other information relating to the Company on file with the Canadian provincial securities regulatory authorities on SEDAR at www.sedar.com. The Company's annual audited consolidated financial statements for the years ended December 31, 2012 and 2011 have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A has taken into account information available up to and including April 23, 2013.

New Oroperu is an exploration stage company engaged in the identification, evaluation, acquisition and exploration primarily of gold properties in Peru. The Company is a reporting issuer in British Columbia, Alberta and Ontario and trades on the TSX Venture Exchange under the symbol ORO.

This MD&A contains forward-looking statements. Please refer to the cautionary language at the end of this document.

Company Overview

New Oroperu owns a 100% interest in its Tres Cruces project subject to a 1/ ½ royalty. It is held in its 100% owned Peruvian subsidiary, Aurifera Tres Cruces S.A. ("Aurifera").

In October 2012, the Company announced of a NI 43-101 technical report which updated the mineral resource estimate on Oroperu's Tres Cruces property in Peru. This estimate is for 2.6 million oz. of gold in the measured and indicated category at a 0.6 g/t gold cut-off (see news release dated October 16, 2012). A complete copy of the NI 43-101 report is available at www.sedar.com or through the Company's website at www.oroperu.com.

This estimate is based on 359 drill holes and nearly 74,000 meters of drilling. It represents a substantial increase from the earlier historical resource estimate of 1.7 million oz of gold. There is also an inferred resource in areas immediately adjacent to the deposit and at depth which may be converted to a higher category with additional drilling. The gold mineralized system is open to depth with some drill holes bottoming in mineralization. Exploration is warranted to further define the full extent of mineralization.
The Tres Cruces project is currently being further explored under the terms of an option agreement with Minera Barrick Misquichilca S.A. ("Barrick"), the operating Peruvian subsidiary of Barrick Gold Corporation. Barrick may earn a 70% interest in Aurifera subject to an underlying 1.5% royalty and 2% royalty to the Company.

Nearby the Tres Cruces project, about 10 km to the north, Barrick invested an estimated $340 million in the development of its Lagunas Norte deposit where production started in June 2005. Since then the Lagunas Norte project has reported several years of production greater than 1 million oz. of gold per year and produced 754,000 oz. gold in 2011 at a cash cost of $318/oz. Barrick reports proven and probable reserves of 5.8 million oz. gold at December 31, 2012. Barrick is also evaluating its own Lagunas Norte sulphide mineralization as part of a pre-feasibility study.

The Company believes that the proximal location of the Tres Cruces project 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, 2012 was $40,853 (2011– $176,517) and although all the proposed exploration expenditures on the Tres Cruces project are being covered by Barrick under its option agreement with the Company, the Company's current cash position will not be sufficient to meet its projected cash requirements for the next year without additional financing. New Oroperu had a working capital deficiency of $16,551 at December 31, 2012 (compared to positive working capital of $142,551 at December 31, 2011).

(Expressed in US dollars)

Outlook

In April 2013 the Company announced a $175,000 loan financing to replenish its working capital, which has not been completed as of the date of this report.

The Company's Tres Cruces project is dependent on Barrick's plans and decisions relating to its option and ultimately to advance the project through to production. The Company recently announced a NI 43-101 compliant 2.6 million ounce gold resource estimate (cut-off 0.6 g/t gold) is a milestone for the Company. Barrick has maintained the option since 2003, and although there is no certainty, New Oroperu expects that Barrick will continue to maintain its option and advance the project forward to a production decision.

Tres Cruces Project

New Oroperu recently completed NI 43-101 compliant technical report on its Tres Cruces Project located in North Central Peru. The report, prepared by Peter A. Lacroix, P. Eng. of Lacroix & Associates, updated mineral resource estimates for Tres Cruces based on all available information to date.

According to the report, the Tres Cruces mineral resource is estimated to contain 2.6 million oz. of gold at a 0.6 g/t Au cut-off in the measured and indicated category.

The estimates are based on a three dimensional (3D) block model with grade interpolation domains created using lithology and alteration models. Grades were estimated using ordinary kriging. A grade envelope created by indicator kriging at a 0.2 g/t gold cut-off was used to constrain the estimate which is tabulated below.

