

**NEW OROPERU RESOURCES INC.**

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(Expressed in U.S. Dollars)**  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2009**

**(PREPARED BY MANAGEMENT WITHOUT AUDIT)**

**Notice to Reader**

These interim financial statements of New Oroperu Resources Inc. have been prepared by management and approved by the Audit Committee on behalf of the Board of Directors of the Company. In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed these interim financial statements, notes to financial statements and the related quarterly Management Discussion and Analysis.

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**NEW OROPERU RESOURCES INC.**  
**CONSOLIDATED INTERIM BALANCE SHEETS**  
**(PREPARED BY MANAGEMENT WITHOUT AUDIT)**  
**As at September 30, 2009 and December 31, 2008**  
**(Expressed in U.S. dollars)**

	September 30 2009	December 31 2008
<b>Current Assets</b>		
Cash and cash equivalents	\$ 707,301	\$ 767,844
Accounts receivable	4,512	12,059
Prepaid expenses	9,282	6,929
	<b>721,096</b>	<b>786,832</b>
<b>Mineral properties (Note 3)</b>	<b>1,004,912</b>	<b>1,179,913</b>
	<b>\$ 1,726,008</b>	<b>\$ 1,966,745</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 42,575	\$ 58,201
<b>Shareholders' Equity</b>		
Share capital (Note 4)	25,902,579	25,902,579
Stock based compensation (Note 4c)	518,893	504,090
Deficit	(24,738,039)	(24,498,125)
	<b>1,683,433</b>	<b>1,908,544</b>
	<b>\$ 1,726,008</b>	<b>\$ 1,966,745</b>

Approved by the Board:

*"K. Wayne Livingstone"*

\_\_\_\_\_  
Director

*"Maynard E. Brown"*

\_\_\_\_\_  
Director

See accompanying notes to financial statements.

**NEW OROPERU RESOURCES INC.**  
**CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS AND DEFICIT**  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008**  
**(PREPARED BY MANAGEMENT WITHOUT AUDIT)**  
**(Expressed in U.S. dollars)**

	three months ended		nine months ended	
	Sept 30 2009	Sept 30 2008	Sept 30 2009	Sept 30 2008
<b>Expenses</b>				
Assays and mineral analysis	\$ -	\$ -	\$ -	\$ 367
Conferences	-	-	2,835	1,200
Consulting fees	30,000	29,457	103,310	162,976
Directors committee fees	8,203	8,527	23,152	26,427
General and administration	41,580	28,188	95,842	116,142
Insurance	2,845	2,964	8,772	8,910
Legal and audit	5,887	9,888	18,767	40,085
Property investigation & maintenance	11,897	3,119	58,302	4,784
Regulatory fees	293	844	7,153	10,457
Rent	2,055	6,384	5,778	6,384
<b>Loss before Other Items</b>	<b>102,760</b>	<b>89,371</b>	<b>323,911</b>	<b>377,732</b>
<b>Other Items</b>				
Foreign exchange loss (gain)	(31,958)	75,729	(8,583)	76,950
Interest income	-	(10,812)	(2,231)	(27,502)
Gain on sale of mineral property	-	-	(79,999)	-
Expense recoveries	-	-	-	(1,658)
Stock based compensation	-	9,916	-	102,918
Write-off of receivable	960	907	6,815	3,276
	<b>(30,998)</b>	<b>75,740</b>	<b>(83,998)</b>	<b>153,984</b>
<b>Net loss and comprehensive loss</b>	<b>71,763</b>	<b>165,111</b>	<b>239,914</b>	<b>531,716</b>
<b>Deficit – Beginning of period</b>	<b>24,666,276</b>	<b>23,677,450</b>	<b>24,498,125</b>	<b>23,310,845</b>
<b>Deficit - End of period</b>	<b>\$ 24,738,039</b>	<b>\$ 23,842,561</b>	<b>\$ 24,738,039</b>	<b>\$ 23,842,561</b>
<b>Loss per share</b>	<b>\$ 0.01</b>	<b>\$ 0.01</b>	<b>\$ 0.01</b>	<b>\$ 0.01</b>
Weighted average number of shares outstanding	16,247,324	16,247,324	16,247,324	16,247,324

See accompanying notes to financial statements.

