

NEW OROPERU RESOURCES INC.

**Consolidated Financial Statements
December 31, 2008 and 2007
(Expressed in US dollars)**

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

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

The consolidated financial statements as at December 31, 2008 and 2007 and for the years then ended have been audited by Smythe Ratcliffe LLP, Chartered Accountants, and their report outlines the scope of their examination and gives their opinion on the consolidated financial statements.

"K. Wayne Livingstone"

K. Wayne Livingstone
President

Vancouver, British Columbia
March 24, 2009

AUDITORS' REPORT

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

We have audited the consolidated balance sheets of New Oroperu Resources Inc. (an exploration stage company) as at December 31, 2008 and 2007 and the consolidated statements of operations, shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2008 and 2007 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"Smythe Ratcliffe LLP" (signed)

Chartered Accountants

Vancouver, British Columbia
March 24, 2009

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

	2008	2007
Assets		
Current		
Cash and cash equivalents	\$ 767,844	\$ 1,312,041
Accounts receivable	12,059	1,875
Prepaid expenses	6,929	34,432
	786,832	1,348,348
Mineral Properties (note 4)	1,179,913	1,619,127
	\$ 1,966,745	\$ 2,967,475
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 58,201	\$ 65,124
Shareholders' Equity		
Capital Stock (note 5)	25,902,579	25,902,579
Contributed Surplus	504,090	310,617
Deficit	(24,498,125)	(23,310,845)
	1,908,544	2,902,351
	\$ 1,966,745	\$ 2,967,475

Approved by the Board:

"K. Wayne Livingstone"
 Director
 K. Wayne Livingstone

"Maynard E. Brown"
 Director
 Maynard E. Brown

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

	2008	2007
Expenses		
Consulting fees (note 5(c))	\$ 361,882	\$ 249,805
General and administration (note 5(c))	213,756	108,127
Legal and audit	45,754	56,353
Directors' committee fees	33,854	-
Property investigation and maintenance	26,133	42,408
Regulatory fees	10,457	2,832
Conferences	1,200	-
Loss Before Other Items	693,036	459,525
Other Items		
Write-down of mineral properties and investments (note 4)	318,225	390,690
Foreign exchange loss (gain)	204,399	(23,146)
Write-off of receivable	3,923	4,561
Interest income	(32,303)	(57,308)
	494,244	314,797
Net Loss and Comprehensive Loss for Year	\$ 1,187,280	\$ 774,322
Loss Per Share, Basic and Diluted	\$ 0.07	\$ 0.05
Weighted Average Number of Common Shares Outstanding	16,247,324	15,671,913

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

	Number of Shares	Capital Stock	Contributed Surplus	Deficit	Total Shareholders' Equity
Balance, December 31, 2006	15,503,574	\$ 25,733,946	\$ 189,882	\$ (22,536,523)	\$ 3,387,305
Net loss for year	-	-	-	(774,322)	(774,322)
Exercise of stock options	743,750	111,563	-	-	111,563
Contributed surplus on exercise of stock options	-	57,070	(57,070)	-	-
Stock-based compensation	-	-	177,805	-	177,805
Balance, December 31, 2007	16,247,324	25,902,579	310,617	(23,310,845)	2,902,351
Net loss for year	-	-	-	(1,187,280)	(1,187,280)
Stock-based compensation	-	-	193,473	-	193,473
Balance, December 31, 2007	16,247,324	\$ 25,902,579	\$ 504,090	\$ (24,498,125)	\$ 1,908,544

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

	2008	2007
Operating Activities		
Net loss	\$ (1,187,280)	\$ (774,322)
Items not involving cash		
Stock-based compensation (note 5(c))	193,473	177,805
Unrealized foreign exchange loss	146,875	423
Write-off of receivable	3,923	4,561
Write-down of mineral properties and investments	318,225	390,690
	(524,784)	(200,843)
Changes in non-cash working capital		
Accounts receivable	(14,107)	10,758
Prepaid expenses	27,503	(32,380)
Accounts payable and accrued liabilities	(6,923)	12,843
	6,473	(8,779)
Cash Used in Operating Activities	(518,311)	(209,622)
Investing Activities		
Expenditures on mineral properties	(54,011)	(76,614)
Proceeds from mineral property option	175,000	175,000
Cash Provided by Investing Activities	120,989	98,386
Financing Activity		
Common shares issued for cash	-	111,563
Foreign Exchange Effect on Cash	(146,875)	(423)
Decrease in Cash and Cash Equivalents	(544,197)	(96)
Cash and Cash Equivalents, Beginning of Year	1,312,041	1,312,137
Cash and Cash Equivalents, End of Year	\$ 767,844	\$ 1,312,041
Represented by		
Cash	\$ 29,613	\$ 202,529
Bankers' acceptance notes	738,231	1,109,512
	\$ 767,844	\$ 1,312,041
Supplemental Cash Flow Information		
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -
Write-off of investment	\$ -	\$ 2