MINERAL RESOURCE ESTIMATES, 0.6 G/T AU CUT-OFF
New Oroperu Resources Inc. – Tres Cruces Project

	Kt	g/t Au	Koz Au
Measured	4,961	1.52	242
Indicated	*61,068*	*1.20*	*2,365*
Total Measured + Indicated	66,029	1.23	2,608
Inferred	19,552	0.97	**611**

Notes:

1. CIM definitions were followed for Mineral Resources.
2. Mineral Resources are reported at a cut-off grade of 0.6 g/t Au.
3. Mineral Resources are estimated using an average gold price of US$1,500 per ounce and metallurgical recovery of 82% of the contained gold.
4. Excludes Barrick claims.
5. Totals may not agree due to rounding.

The Tres Cruces project is a grass roots discovery made by the Company. New Oroperu has 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. To maintain its option, Barrick must make a payment to the Company of $250,000 a year. The annual payment is subject to a 30% Peruvian withholding tax. 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, the Company would retain a 30% fully financed interest in Aurifera, a 2% royalty interest and receive a US$1 million advance royalty payment.

Barrick has completed certain engineering and piezometric studies and continues to monitor its environmental work required for the permitting process. No drilling was completed to date, in 2012.

Other Mineral Properties

The Company owns 100% of the Estrella property in central Peru. New Oroperu also has one mineral lease located in Ontario, Canada and it continues to maintain its rights on this property. No field work has been conducted during the past year.

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

Results of Operations

The Company's net loss for the year ended December 31, 2012 was $344,247 (2011-$650,933). The current year loss includes $18,384 in non-cash share based payment expense for the fair value of stock options granted in 2012 (2011-$202,704). The Company incurred expenditures of $37,551 (2011 - $96,316) on mineral properties, which consisted of property maintenance and taxes, and direct administration and management.

In the year ended December 31, 2012 the Company kept the majority of its cash in U.S. dollars and incurred a foreign exchange gain of $10,105 (2011-$6,660) as a result of fluctuations in the Canadian dollar and Peruvian sole.

For the year ended December 31, 2012, operating expenses were $337,964 (2011-$646,388), which included $18,384 (2011-$202,704) in non-cash share-based payments. Share-based payments for the year were attributed as to $18,384 (2011-$180,708) to general and administrative expenses and $Nil ($2011-$21,996) to consulting fees.

The Company’s operating expenses were consistent with the operating losses of the preceding year.

Barrick is continuing to cover project costs related to exploration and maintenance of the Tres Cruces property, as per the terms of its exploration agreement with the Company.

Selected Annual Information

The following selected financial data has been prepared in accordance with IFRS. This table should be read in conjunction with the Company’s audited consolidated financial statements.

	2012	2011	2010
Loss for the year	344,247	650,933	431,769
Basic and diluted loss per share	0.02	0.04	0.04
Total assets	623,734	954,282	1,326,275
Total liabilities	68,013	72,698	53,462
Total shareholders’ equity	555,721	881,584	1,272,813

MANAGEMENT DISCUSSION & ANALYSIS
For the year ended December 31, 2012
(Expressed in US dollars)

Summary of Quarterly Results

Results for the eight most recent quarters ending with the last quarter ending December 31, 2012:

For the quarterly periods ending	December 31 2012	September 30 2012	June 30 2012	March 31 2012
Loss for the quarter	$88,362	$89,702	$43,569	$ 122,614
Basic loss per share	$ 0.01	$0.01	$0.00	$ 0.01
For the quarterly periods ending	**December 31 2011**	**September 30 2011**	**June 30 2011**	**March 31 2011**
Loss for the period	$ 140,876	$ 164,158	$ 165,826	$ 180,073
Basic loss per share	$ 0.01	$ 0.01	$ 0.01	$ 0.01

New Oroperu's operating expenses for the past eight quarters have remained consistently low for a company of its size.

The Company's fourth quarter loss ($88,362) consists mostly of administration costs for the Company's offices in Vancouver and Peru and is consistent with preceding quarters. The Company's third quarter loss ($89,702) consists mostly of administration costs for the Company's offices in Vancouver and Peru. The Company's second quarter loss ($43,569) includes a non-recurring expense recovery of $42,047 for reversal of an accrual of Peru property maintenance at the end of 2011. For the three months ended March 31, 2012, operating expenses were $120,226 (2011-$186,976), which included $18,684 (2011-$89,191) in non-cash share-based payments.

The Company's 2011 fourth quarter loss ($140,876) includes non-cash share based payment costs of $17,473, for vested stock options that were issued in 2010. The Company's fourth quarter cash operating costs were consistent with the cash operating costs for the first three quarters of the year. The Company's overhead and operating expenses remained stable on a monthly basis, at between $40,000 and $50,000 per month.