**NEW OROPERU RESOURCES INC.**  
**CONSOLIDATED INTERIM STATEMENTS OF SHAREHOLDERS' EQUITY**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2009**  
**(PREPARED BY MANAGEMENT WITHOUT AUDIT)**  
**(Expressed in U.S. dollars)**

	Number of Shares	Share Capital	Contributed Surplus	Deficit	Total Shareholders' Equity
Balance, December 31, 2008	16,247,324	25,902,579	\$ 504,090	\$ (24,498,125)	\$ 1,908,544
Net loss for the period	-	-	-	(239,914)	(239,914)
Stock-based compensation	-	-	14,803	-	14,803
Balance, September 30, 2009	16,247,324	25,902,579	\$ 518,893	\$ (24,738,039)	\$ 1,683,433

See accompanying notes to financial statements.

**NEW OROPERU RESOURCES INC.**  
**CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008**  
**(PREPARED BY MANAGEMENT WITHOUT AUDIT)**  
**(Expressed in U.S. dollars)**

	three months ended		nine months ended	
	Sept 30 2009	Sept 30 2008	Sept 30 2009	Sept 30 2008
<b>Cash provided by (used for)</b>				
Loss for the period	\$ (71,762)	\$ (165,111)	\$ (239,914)	\$ (531,716)
Items not involving cash:				
Stock based compensation (Note 4c)	12,891	9,916	14,803	102,918
Expense recoveries (w/off acc/payable)	-	(1,658)	-	(1,658)
Gain on sale of mineral property (Note 3)	-	-	(79,999)	-
Writedown of receivable	960	986	6,815	2,369
Net changes in non- cash working capital items:				
Accounts receivable	(3,082)	(7,853)	732	(16,074)
Accounts payable	721	13,009	(15,626)	(31,419)
Prepaid expenses	(8,294)	(6,790)	(2,353)	26,356
	<b>(68,567)</b>	<b>(157,501)</b>	<b>(315,543)</b>	<b>(449,224)</b>
<b>Investing activities</b>				
Mineral properties expenditures	-	(12,089)	-	(40,233)
Proceeds from sale of mineral property (Note 3)	-	-	80,000	-
Proceeds from mineral property option	-	-	175,000	175,000
	-	(12,089)	175,000	134,767
Increase (decrease) in cash	<b>(68,567)</b>	(169,590)	<b>(60,543)</b>	(314,457)
Cash and cash equivalents, beginning of period	<b>775,868</b>	1,167,174	<b>767,844</b>	1,312,041
<b>Cash and cash equivalents, end of period</b>	<b>\$ 707,301</b>	\$ 997,584	<b>\$ 707,301</b>	\$ 997,584

Supplemental Disclosure of Non-Cash Financing Activity:

Stock based compensation	\$ 12,891	\$ 9,916	\$ 14,803	\$ 102,918
Interest paid	\$ -	\$ -	\$ -	\$ -
Income taxes paid	\$ -	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

**NEW OROPERU RESOURCES INC.  
CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2009  
(PREPARED BY MANAGEMENT WITHOUT AUDIT)  
(Expressed in U.S. dollars)**

**NOTES TO FINANCIAL STATEMENTS**

**1. ORGANIZATION AND NATURE OF OPERATIONS**

New Oroperu Resources Inc. (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.

Through its wholly-owned subsidiary, S.A. Mining Ventures Limited ("SA Mining"), the Company owns 100% of Minera Angelica S.A.C., a company incorporated in Peru, and Angelica Mining Inc. ("Angelica"), a company incorporated in the Bahamas during 2003.

SA Mining also owns 100% of T.C. Mining Inc. ("TC Mining"), a company incorporated in the Bahamas. TC Mining owns 50% of Aurifera Tres Cruces S.A. ("Aurifera"), a company incorporated in Peru for the purposes of operating the Tres Cruces project (Note 3). The other 50% of Aurifera is owned by a British Columbia holding company that is wholly-owned by TC Mining.