NEW OROPERU RESOURCES INC.
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
Years Ended December 31, 2008 and 2007
(Expressed in US dollars)

1. ORGANIZATION AND NATURE OF OPERATIONS

New Oroperu Resources Inc. (the "Company") was incorporated under the laws of British Columbia on October 12, 1994. The Company is in the business of 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 in the immediate or foreseeable future. As at December 31, 2008, the Company has an accumulated deficit of \$24,498,125 (2007 - \$23,310,845) and incurred a loss of \$1,187,280 for the year then ended (2007 - \$774,322). 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 mineral properties, confirmation of the Company's interests in the underlying properties and the attainment of profitable operations. Management believes the Company has sufficient working capital and cash reserves to maintain current levels of operations and continue as a going concern.

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. SIGNIFICANT ACCOUNTING POLICIES

The Company prepares its financial statements in accordance with Canadian generally accepted accounting principles ("GAAP") which are presented in US dollars.

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

(a) Basis of consolidation

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

<u>Name</u>	<u>Country of Incorporation</u>
S.A. Mining Ventures Ltd.	Bahamas
Minera Angelica S.A.C.	Peru
Angelica Mining Inc.	Bahamas
T.C. Mining Inc.	Bahamas
687211 B.C. Ltd.	Canada (British Columbia)
Aurifera Tres Cruces S.A.	Peru

All intercompany balances and transactions have been eliminated on consolidation.

NEW OROPERU RESOURCES INC.
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
Years Ended December 31, 2008 and 2007
(Expressed in US dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Cash and cash equivalents

The Company considers deposits that are highly liquid, readily convertible to known amounts of cash, redeemable on demand and have original maturities of less than three months from the date of purchase to be cash equivalents. Interest income on the bank note is recorded as earned on the accrual basis at the stated rate of interest over the term of the investment.

(c) Mineral properties

The Company capitalizes all costs related to investments in mineral property interests on a property-by-property basis. Such costs include mineral property acquisition costs and exploration and development expenditures, net of any recoveries. Costs are deferred until such time as the extent of mineralization has been determined and mineral property interests are either developed and then depleted over the useful lives of the properties upon commencement of commercial production, or the Company's mineral rights are abandoned or allowed to lapse at which time they are written off. Costs to investigate new mineral properties where no acquisition is completed are expensed when incurred.

All deferred mineral property expenditures are reviewed, at least annually, on a property-by-property basis to consider whether there are any events or changes in circumstances that may indicate impairment. When the carrying value of a property exceeds its net recoverable amount that may be estimated by quantifiable evidence of an economic geological resource or reserve, joint venture expenditure commitments or the Company's assessment of its ability to sell the property for an amount exceeding the deferred costs, or if it does not anticipate future work on the property for a period of three years, a provision is made for the impairment in value.

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

(d) Asset retirement obligations ("ARO")

The Company recognizes an estimate of the liability associated with an ARO in the financial statements at the time the liability is incurred. The estimated fair value of the ARO is recorded as a long-term liability, with a corresponding increase in the carrying amount of the related asset. The capitalized amount will be depleted on a straight-line basis over the estimated life of the asset. The liability amount is increased each reporting period due to the passage of time and the amount of accretion is charged to earnings in the period. The ARO can also increase or decrease due to changes in the estimates of timing of cash flows or changes in the original estimated undiscounted cost. Actual costs incurred upon settlement of the ARO are charged against the ARO to the extent of the liability recorded. As at December 31, 2008, the Company has determined that it has no material AROs.

