

NEW OROPERU RESOURCES INC.

**CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001**

(AUDITED)

P.O. Box 48778, Bentall Centre
Vancouver, British Columbia
V7X 1A6

New Oroperu Resources Inc.

LETTER TO SHAREHOLDERS

(all figures in US dollars)

May 13, 2002

Over the past year the price of gold seems to have finally bottomed out as it intermittently peaked around \$300 per ounce. On these movements there was some renewed interest in gold stocks in the market but only recently has this interest been significant, with gold reaching and staying over \$300 per ounce.

Oroperu's (the "Company") main asset is its 50% interest in the Tres Cruces project. Over \$6 million has been expended on the project to date, by the initial joint venture and by Battle Mountain Gold. The geological resource indicated by pit optimization by Battle Mountain Gold was 1,650,000 oz. gold, at 65% recovery from sulphide ore and 80% recovery from oxide ore. This resource is located in four zones which have not been limited by the most recent drilling. Additionally, the property has areas of exploration potential which are adjacent to the existing drilling, as well as other exploration targets. Recently, Barrick Gold announced the discovery of a 3,500,000 oz. gold deposit located about 20 km from Tres Cruces, hosted in Tertiary Calpuy volcanic rocks similar to our Tres Cruces deposit. All of this is encouraging news for our project and the Company is presently negotiating with Pan American Silver Corp., the owner of the other 50% of the Tres Cruces project, for the purpose of further advancing exploration of the property.

In 2000 Oroperu sold its Nueva Condor mine in Peru, retaining a 20% interest and receivables of over \$4.3 million. However low lead and zinc prices have continued to make financing of the Nueva Condor underground mine difficult. Consequently, Oroperu has management decided to take a full write-down of these receivables in 2001. The Company will continue to monitor the situation regarding Nueva Condor in the event that a balance sheet re-valuation becomes warranted.

The Company recently announced a pending \$120,000 private placement. Completion of this financing will allow the Company to replenish a basic level of working capital so we can prepare to seek a more senior financing and a listing on the new TSX Venture Exchange.

The Company thanks its directors for their continued support and especially the shareholders who continued to give moral support during some of the darker moments in recent gold prices.

Thank you for your patience and support.

ON BEHALF OF THE BOARD OF DIRECTORS

"K. Wayne Livingstone"

K. Wayne Livingstone
President

New Oroperu Resources Inc.

2001 Annual Report - Management's Discussion and Analysis of Financial Results *(all figures in US dollars)*

New Oroperu Resources Inc., formerly Oroperu Resources Inc. (the "Company") is a North American based mineral exploration company with assets focused in Peru. In 2001 no exploration activities were conducted, while the Company maintained ownership of its properties and sought financing to replenish its working capital.

The Company continues to hold a 50% interest in the Tres Cruces property, a gold exploration property in north central Peru. This asset is represented on the Company's balance sheet as a \$500,000 "Investment in Aurifera". No expenditures were made on the property in 2001 or 2000.

At December 31, 2001 continued to carry its investment of \$1,488,154 in three 100%-owned mineral properties in Peru. In 2000, the Company relinquished its option on the El Toro property and wrote off its investment (\$1,313,375).

The Company's consolidated net operating loss for 2001 was \$203,911 (2000-\$2,257,315). Operating costs were dramatically lower compared to the previous year, primarily due to the absence of costs related to Nueva Condor in 2001.

In 2001 the Company wrote down its \$4,300,000 advance receivable (relating to the sale of its Nueva Condor assets in 2000) to \$1. It also wrote down other accounts receivable totalling \$308,566 due to its Peru subsidiary from Nueva Condor. In 2000 the Company had sold an 80% interest in its wholly owned subsidiaries, Nuevo Condor Inc. and Nueva Condor S.A. which owned the Nueva Condor mine and property in Peru, and reduced its carrying value of the Nueva Condor assets to \$1. Under the terms of the sale the Company retained a \$4,300,000 advance receivable from the subsidiaries, which would be converted into an equity interest in Nueva Condor if that company was successfully re-capitalized by its new owners. Given that almost two years have elapsed since the sale and no recapitalization has occurred, management determined that full writedowns, without surrendering any rights of recovery, were appropriate.