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 in the immediate or foreseeable future. As at September 30, 2009, the Company has working capital of \$678,521. The continuation of the Company as a going concern is dependent upon the ability of the Company to obtain necessary equity financing to continue operations and to determine the existence, discovery and successful exploitation of economically recoverable reserves in its resource properties, confirmation of the Company's interests in the underlying properties, and the attainment of profitable operations. The company has sufficient working capital and cash reserves to maintain current levels of operations for the foreseeable future.

The Company may periodically have to raise additional funds to fund projects and continue operations and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

**2. BASIS OF PRESENTATION AND RECENT ACCOUNTING PRONOUNCEMENTS**

**BASIS OF PRESENTATION**

These interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") for interim financial statements and follow the same accounting policies and methods of application as the most recent annual financial statements for the year ended December 31, 2008. These interim financial statements do not contain all disclosures required by Canadian GAAP and accordingly should be read in conjunction with the audited 2008 annual financial statements and the notes thereto.

**RECENT ACCOUNTING PRONOUNCEMENTS**

*Mining Exploration Costs* - On March 27, 2009, the Canadian Institute for Chartered Accountants approved EIC-174, "Mining Exploration Costs". The EIC provides guidance on capitalization of exploration costs related to mining properties in particular and on impairment of long-lived assets in general. The Company has applied this new abstract for the nine months ended September 30, 2009, resulting in no impact on its financial statements.

**NEW OROPERU RESOURCES INC.**  
**CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2009**  
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**(Expressed in U.S. dollars)**

**3. MINERAL PROPERTIES**

During the period ended September 30, 2009 the Company received a \$175,000 option payment (\$250,000 before Peru withholding taxes) on the Tres Cruces property.

During the period ended September 30, 2009 the Company sold a previously written down property (Trucha Dorada I) for \$80,000 cash, and recorded a \$79,999 gain on the sale.

For the nine months ended September 30, 2009:

	Tres Cruces	Estrella	Other Mineral Properties	Total
Balance, beginning of year	\$ 1,179,908	\$ 1	\$ 4	\$ 1,179,913
Option payment received	(175,000)	-	-	(175,000)
Sale of mineral property	-	-	(1)	(1)
Balance, September 30, 2009	\$ 1,004,908	\$ 1	\$ 3	\$ 1,004,912

For the year ended December 31, 2008:

	Tres Cruces	Estrella	Other Mineral Properties	Total
Balance, beginning of year	\$ 1,354,908	\$ 264,215	\$ 4	\$ 1,619,117
<b>Additions during the year</b>				
Deferred expenditures				
Project management	-	50,388	-	50,388
Expenditures for the year	-	50,388	-	50,388
	1,354,908	314,603	4	1,669,515
Write-down	-	(314,602)	-	(314,602)
Option payment received	(175,000)	-	-	(175,000)
Balance, December 31, 2008	\$ 1,179,908	\$ 1	\$ 4	\$ 1,179,913

**NEW OROPERU RESOURCES INC.**  
**CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
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**(Expressed in U.S. dollars)**

**4. CAPITAL STOCK**

Authorized:

Unlimited number of common shares without par value

**(a) Issued capital:**

During the nine months ended September 30, 2009, changes in the Company's issued share capital were as follows:

	Number of Shares	Amount	Contributed Surplus
Balance, beginning of year	16,247,324	25,902,579	504,090
Stock-based compensation	-	-	14,803
<b>Balance, September 30, 2009</b>	<b>16,247,324</b>	<b>\$ 25,902,579</b>	<b>\$ 518,893</b>

During the year ended December 31, 2008, changes in the Company's issued share capital were as follows:

	Number of Shares	Amount	Contributed Surplus
Balance, beginning of year	16,247,324	25,902,579	310,617
Stock-based compensation	-	-	193,473
<b>Balance, December 31, 2008</b>	<b>16,247,324</b>	<b>\$ 25,902,579</b>	<b>\$ 504,090</b>

**(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 3,100,714 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.