NEW OROPERU RESOURCES INC.
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
Years Ended December 31, 2008 and 2007
(Expressed in US dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Foreign currency translation

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

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

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

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

(h) Stock-based compensation

The Company has a stock option plan that is described in note 5(b). The Company accounts for stock-based compensation using a fair value based method with respect to all stock-based payments measured and recognized, to directors, employees and non-employees. For directors and employees, the fair value of the options is measured at the date of grant. For non-employees, the fair value of the options is measured on the earlier of the date at which the counterparty performance is completed or the date the performance commitment is reached or the date at which the equity instruments are granted if they are fully vested and non-forfeitable.

NEW OROPERU RESOURCES INC.
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Stock-based compensation (continued)

The fair value of the options is accrued and charged to operations, with the offset credit to contributed surplus. For directors and employees, the options are recognized over the vesting period, and for non-employees the options are recognized over the related service period. If and when the stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to capital stock.

(i) Use of estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of estimates include the net recoverable amount of mineral properties, determination of AROs and accrued liabilities, the variables used in the calculation of fair value of stock-based compensation and determination of valuation allowance for future income tax assets. Management has determined that the estimates are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows.

(j) Non-monetary transactions

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

(k) Related party transactions

All monetary transactions occurring with related parties in the normal course of operations are measured at the exchange value, being the amount agreed upon between the related parties. Non-monetary transactions in the normal course of operations that have commercial substance and do not involve the exchange of property or product held for sale are also measured at the exchange value. All other related party transactions are valued at their carrying value.

(l) Financial instruments and comprehensive income

All financial instruments are classified as one of the following: held-to-maturity, loans and receivables, held-for-trading, available-for-sale or other financial liabilities. Financial assets and liabilities held-for-trading are measured at fair value with gains and losses recognized in net loss. Financial assets held-to-maturity, loans and receivables, and other financial liabilities are measured at amortized cost using the effective interest method. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) and reported in shareholders' equity. Any financial instrument may be designated as held-for-trading upon initial recognition.

Transaction costs that are directly attributable to the acquisition or issue of financial instruments that are classified as other than held-for-trading, which are expensed as incurred, are included in the initial carrying value of such instruments and amortized using the effective interest method.

NEW OROPERU RESOURCES INC.
(An Exploration Stage Company)
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Years Ended December 31, 2008 and 2007
(Expressed in US dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Financial instruments and comprehensive income (continued)

Comprehensive income or loss is defined as the change in equity from transactions and other events from sources other than the Company's shareholders. Other comprehensive income or loss refers to items recognized in comprehensive income or loss that are excluded from operations calculated in accordance with Canadian GAAP.

The Company has no items of other comprehensive income or loss in any period presented. Therefore, net loss as presented in the Company's statements of operations equals comprehensive loss.

(m) Changes in accounting policies

On January 1, 2008, the Company adopted the following provisions of the CICA Handbook. There was no material impact on the Company's financial condition or operating results as a result of the adoption of these new standards:

- (i) Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments – Disclosures and Presentation, revising its disclosure requirements and carrying forward its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

Section 3862 specifies disclosures that enable users to evaluate: (i) the significance of financial instruments for the entity's financial position and performance; and (ii) the nature and extent of risks arising from financial instruments to which the entity is exposed and how the entity manages those risks.

As a result of the adoption of these standards, additional disclosures on the risks of certain financial instruments have been included in note 3.

- (ii) Section 1535, Capital Disclosures, establishes standards for disclosing information about an entity's capital and how it is managed (see note 8). Under this standard, the Company will be required to disclose the following:
- qualitative information about its objectives, policies and procedures for managing capital;
 - summary quantitative data about what it manages as capital;
 - whether during the period it complied with any externally imposed capital requirement to which it is subject; and
 - when the Company has not complied with such externally imposed capital requirements, the consequences of such non-compliance.
- (iii) Section 1400, General Standards of Financial Statement Presentation, to include requirements for management to assess and disclose an entity's ability to continue as a going concern (see note 1).

NEW OROPERU RESOURCES INC.
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
Years Ended December 31, 2008 and 2007
(Expressed in US dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Future accounting changes

(i) 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 GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that January 1, 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The IFRS standards will be effective for interim and annual financial statements commencing January 1, 2011. The effective date will require the restatement for comparative purposes of amounts reported by the Company for interim periods and for the year ended December 31, 2010. The Company has begun assessing the adoption of IFRS for 2011, but at this time the financial reporting impact of the transition to IFRS cannot be reasonably estimated. During the 2009 fiscal year the Company will further evaluate the requirements and report on its implementation plan, which is expected to be fully addressed in the 2010 fiscal year.