Financial Condition, Liquidity and Capital Resources

The Company is not in commercial production on any of its mineral properties and accordingly, it does not generate cash from operations.

New Oroperu's cash position decreased by $135,664 since December 31, 2011. In the past 12 months, New Oroperu's only source of cash was from the $175,000 (net) property option payment it received from Barrick in regard to the Tres Cruces project.

The Company's total cash position at December 31, 2012 was $40,853 (2011–$176,517). The current cash position will not be sufficient to meet property maintenance and corporate operating requirements for the ensuing year, without the infusion of additional capital. The Company has announced a $175,000 loan financing, which is expected to be completed before the end of April 2013.

At December 31, 2012 the Company held the majority of its cash in U.S. dollars. New Oroperu's working capital position at December 31, 2012 was a $16,551 working capital deficiency, compared to positive working capital of $142,551 at December 31, 2011.

MANAGEMENT DISCUSSION & ANALYSIS
For the year ended December 31, 2012
(Expressed in US dollars)

The Company is dependent on raising funds through the issuance of shares, obtaining debt financing, receiving its annual option payment from Barrick, and/or attracting joint venture partners in order to undertake further exploration and development of its mineral properties. Management believes that additional financing is available and may be sourced when needed to allow the Company to continue its planned activities in the normal course. There can, however, be no assurance the Company will be able to raise additional funds in the near future.

Off-Balance Sheet Arrangements

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

Proposed Transactions

Subsequent to the year end, the Company arranged for a loan of $175,000 bearing interest at 10% per annum that matures on June 30, 2014. The Company has agreed to issue 140,000 common shares to the lenders as a bonus for entering into the agreement. The agreement has not been completed as of April 23, 2013 and is still subject to regulatory approval.

Outstanding Share Data

There are 16,398,318 shares of the Company outstanding as of the date of this report.

The following stock options are outstanding as at December 31, 2012:

No. of Options	Price per Share*	Expiry Date
65,000	$1.00	January 29, 2013
1,200,000	$0.45	October 5, 2015
2,000,000	$0.50	**October 26, 2017
3,265,000		

* In CAD funds.
** Issued subject to dis-interested shareholder approval.

Related Party Transactions

Key management personnel compensation consists of the Chief Executive Officer and Chief Financial Officer. Aggregate compensation consists of the following at December 31, 2012 and 2011:

	2012	2011
Short term employee benefits	**$ 215,232**	$ 186,624
Share-based payments	**15,277**	101,352
	$ 230,509	$ 287,976

Management of Capital

The Company's equity is considered to be capital under management. There has been no change in the nature of the Company's capital structure during the year ended December 31, 2012. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of mineral properties and to maintain a flexible capital structure at an acceptable risk.

The Board of Directors manages the capital structure and makes adjustments to its plan based on economic and market conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new shares, issue debt and may acquire or dispose of assets.

In order to facilitate the management of capital, the Company prepares expenditure budgets that are updated as necessary depending on factors determined by the Board of Directors.

The Company is not subject to any external capital restrictions.

The Company does not expect to pay out dividends in the foreseeable future. The Company's investment policy is to keep its cash on deposit in an interest bearing major Canadian chartered bank account.

The current cash position may not be sufficient to meet property maintenance and corporate operating requirements for the ensuing year, without the infusion of additional capital. The Company may seek additional financing during the year as required.

Use of Judgments and Estimates

The preparation of these consolidated financial statements requires management to make estimates that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the impairment of exploration and evaluation properties, determination of environmental obligations, accrued liabilities, assumptions used in the determination of the fair value of share-based payments and recoverability of deferred income tax assets. The Company bases its estimates and assumptions on current facts and various other factors that it believes to be reasonable under the circumstances. The actual results experienced by the Company may differ materially and adversely from the Company's estimates and could affect future results of operations and cash flows.

Financial Instruments

The Company classifies its financial assets in the following categories: held-to-maturity, fair value through profit or loss ("FVTPL"), loans and receivables, and available-for-sale ("AFS"). The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at recognition.

Held-to-maturity

Held-to-maturity financial assets are recognized on a trade-date basis and are initially measured at fair value using the effective interest rate method. The Company has no assets classified as held-to-maturity.

Financial assets at fair value through profit or loss

Financial assets at FVTPL are initially recognized at fair value with changes in fair value recorded through income. Cash is included in this category of financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets or non-current assets based on their maturity date. Loans and receivables are carried at amortized cost less any impairment. Loans and receivables comprise accounts receivable and advances to joint venture partner.