A summary of the Company's options outstanding as at September 30, 2009 is as follows:

	Number of options	Vested (exercisable)	Exercise Price per Share	Expiry Date
Issued in 2006	670,000	670,000	\$0.38	February 3, 2011
Issued in 2007	1,085,000	1,085,000	\$0.55CAD	June 29, 2012
Issued in 2008	65,000	48,750	\$1.00CAD	January 29, 2013
	<b>1,820,000</b>	<b>1,803,750</b>	<b>\$0.49*</b>	



**NEW OROPERU RESOURCES INC.**  
**CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2009**  
**(PREPARED BY MANAGEMENT WITHOUT AUDIT)**  
**(Expressed in U.S. dollars)**

\* Weighted average exercise price in US funds.

**(c) Stock-based compensation**

In the nine months ended September 30, 2009 the Company recognized stock-based compensation of \$14,803 (2008 - \$102,918) related to stock options granted and this amount is included in General and Administration costs. The fair value of stock options used to calculate this compensation expense was estimated using the Black-Scholes option pricing model with the following assumptions:

For \$1.00 CAD Stock Options issued in 2008 and vested in 2009:

Risk-free interest rate	3.32%
Grant date fair value	\$0.89
Expected stock price volatility	90.86%
Expected option life in years	5

Option pricing models require the input of subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

**5. RELATED PARTY TRANSACTIONS**

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

Consulting	\$	90,000
Committee consulting fees		23,153
General and administration		<u>43,729</u>
Total	\$	156,882

At September 30, 2009, there was nil in outstanding amounts payable to related parties.

**6. SEGMENTED DISCLOSURE**

The Company has one operating segment, mineral exploration and development. Of the Company's assets, an amount of assets (primarily mineral property interests) totaling \$1,012,600 (2008-\$1,496,133) are located in Peru and \$713,408 of operating assets (2008-\$1,009,468) are located in Canada.

# NEW OROPERU RESOURCES INC.

## MANAGEMENT DISCUSSION & ANALYSIS For the nine months ended September 30, 2009 (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 unaudited consolidated financial statements of the Company, including the notes thereto, for the nine month period ended September 30, 2009, and the year ended December 31st, 2008, respectively (the "financial statements"), which are prepared in accordance with Canadian generally accepted accounting principles for interim financial statements, and the annual MD&A and audited financial statements for the year ended December 31, 2008. This MD&A has taken into account information available up to and including November 27, 2009.

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 activities in Peru.

We are a reporting issuer in Ontario, British Columbia and Alberta and trade on the TSX Venture Exchange under the symbol ORO.

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

The Company's principal asset is the historical measured and indicated 1.7 million oz. gold Tres Cruces deposit in north central Peru. Oroperu has optioned out 70% of its 100% interest (subject to a 1½% royalty) in the Company's wholly owned subsidiary Aurifera Tres Cruces S.A. 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 the underlying 1.5% royalty and 2% royalty to the Company and other terms described below. The historical resources referred to above pre-date the implementation of NI 43-101 regulations and are therefore deemed non-compliant and not to be relied on. Barrick has completed significant additional reverse circulation and diamond drilling on the project. This 38,000 meters of additional drilling by Barrick brings the total drilling on the project to about 72,000 meters.

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. The Lagunas Norte project has produced in excess of 1 million oz. of gold per year since commencement of production, with 1.2 million oz of gold produced in 2008.

The Company believes 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 September 30, 2009 was \$707,031 and with all the proposed exploration expenditures on the Tres Cruces project being covered by Barrick under its option agreement

# NEW OROPERU RESOURCES INC.

## **MANAGEMENT DISCUSSION & ANALYSIS** **For the nine months ended September 30, 2009** **(expressed in US dollars)**

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 September 30, 2009 was \$678,521.

The Company recognizes the difficulties that have impacted the world's financial markets during the past year, and the particular challenges that these conditions have presented to exploration stage companies. We are assessing ways to proceed that will allow us to advance our projects while at the same time preserving funds to ensure that we can continue our business.

### **Outlook**

The Company's main asset, the Tres Cruces project, is under option to Barrick and is dependent on Barrick to advance the project through to production. Barrick has maintained the option since 2003. We expect that Barrick will advance the project forward to a production decision.