(ii) Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

In January 2009, the Emerging Issues Committee ("EIC") of the CICA issued EIC-173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities, which clarifies that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and liabilities, including derivative instruments. EIC-173 is to be applied retrospectively without restatement of prior periods in interim and annual financial statements for periods ending on or after the date of issuance of EIC-173. The Company will adopt this recommendation in its fair value determinations effective January 1, 2009 and is currently assessing the impact of this change on its consolidated financial statements.

(iii) Mining Exploration Costs

In March 2009, the EIC issued EIC-174, Mining Exploration Costs, which provides guidance on capitalization of exploration costs related to mining properties. It also provides guidance for development and exploration stage entities that cannot estimate future cash flows from its properties in assessing whether impairment in such properties is required. EIC-174 also provides additional discussion on recognition for long-lived assets. The Company will adopt this recommendation in its fair value determinations during its first quarter ended March 31, 2009 and is currently assessing the impact of this change on its consolidated financial statements.

NEW OROPERU RESOURCES INC.
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
Years Ended December 31, 2008 and 2007
(Expressed in US dollars)

3. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company has designated its cash and cash equivalents as held-for-trading; accounts receivable as loans and receivables, and accounts payable and accrued liabilities as other financial liabilities.

(a) Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities. The Company's risk exposure and the impact on the financial instruments are summarized below.

(b) Fair value

The carrying values of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities approximate their fair values due to their short-term nature.

(c) Credit risk

The Company is exposed to credit risk with respect to its cash and cash equivalents. The Company manages credit risk, in respect of cash and cash equivalents, by purchasing highly liquid, short-term bankers' acceptance notes held at a major Canadian financial institution. With regards to amounts receivable, the Company is not exposed to significant credit risk as they are due from governmental agencies.

(d) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in obtaining funds to meet commitments. 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. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company has sufficient cash and cash equivalents at December 31, 2008 in the amount of \$767,844 in order to meet short-term business requirements. At December 31, 2008, the Company had accounts payable and accrued liabilities of \$58,201 (2007 - \$65,124), which will be paid in fiscal 2009.

(e) Market risk

The Company's significant market risk exposures are interest rate risk, foreign currency risk and price risk.

(i) Interest rate risk

The Company's cash and cash equivalents consists of cash held in bank accounts and bankers' acceptance notes that earn interest at variable interest rates. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of December 31, 2008. The Company manages interest rate risk by maintaining an investment policy that focuses primarily on preservation of capital and liquidity.

NEW OROPERU RESOURCES INC.
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
Years Ended December 31, 2008 and 2007
(Expressed in US dollars)

3. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

(e) Market risk (continued)

(ii) Foreign currency risk

The Company's functional and reporting currency is the US dollar. The Company translates the results of Canadian and foreign operations into US dollars. The Company's reported earnings are therefore subject to exchange rate fluctuations each year.

The Company is exposed to foreign currency risk as monetary financial instruments are denominated in Canadian dollars.

As at December 31, 2008, the majority of the Company's cash was held in Canada in Canadian dollars. Cash held in Canada and Peru in US dollars was \$15,031 at December 31, 2008 (2007 - \$78,296). A portion of the Company's cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities are denominated in Canadian dollars, the value of which is subject to fluctuation in exchange rates.

At December 31, the Company is exposed to currency risk as follows:

	Cdn
Cash and cash equivalents	\$ 916,946
Accounts receivable	14,893
Accounts payable and accrued liabilities	(43,272)
Net foreign exposure	\$ 888,567

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

Based on the above net foreign currency exposure as at December 31, 2008, and assuming all other variables remain constant, a 10% weakening or strengthening of the US dollar against the Canadian dollar would result in an increase/decrease of \$109,354 in the Company's loss.

(iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign currency risk. The fair value of mineral property interests are impacted by current market conditions and world commodity prices and demand, particularly gold prices. The Company's operations are not exposed to commodity price risk as it is in the exploration stage; however, the ability of the Company to complete future financing may be affected.