In 2000 the Company reported an extraordinary gain of \$7,607,755 from the disposal of the Nuevo Condor subsidiaries. During 2001 the Company corrected a \$250,000 error in the calculation of this gain, and noted in the attached financial statements that the 2000 financial results have been restated. Also in 2001 the Company recorded \$180,000 in liabilities of Nuevo Condor for mine closing costs that had not been recorded in the 2000 books of Nuevo Condor. These liabilities were settled in the Company's June 2001 shares for debt plan.

In June 2001 the Company completed a name change to New Oroperu Resources Inc. and consolidated its shares on a 1 new-for-10 old-basis. On June 13, 2001 the Company issued 2,016,592 post-consolidated shares to complete \$1,057,429 of shareholder-approved shares-for-debt settlements, significantly reducing its total liabilities.

The Company's working capital deficiency at December 31, 2001 improved to \$(618,835) (2000-\$742,564) due primarily to the shares for debt settlement plan and lower administrative costs during the year.

Subsequent to the year-end, the Company announced a \$120,000 private placement consisting of 1,200,000 common shares at \$0.10 each, and a \$150,500 shares for debt settlement of 1,003,333 common shares at \$0.15 each. The completion of the private placement is subject to closing by May 31, 2002. Proceeds from the private placement will be for general working capital.

Also subsequent to the year-end, the Company granted stock options for the purchase of up to 1,000,000 common shares at an exercise price of \$0.15 per share for a period of 5 years from

the date the Company's shares are quoted on a stock exchange or trading market acceptable to the Company. Should such listing or quotation not occur by April 30, 2003, the options will expire on that date.

NEW OROPERU RESOURCES INC.
(formerly OROPERU RESOURCES INC.)
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000

G. Ross McDonald*

Chartered Accountant

*Denotes incorporated professional

Suite 1402, 543 Granville Street
Vancouver, B.C. V6C 1X8
Tel: (604) 685-8646
Fax: (604) 684-6334

AUDITOR'S REPORT

TO THE SHAREHOLDERS OF NEW OROPERU RESOURCES INC.

I have audited the consolidated balance sheets of New Oroperu Resources Inc. (formerly Oroperu Resources Inc.) as at December 31, 2001 and 2000 and the consolidated statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards in Canada. Those standards require that I 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 my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2001 and 2000 and the results of its operations and its cash flows for the years then ended in accordance with generally accepted accounting principles in Canada.

"G. Ross McDonald" (signed)

G. Ross McDonald
Chartered Accountant

Vancouver, Canada
May 13, 2002

NEW OROPERU RESOURCES INC.

(formerly OROPERU RESOURCES INC.)

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

For the Years Ended December 31, 2001 and 2000

(expressed in U.S. dollars)

	2001	2000
		(restated-Note 4)
REVENUE		
Mining	\$ -	\$ 50,361
Other	5,708	313,284
	5,708	363,645
EXPENSES		
Consulting fees	72,859	154,000
General and administration	51,688	41,545
Interest expense	35,566	545,027
Legal and audit	23,773	313
Bad debts	18,224	-
Amortization	8,778	1,377,486
Shareholder communications	4,936	6,021
Travel	1,383	38,787
Mining operations	-	403,707
Salaries and support services	-	47,535
Office rent	-	4,085
Foreign exchange	(7,588)	2,454
	209,619	2,620,960
LOSS BEFORE THE FOLLOWING	(203,911)	(2,257,315)
Write-down of accounts receivable (Note 4)	(308,566)	-
Write-down of advances receivable (Note 4)	(4,299,999)	-
Write-off of mineral properties and deferred exploration costs (Note 5)	-	(1,313,375)
Gain (loss) on disposal of subsidiaries (Note 4)	(180,000)	7,607,755
NET INCOME (LOSS) FOR THE YEAR	(4,992,476)	4,037,065
DEFICIT, BEGINNING OF YEAR, as previously reported	(14,824,691)	(18,861,756)
Correction of gain on disposal of subsidiaries (Note 4)	(250,000)	-
DEFICIT, BEGINNING OF YEAR, as restated	(15,074,691)	(18,861,756)
DEFICIT, END OF YEAR	\$ (20,067,167)	\$ (14,824,691)
EARNINGS (LOSS) PER SHARE	\$ (1.11)	\$ 0.12

NEW OROPERU RESOURCES INC.
(formerly OROPERU RESOURCES INC.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2001 and 2000
(expressed in U.S. dollars)