### **Tres Cruces Project**

Tres Cruces project is a grass roots discovery made by the Company. 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. 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.

In 2008 there was very little exploration activity by Barrick on the Tres Cruces project. Additional metallurgical and geotechnical holes were drilled and base line environmental studies are on-going. Permits have been received to drill test geophysical targets outlined in the most recent geophysics, for any necessary in-fill drilling, testing deep targets and condemnation drilling of sites considered for potential operational activities.

We have been advised by Barrick that it is planning to finish delineating the resource and explore the deeper targets, as well as other studies necessary for the evaluation of the deposit, but on a limited basis in 2009. We will report on these results when they are received from Barrick.

### **Other Mineral Properties**

In the nine month period ended September 30, 2009 we incurred costs of \$56,929 maintaining our Estrella and other properties in Peru, which costs were allocated to Mineral Properties expense. No field work was conducted in the period. In April 2009 we sold a mineral property (Trucha Dorada I) in Peru for \$80,000 cash, recording a net gain of \$79,999 on the transaction.

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. We continue to maintain our rights on these properties.

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

# NEW OROPERU RESOURCES INC.

## MANAGEMENT DISCUSSION & ANALYSIS For the nine months ended September 30, 2009 (expressed in US dollars)

### Results of Operations

The Company's net loss (income) for the nine month period ended September 30, 2009 was \$239,914 (2008 – \$531,716). Non-cash stock compensation expense related to the vesting of stock options issued during the previous year accounted for \$14,803 (2008 – \$102,918) of the loss. We incurred expenditures of \$56,829 (2008 - \$43,233) on mineral properties in Peru, which consisted of property maintenance and direct administration and management. The Company kept the majority of its cash in Canadian dollars during the period and the foreign exchange gain of \$8,583 was the result of fluctuation between the Canadian and US dollars.

In April 2009 we sold a mineral property in Peru (Trucha Dorada I) for a net gain of \$79,999.

We continued to invest some of our cash resources in low-risk bankers' acceptance note securities, earning \$2,231 interest income for the period (2008 - \$27,502). Interest income decreased from compared to the same period last year, due to lower interest rates and lower cash balances in the Company.

Administration and property maintenance costs in Peru were \$56,929 for the period (2008-\$12,089) and are expected to remain consistent with the preceding year.

Barrick continues to cover all project costs associated with the Tres Cruces project, and in the second quarter paid New Oroperu its annual \$250,000 payment (2008 - \$250,000) (note: \$175,000 net, after Peru withholding taxes) to maintain its option for another year. This amount was offset against mineral property costs.

### Summary of Quarterly Results

Results for the eight most recent quarters ending with the last quarter ending September 30, 2009:

For the quarterly periods Ending on	Sept 30 2009	Jun. 30 2009	Mar. 31 2009	Dec. 31 2008
Loss for the quarter	71,763	29,407	138,745	675,564
Basic loss per share	0.01	0.01	.01	0.04
For the quarterly periods Ending on	Sept 30 2008	June 30 2008	Mar. 31 2008	Dec. 31 2007
Loss for the period	165,111	255,880	110,725	509,833
Basic loss per share	0.01	0.01	0.01	0.02

The Company's operating expenses for the quarter were \$102,760 (2008 - \$175,923), lower than the previous year, which was affected by a \$75,729 foreign exchange loss in 2008. Otherwise, operating costs for the quarter were approximately the same as the preceding year. The Company recorded a \$31,958 gain on foreign exchange, as a result of holding most of its cash in Canadian dollars during the period.

### 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. The Company finances its activities by raising capital through the equity markets.

# NEW OROPERU RESOURCES INC.

## MANAGEMENT DISCUSSION & ANALYSIS For the nine months ended September 30, 2009 (expressed in US dollars)

New Oroperu's cash and cash equivalents decreased by \$60,543 since December 31, 2008. In the past 12 months New Oroperu's sources of cash were from:

- \$175,000 net from Barrick property option payment
- \$80,000 from sale of mineral property in Peru
- \$7,032 in interest income

The Company's total cash position at September 30, 2009 was \$707,301 (2008 – \$997,584), sufficient to meet property maintenance and corporate needs for the ensuing year. At the end of the period the Company held the majority of its cash in Canadian dollars. New Oroperu's working capital position at September 30, 2009 was \$678,521 (2008 - \$989,192).