NEW OROPERU RESOURCES INC.
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
Years Ended December 31, 2008 and 2007
(Expressed in US dollars)

4. MINERAL PROPERTIES

	Tres Cruces (note 4(a))	Estrella (note 4(b))	Other Mineral Properties (note 4(c))	Total
Balance, December 31, 2006	\$ 1,529,908	\$ 578,289	\$ 4	\$ 2,108,201
Deferred expenditures				
Project management	-	72,387	-	72,387
Geology/geophysical	-	4,227	-	4,227
Expenditures for the year	-	76,614	-	76,614
	1,529,908	654,903	4	2,184,815
Write-down	-	(390,688)	-	(390,688)
Option payment received	(175,000)	-	-	(175,000)
Balance, December 31, 2007	1,354,908	264,215	4	1,619,127
Deferred expenditures				
Project management	-	54,011	-	54,011
	1,354,908	318,226	4	1,673,138
Write-down	-	(318,225)	-	(318,225)
Option payment received	(175,000)	-	-	(175,000)
Balance, December 31, 2008	\$ 1,179,908	\$ 1	\$ 4	\$ 1,179,913

(a) Tres Cruces Project, Peru

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

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

All exploration expenditures will be payable by Barrick until a production decision is made. Upon making a production decision, Barrick must pay the Company a \$1,000,000 advance royalty, and following such production decision, the Company, through Aurifera, would retain a 30% interest subject to certain payback provisions, and would also retain a 2% royalty interest.

NEW OROPERU RESOURCES INC.
(An Exploration Stage Company)
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4. MINERAL PROPERTIES (Continued)

(b) Estrella Project, Peru

In January 2006, the Company acquired 100% of the 1,800-hectare Estrella Project in Peru. In February 2006, the Company entered into an agreement for an option to purchase an additional 300-hectare mineral claim in the area adjacent to its Estrella property interest. At December 31, 2006, the Company abandoned this option and, accordingly, wrote-off the related acquisition costs of \$30,958.

In 2007, the project's value was written down by \$390,688 as a result of an asset impairment review by management. The Company spent \$54,011 on administration and property maintenance during the year ended December 31, 2008 (2007 - \$72,387). In 2008, in accordance with GAAP guidelines for dormant mineral projects, the project's value was further written down to \$1, and the Company recorded a \$318,225 write-down expense for the year.

(c) Other mineral properties

The Company owns a 100% interest in three separate mineral properties located in various regions of Peru known as Angelica, Trucha Dorada and El Espigon, which in fiscal 2003 were written down to a nominal value of \$1 each.

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

The aggregate carrying value of the Angelica, Trucha Dorada, El Espigon and Ontario leases is \$4.

(d) Investment in other mineral property interests

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

(e) Title to mineral property interests

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

(f) Realization of assets

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

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

NEW OROPERU RESOURCES INC.
(An Exploration Stage Company)
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4. MINERAL PROPERTIES (Continued)

(f) Realization of assets (continued)

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.

(g) Environmental

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions.

If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the property may be diminished or negated.

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

5. CAPITAL STOCK

(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 3,100,714 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.

NEW OROPERU RESOURCES INC.
(An Exploration Stage Company)
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5. CAPITAL STOCK (Continued)

(b) Stock options (continued)

A summary of the status of the Company's stock options at December 31, 2008 and 2007 and changes during the years then ended is as follows:

	2008		2007	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding, beginning of year	1,755,000	\$ 0.49	1,413,750	\$ 0.26
Granted	65,000	\$ 1.00	1,085,000	\$ 0.55
Exercised	-	\$ -	(743,750)	\$ (0.15)
Outstanding, end of year	1,820,000	\$ 0.50	1,755,000	\$ 0.49
Options exercisable, end of year	1,787,500	\$ 0.49	1,212,500	\$ 0.46

Stock options outstanding at December 31, 2008 are as follows:

Number of Options		Exercise Price	Expiry Date	Weighted Average Contractual Life of Options Outstanding in Years
Outstanding	Exercisable			
670,000	670,000	\$ 0.38	February 3, 2011	2.09
1,085,000	1,085,000	\$ 0.55	June 29, 2012	3.50
65,000	32,500	\$ 1.00	January 29, 2013	4.08
1,820,000	1,787,500			3.00

(c) Stock-based compensation

In 2008, the Company recognized stock-based compensation of \$193,473 (2007 - \$177,805) related to stock options granted. Included in consulting fees is \$154,367 (2007 - \$177,805), and \$39,106 (2007 - \$nil) is included in general and administration. There is Cdn \$16,877 (2007 - Cdn \$164,432) in unrecognized stock-based compensation, which will be recognized in future periods as the options vest.