	2001	2000
		(restated-Note 4)
CASH PROVIDED BY (USED FOR)		
OPERATING ACTIVITIES		
Net income (loss) for the year	\$ (4,992,476)	\$ 4,037,065
Items not involving cash		
Amortization	8,778	1,377,486
Write-down of accounts receivable	308,566	-
Write-down of advances receivable	4,299,999	-
Write-off of mineral properties and deferred exploration costs	-	1,313,375
(Gain) loss on disposal of subsidiaries	180,000	(7,607,755)
	(195,133)	(879,829)
Net changes in non-cash working capital items		
Accounts receivable	17,894	(66,196)
Prepaid expenses	20,520	(1,061)
Inventories	-	107,881
Accounts payable and accrued liabilities	115,599	1,086,866
Current portion of long term debt	35,566	134,002
	(5,554)	381,663
FINANCING ACTIVITIES		
Long-term debt and long-term liabilities	-	(395,735)
INVESTING ACTIVITIES		
(Purchase) recovery of capital assets		
Exploration and development properties	-	50,652
(INCREASE) DECREASE IN BANK OVERDRAFT AND CASH	(5,554)	36,580
CASH (BANK OVERDRAFT), BEGINNING OF YEAR	3,690	(32,890)
CASH (BANK OVERDRAFT), END OF YEAR	\$ (1,864)	\$ 3,690

Supplemental cash flow information:

During the year ended December 31, 2001, the Company issued 2,016,592 common shares in settlement of debt in the aggregate of \$1,057,429.

There were no non-cash transactions during the year ended December 31, 2000.

NEW OROPERU RESOURCES INC.

(formerly OROPERU RESOURCES INC.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2001 and 2000

(expressed in U.S. dollars)

1. ORGANIZATION, OPERATIONS AND GOING CONCERN

The Company was originally formed in 1995 through an amalgamation of a private issuer, Oroperu Resources Inc., a company incorporated under the laws of British Columbia, and an Ontario reporting issuer, Canlorm Resources Inc. In 1997, the Company's articles of incorporation were continued to the jurisdiction of the Business Corporations Act (Yukon). The Company is a reporting issuer in Ontario.

On June 6, 2001 the Company changed its name to New Oroperu Resources Inc. and consolidated its outstanding share capital on a 1 for 10 basis.

The Company is in the business of exploration, development and mining of mineral properties and is considered to be in the exploration stage. Through its wholly-owned subsidiary, S.A. Mining Ventures Limited, the Company owns 100% of Oromin S.A. ("Oromin"), a company incorporated in Peru and which owns mineral properties in Peru.

Through its wholly-owned subsidiary, T.C. Mining Inc., a company incorporated in the Bahamas, the Company entered into an agreement with Pan American Silver Corp. ("Pan American") to invest in Aurifera Tres Cruces S.A. ("Aurifera"), a company incorporated in Peru for the purposes of operating the Aurifera project (Note 3).

The Company also owned a 100% interest in Nuevo Condor Inc. ("Nuevo Condor"), and its wholly-owned subsidiary Nueva Condor S.A. ("Nueva Condor"), a company incorporated in Peru. Nueva Condor owns mineral properties and an underground mine and plant in Peru which achieved commercial production during 1998. In June 2000, the Company sold an 80% interest in Nuevo Condor (see Note 4).

GOING CONCERN:

At December 31, 2001, the Company had a working capital deficiency of \$618,835 (2000 - \$742,565) and a deficit of \$20,067,167 (2000 - \$14,824,691). The Company's ability to continue as a going concern is dependent upon obtaining additional financing, suitable debt restructuring, support from secured and unsecured creditors, improvement in world metal prices and attaining profitable operations. The Company is currently seeking financing opportunities. These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern and do not contain any adjustments which may be necessary should the Company be unable to continue as a going concern. Should the Company not be able to continue as a going concern, the recorded value of assets may not be realized.

2. ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries,

S.A. Mining Ventures Limited,

Oromin S.A.,

T.C. Mining Inc.

Nuevo Condor Inc. (to the date of disposal on June 21, 2000)

Nueva Condor S.A. (to the date of disposal on June 21, 2000).

All intercompany transactions and balances have been eliminated on consolidation.

NEW OROPERU RESOURCES INC.