Borrowings and other financial liabilities

Borrowings and other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in the statement of loss over the period to maturity using the effective interest method.

Borrowings and other financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include trade payables and accrued liabilities.

Fair value

The carrying values of cash and trade payables and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments.

The Company's risk exposure and the impact on the Company's financial instruments are as follows:

a) Credit Risk

   Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations.

   The Company is exposed to concentration of credit risk with respect to its cash; however, the risk is minimized as cash is placed with major Canadian financial institutions.

b) Liquidity Risk

   Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient assets to meet liabilities when due. As at December 31, 2012, the Company has working capital deficiency of $16,551. As at December 31, 2012, the Company has trade payables and accrued liabilities of $68,013 which are due in the first and second quarters of 2013.

c) Market Risk

   Market risk is the risk that the fair value of or future cash flows from the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of financial instruments can be affected by changes in interest rates, foreign currency rates and equity prices. Management closely monitors individual interest rate and foreign currency movements to determine the appropriate course of action to be taken by the Company.

d) Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is not exposed to significant interest rate risk.

e) Foreign currency risk

As at December 31, 2012, the majority of the Company's cash and trade payables and accrued liabilities are denominated in U.S. dollars, the value of which is subject to fluctuation in exchange rates. Cash held in Canada and Peru in US dollars amounted to $20,674 (2011 - $137,027) at December 31, 2012.

		2012		2011
Cash and cash equivalents	$	20,674	$	41,947
Trade payables and accrued liabilities		(67,657)		(27,781)
Net foreign exposure (USD equivalent	$	(46,983)	$	14,166

The Company does not utilize derivatives or other techniques to manage foreign currency risk.

Based on the above net foreign currency exposure (USD equivalent) as at December 31, 2012, and assuming all other variables remain constant, a 10% weakening or strengthening of the US dollar against the Canadian dollar would result in an immaterial increase/decrease in the Company's loss.

f) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to any significant price risk.

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 a variety 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 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.

Based on management's knowledge of and experience in the financial markets, management does not believe that the Company's current financial instruments will be materially affected by credit risk, liquidity risk or market risk.

Disclosure Controls and Procedures

Management is responsible for the design, establishment and maintenance of disclosure controls and procedures over the public disclosure of financial and non-financial information regarding the Company and internal control over financial reporting to provide reasonable assurance regarding the integrity of the Company's financial information and reliability of its financial reporting. Management maintains appropriate information systems, procedures and controls to ensure integrity of the consolidated financial statements and to ensure that information used internally and disclosed externally is complete and reliable.

Corporate Governance

Management of the Company is responsible for the preparation and presentation of the interim and annual consolidated financial statements and notes thereto, MD&A and other information contained in this MD&A. Additionally, it is management's responsibility to ensure the Company complies with the laws and regulations applicable to its activities.

The Company's management is held accountable to the Board of Directors ("Directors"), each member of which is elected annually by the shareholders of the Company. The Directors are responsible for reviewing and approving the annual audited consolidated financial statements and MD&A. Responsibility for the review and approval of the Company's unaudited interim consolidated financial statements and MD&A is delegated by the Directors to the Audit Committee, which is comprised of three directors, two of whom are independent of management. Additionally, the Audit Committee pre-approves audit and non-audit services provided by the Company's auditors.

The auditors are appointed annually by the shareholders to conduct an audit of the consolidated financial statements in accordance with generally accepted auditing standards. The external auditors have complete access to the Audit Committee to discuss the audit, financial reporting and related matters resulting from the annual audit as well as assist the members of the Audit Committee in discharging their corporate governance responsibilities.

FORWARD–LOOKING STATEMENTS

Some of the statements in this document constitute "forward looking statements". Where New Oroperu expresses an expectation or belief as to future events or results, including management plans and objectives, and projections of exploration results, such expectation or belief is expressed in good faith and is believed to have a reasonable basis. The Company makes no representation that reasonable business people in possession of the same information would reach the same conclusions. While these statements represent our best current judgment, they are subject to risks and uncertainties that could cause actual results to vary, the specifics of which are detailed in disclosures with the heading "Risk Factors" in the Company's periodic filings with securities regulators. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Forward-looking statements in this MD&A are made as of the date of this MD&A or, in the case of documents incorporated by reference herein, as of the date of such documents, and New Oroperu does not assume the obligation to update any forward looking statement.

Other

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