NEW OROPERU RESOURCES INC.
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
Years Ended December 31, 2008 and 2007
(Expressed in US dollars)

5. CAPITAL STOCK (Continued)

(c) Stock-based compensation (continued)

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

	2008	2007
Grant date fair value	\$0.89	\$0.30
Risk-free interest rate	3.32%	4.66%
Expected option life in years	5	3
Annual volatility	90.86%	82.52%
Dividend rate	-	-

6. INCOME TAXES

As at December 31, 2008, the Company has non-capital losses of approximately \$898,200 that may be applied against future income for Canadian and Peruvian income tax purposes. The potential future tax benefit of these losses has not been recorded in these financial statements. The losses expire as follows:

2009	\$	63,000
2010		125,000
2011		800
2012		400
2014		120,000
2015		81,000
2026		194,000
2027		107,000
2028		207,000
	\$	898,200

Significant components of the Company's future tax assets and liabilities are as follows:

	2008	2007
Future income tax assets		
Tax value in excess of book value of equipment	\$ 893	\$ 1,453
Tax value in excess of book value of mineral properties	133,197	44,216
Non-capital losses carried forward	233,238	291,358
	367,328	337,027
Valuation allowance	(367,328)	(337,027)
	\$ -	\$ -

NEW OROPERU RESOURCES INC.
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
Years Ended December 31, 2008 and 2007
(Expressed in US dollars)

6. INCOME TAXES (Continued)

The reconciliation of income tax provision computed at the Canadian statutory tax rate of 31% (2007 - 34.12%) to the reported income tax provision is as follows:

	2008	2007
Income tax benefit computed at Canadian statutory rates	\$ 368,057	\$ 264,199
Foreign tax rates different from statutory rates	(60,119)	(55,370)
Stock-based compensation	(59,977)	(60,667)
Foreign exchange	(63,654)	(8,611)
Unrecognized tax losses	(184,307)	(139,551)
	\$ -	\$ -

7. RELATED PARTY TRANSACTIONS

(a) The following services were provided to the Company by companies with common directors or officers, or by directors or officers for the years ended December 31, 2008 and 2007:

	2008	2007
Consulting	\$ 193,947	\$ 72,000
General and administration	62,930	45,433
Committee consulting fees	33,854	-
	\$ 290,731	\$ 117,433

(b) At December 31, 2008, there was \$nil (2007 - \$10,526) in outstanding amounts payable due to related parties. These amounts are unsecured, non-interest bearing and payable under normal business terms.

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

8. MANAGEMENT OF CAPITAL

The Company manages its common shares, stock options and warrants as capital (see note 5). There has been no change in the nature of the Company's capital during the year ended December 31, 2008. 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 is not subject to any externally imposed capital maintenance requirements.

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 attempt to issue new shares, issue debt, acquire or dispose of assets.

NEW OROPERU RESOURCES INC.
(An Exploration Stage Company)
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8. MANAGEMENT OF CAPITAL (Continued)

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

Management believes current capital resources will be sufficient to support and maintain planned exploration and operations for the foreseeable future.

9. SEGMENTED DISCLOSURE

The Company has one operating segment, mineral exploration and development. Of the Company's assets, an amount totaling \$1,185,842 (2007 - \$1,619,126) is located in Peru and \$780,903 (2007 - \$1,348,349) is located in Canada.

NEW OROPERU RESOURCES INC.

MANAGEMENT DISCUSSION & ANALYSIS For the year ended December 31, 2008 (expressed in US dollars)

General

This Management's Discussion and Analysis of New Oroperu Resources Inc. (the "Company" or "Oroperu") has been prepared by management as of April 15, 2009 in accordance with Canadian generally accepted accounting principles and should be read in conjunction with the audited consolidated financial statements and notes for the fiscal year ended December 31, 2008.