### 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 \$25,000 for the next year.

### 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

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

Consulting	\$	90,000
Directors committee fees		23,153
General and administration		<u>43,729</u>
Total	\$	156,882

At September 30, 2009, there was nil in outstanding amounts payable to related parties.

# NEW OROPERU RESOURCES INC.

## **MANAGEMENT DISCUSSION & ANALYSIS** **For the nine months ended September 30, 2009** **(expressed in US dollars)**

### **Risks**

#### Financial Instrument Risk Exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

#### Credit Risk

The Company's only exposure to credit risk is on its cash and cash equivalents. Cash and cash equivalents are with a Canadian Schedule 2 bank. The Company has no asset-backed commercial paper.

#### Liquidity Risk

The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is invested in business accounts which are available on demand.

#### Market Risk

The Company's significant market risk exposures are interest rate risk and commodity pricing risk. The Company's bank account earns interest income at variable rates and accordingly there is moderate risk for interest rate fluctuation. The fair value of mineral property interests are impacted by current market conditions and world commodity prices and demand, particularly gold prices.

#### Exchange Risk

As at September 30, 2009, the majority of the Company's cash was held in Canada in Canadian dollars. The Company's significant operations are carried out in Peru. As a result a portion of the Company's cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities are denominated in United States Dollars and Peruvian Soles and are therefore subject to fluctuations in exchange rates.

### **Management of Capital**

The Company manages its cash, common shares and stock options as capital. 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 its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. The Company does not have any externally imposed capital requirements to which it is subject.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

# NEW OROPERU RESOURCES INC.

## **MANAGEMENT DISCUSSION & ANALYSIS** **For the nine months ended September 30, 2009** **(expressed in US dollars)**

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash treasury on deposit in an interest bearing Canadian chartered bank account.

The Company expects that its current capital resources will be sufficient to carry its exploration plans and operations through its current operating period.

### **Future accounting changes**

#### 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. A member of the Board of Directors has financial expertise and will be able to assist the company in addressing IFRS conversion. The Company is in the process of reviewing the impact and initial adoption alternatives available under IFRS standards. The Company is currently evaluating the requirements and will report further on its implementation plan which is expected to be more fully addressed in the 2010 fiscal year.

### **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 do 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.

# NEW OROPERU RESOURCES INC.

## MANAGEMENT DISCUSSION & ANALYSIS For the nine months ended September 30, 2009 (expressed in US dollars)

### 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 or 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 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.



# NEW OROPERU RESOURCES INC.

## **MANAGEMENT DISCUSSION & ANALYSIS** **For the nine months ended September 30, 2009** **(expressed in US dollars)**

### **Disclosure Controls and Procedures**

As required by Multilateral Instrument 52-109, 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 financial statements and to ensure that information used internally and disclosed externally is complete and reliable.

The Chief Executive Officer and Chief Financial Officer have designed the disclosure controls and procedures to provide reasonable assurance that material information relating to the Company, including its subsidiaries, is made known to them on a timely basis; and designed internal control over financial reporting to provide reasonable assurance regarding the reliability of the Company's financial reporting.

Canadian Generally Accepted Accounting Principles ("GAAP") for reporting issuers has become increasingly complex. Management continues to keep updated with changes and has reasonable expertise and experience in financial reporting including complex GAAP and disclosures. Despite this expertise there may still be adjustments at year end which are proposed by our independent auditors including and not limited to revisions to management prepared disclosures to conform with current best practices and requirements.

The board of directors has increased its oversight role in financial reporting over the past year. There have been no other significant changes in the Company's internal control over financial reporting during the period that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

### **Corporate Governance**

Management of the Company is responsible for the preparation and presentation of the interim and annual 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 financial statements and MD&A. Responsibility for the review and approval of the Company's unaudited interim 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 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.

### **Other**

Additional information about the Company may be found on the SEDAR website at [www.sedar.com](http://www.sedar.com).