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. Barrick recently reported that Lagunas Norte produced over 1,000,000 oz/gold per year for the second year in a row, and reported in its third quarter that it was on track to exceed a 1 million oz/gold production level 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 December 31, 2008 was \$767,844, and with all the proposed exploration expenditures on the Tres Cruces project being covered by Barrick under its option agreement with the Company, the Company's current cash position is sufficient to meet its projected exploration and corporate needs for the year. New Oroperu's working capital position at December 31, 2008 was \$728,631.

NEW OROPERU RESOURCES INC.

MANAGEMENT DISCUSSION & ANALYSIS For the year ended December 31, 2008 (expressed in US dollars)

The Company recognizes the serious 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. These conditions are expected to persist for at least another year. 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.

Tres Cruces Project

The 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 2007 Barrick significantly increased its level of exploration activity at Tres Cruces. In early 2007, Barrick completed a 5,773 m. diamond drill program on the Tres Cruces Project which was reported by the Company in its August 8, 2007 News Release. This program encountered better grades and also extended mineralization beyond the historical resources. Following the diamond drilling Barrick initiated reverse circulation drilling for the purpose of in-fill drilling and testing the limits of the existing mineralization, as well as some condemnation drilling. In addition, a program of geotechnical drilling was completed comprising 3,925 m. in 20 holes. In 2007 Barrick drilled a total of 24,462 meters. Current total drilling on the project from discovery is about 72,000 meters.

Some of the deep holes completed by Barrick in 2007 encountered gold and silver mineralization as deep as 350 m. before technical difficulties caused termination of the hole. There is potential for deeper mineralization within the Tres Cruces low sulphidation system such as high grade feeder zones known to exist elsewhere in this type of deposit.

Barrick has also completed an IP survey and is planning, concurrent with further definition and condemnation drilling, to test any new geophysical targets. The permitting for this additional drilling has been completed.

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 received from Barrick.

There has been little drilling activity on the Tres Cruces project in the past year. Several holes have been drilled for metallurgical and engineering purposes. Work on baseline environmental studies is still in progress.

Other Mineral Properties

In 2008 we incurred costs of \$54,011 maintaining our Estrella property in Peru. No field work was conducted in the year.

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.

NEW OROPERU RESOURCES INC.

MANAGEMENT DISCUSSION & ANALYSIS

For the year ended December 31, 2008

(expressed in US dollars)

We 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, 2008 was \$1,187,280 (2007 - \$774,322). Non-cash stock compensation expense related to the vesting of stock options issued during the past year accounted for \$193,473 (2007 - \$177,805) of the loss. We incurred expenditures of \$54,011 (2007 - \$76,614) 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 year and the foreign exchange loss of \$204,399 was the result of the sharp decline in the Canadian dollar in the latter part of the year. The Company paid a CAD\$75,000 consulting fee compensation adjustment during the year to a related party.

The stock option compensation expense of \$193,473 was allocated to Consulting Fees (\$154,367) and General and Administration (\$39,106) on a pro rata basis, based on whether the related stock options were for consultants or contractors to the Company.

We continued to invest our surplus cash resources in low-risk bankers' acceptance note securities, earning \$32,303 interest income for the year (2007 - \$57,308). In 2008 our surplus cash was invested in Canadian dollars. We continue to hold most of our cash in Canadian dollars.

Barrick continues to cover all project costs associated with the Tres Cruces project, and during the year paid the Company its annual \$250,000 payment (2007 - \$250,000) (note: \$175,000 net after Peru withholding taxes) to maintain its option for the year. This amount was offset against mineral property costs.

Selected Annual Information

Selected annual information from the audited financial statements for the years ended December 31, 2008, 2007 and 2006

	2008	2007	2006
Loss before other items	\$693,036	\$ 459,525	\$ 485,850
Loss for the year	1,187,280	774,332	372,507
Basic and diluted loss per share	0.07	0.05	0.02
Total assets	1,966,745	2,967,475	3,439,586
Total liabilities	58,201	65,124	52,281
Total shareholders' equity	1,908,544	2,902,351	3,387,305

Summary of Quarterly Results

Results for the eight most recent quarters ending with the last quarter ending December 31, 2008:

For the quarterly periods Ending on	Dec. 31 2008	Sept 30 2008	June 30 2008	Mar. 31 2008
Loss (income) for the quarter	675,564	165,111	235,880	110,725
Basic loss (earnings) per share	0.04	0.01	0.01	0.01
For the quarterly periods Ending on	Dec. 31 2007	Sept. 30 2007	June 30 2007	Mar. 31 2007
Loss (income) for the period	509,833	61,448	161,462	41,589
Basic loss (earnings) per share	0.02	0.01	0.01	0.01

NEW OROPERU RESOURCES INC.

MANAGEMENT DISCUSSION & ANALYSIS

For the year ended December 31, 2008

(expressed in US dollars)

The Company's net loss for the quarter ended December 31, 2008 was \$675,564 (2007 - \$509,833), with foreign exchange losses of \$127,449 and Estrella mineral property writedown of \$318,225 contributing to most of the loss. The Company kept the majority of its cash in Canadian dollars and foreign exchange loss was the result of the sharp decline in the Canadian dollar in the quarter. The Company recorded non-cash expense of \$90,555 for stock based compensation during the quarter, which included an adjustment to stock based compensation expense for the year.

Quarterly interest income decreased from \$15,120 to \$4,801 compared to last year, due to lower interest rates and lower cash balances in the Company.

Administration and property maintenance costs in Peru were \$13,778 for the quarter (2007-\$17,276) and are expected to remain consistent over the next year.

Liquidity

Oroperu's cash and cash equivalents decreased by \$544,197 since December 31, 2007. In the past 12 months Oroperu's sources of cash were from:

- \$175,000 net from Barrick property option payment
- \$32,303 in interest income

The Company's total cash position at December 31, 2008 was \$767,844 (2007 - \$1,312,041), sufficient to meet property maintenance and corporate needs for the ensuing year. At the end of the year the Company held all but \$9,101 of its cash in Canadian dollars. New Oroperu's working capital position at December 31, 2008 was \$728,631 (2007 - \$1,283,224).

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		

NEW OROPERU RESOURCES INC.

MANAGEMENT DISCUSSION & ANALYSIS For the year ended December 31, 2008 (expressed in US dollars)

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	\$	193,947
Directors committee fees		33,854
General and administration		<u>62,930</u>
Total	\$	290,731

At December 31, 2008, there was \$nil in outstanding amounts payable to related parties.

In the first quarter of 2008 the Company approved management and consulting service contracts to:

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

In the first quarter of 2008, two of the Company's directors were appointed to a directors committee. Their compensation while serving on the committee is \$1,500 CAD each per month.

During the second quarter the Company paid a lump sum \$75,000 CAD payment as a consulting fee compensation adjustment to a company owned by the president of the Company.

Changes in Accounting Policies

On January 1, 2008, the Company adopted the following provisions of the Canadian Institute of Chartered Accountants ("CICA") Handbook. There was no material impact on the Company's financial condition or operating results as a result of the adoption of these new standards:

(a) Section 3862 – Financial Instruments – Disclosures, which replaces Section 3861, provides expanded disclosure requirements that provide additional detail by financial asset and liability categories.

(b) Section 3863 – Financial Instruments – Presentation, to enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows.

(c) Section 1535 – Capital Disclosures, which establishes standards for disclosing information about an entity's capital and how it is managed. Under this standard, the Company will be required to disclose the following:

- qualitative information about its objectives, policies and processes for managing capital;
- summary quantitative data about what it manages as capital;
- whether during the period it complied with any externally imposed capital requirement to which it is subject; and
- when the Company has not complied with such externally imposed capital requirements, the consequences of such non-compliance.

NEW OROPERU RESOURCES INC.

MANAGEMENT DISCUSSION & ANALYSIS **For the year ended December 31, 2008** **(expressed in US dollars)**

(d) Section 1400 – General Standards of Financial Statement Presentation, to include requirements for management to assess and disclose an entity's ability to continue as a going concern.

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 with a \$20 million counterparty credit limit. 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, 2008, 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, stock options and warrants 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 year ended December 31, 2008** **(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. During the 2009 fiscal year the Company will further evaluate the requirements and 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 year ended December 31, 2008 (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 all manner of risks. Additionally, few exploration projects successfully achieve development due to factors that cannot be predicted or foreseen. Moreover, even one such factor may result in the economic viability of a project being detrimentally impacted such that it is not feasible or practical to proceed.

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

Metal Prices

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

Political Risk

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

Environmental

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

NEW OROPERU RESOURCES INC.

MANAGEMENT DISCUSSION & ANALYSIS For the year ended December 31, 2008 (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 consolidated subsidiary, 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.