(formerly OROPERU RESOURCES INC.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2001 and 2000

(expressed in U.S. dollars)

2. ACCOUNTING POLICIES (continued)

Exploration and development properties

The Company capitalizes all costs related to investments in mineral property interests on a property by property basis. Such costs include mineral property acquisition costs and exploration and development expenditures, net of any recoveries. Costs are deferred until such time as the extent of mineralization has been determined and mineral property interests are either developed or the Company's mineral rights are allowed to lapse.

All deferred mineral property expenditures are reviewed, on a property by property basis, to consider whether there are any conditions that may indicate impairment. When the carrying value of a property exceeds its net recoverable amount that may be estimated by quantifiable evidence of an economic geological resource or reserve, joint venture expenditure commitments or the Company's assessment of its ability to sell the property for an amount exceeding the deferred costs, provision is made for the impairment in value.

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

These costs are depleted over the useful lives of the properties upon commencement of commercial production or written off if the properties are abandoned or the claims allowed to lapse.

From time to time the Company may acquire or dispose of a mineral property interest pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as property costs or recoveries when the payments are made or received.

Capital assets

Other capital assets are stated at cost less accumulated amortization. Amortization is provided annually on a straight-line basis at the rates of 10% and 20%.

Reclamation costs

Estimated reclamation and site restoration costs, if any, are charged against operating income on a rational and systematic basis over the expected economic life of the properties.

NEW OROPERU RESOURCES INC.

(formerly OROPERU RESOURCES INC.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2001 and 2000

(expressed in U.S. dollars)

2. ACCOUNTING POLICIES (continued)

Foreign currency translation

All accounts are reported in United States dollars. Accounts denominated in currencies other than the U.S. dollar are translated into their U.S. dollar equivalents. Revenues and expenses are translated using the exchange rates on the transaction dates. Monetary assets and liabilities are remeasured at the balance sheet dates using the exchange rates on that date. Any exchange differences are charged to the statement of loss during the year.

Earnings (Loss) per share

Earnings (loss) per share is calculated using the weighted-average number of shares outstanding each year. Diluted loss per share is calculated, when dilutive, by adjusting the number of common shares outstanding for the effects arising from the potential conversion of outstanding stock options and warrants.

Income taxes

The Company accounts for future income tax using the asset and liability method. Under this method of tax allocation, future income tax assets and liabilities are determined based on differences between the financial statement carrying values and their respective income tax basis (temporary differences). Future income tax assets and liabilities are measured using the tax rates expected to be in effect when the temporary differences are likely to reverse. The effect on future income tax assets and liabilities of a change in tax rates is included in operations in the period in which the change is enacted or substantially assured. The amount of future income tax assets recognized is limited to the amount of the benefit that is likely to be realized.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires the Company's management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and related notes to the financial statements. Actual results may differ from those estimates.

Financial instruments

The Company does not use any derivative instruments. The carrying amounts reported in the consolidated balance sheets for cash, accounts receivable, prepaid expenses, accounts payable and accrued liabilities, and debt approximate fair values at the balance sheet dates.

Stock based compensation

The Company has a fixed stock option plan. No compensation expense is recognized when stock or stock options are issued to directors, employees and consultants. Any consideration paid by directors, employees and consultants on stock or stock options or purchase of shares is credited to share capital.

During 2001 the Canadian Institute of Chartered Accountants ("CICA") issued a new policy for the accounting of stock-based compensation expense, which takes effect on January 1, 2002. Under this method, compensation expense on stock options granted to non-employees is recorded as an expense in the period the options are vested. Stock options granted to non-employees are accounting for using the fair value method.

NEW OROPERU RESOURCES INC.

(formerly OROPERU RESOURCES INC.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2001 and 2000

(expressed in U.S. dollars)

2. ACCOUNTING POLICIES (continued)

No compensation expense is recognized when stock or stock options are issued to directors and employees. Any consideration paid by directors and employees on exercise of stock options or purchase of shares is credited to share capital. However, additional disclosure of the effects of accounting for stock-based compensation to directors and employees as compensation expense, using the fair value method, is disclosed as pro-forma information.

The fair values of the options are estimated using the Black-Scholes Option Pricing Model.

The CICA has recommended early adoption of the new policy. During the year ended 2001, the Company granted no new options.

3. AURIFERA TRES CRUCES S.A.

In October 1998, the Company entered into a joint venture agreement with Pan American, to pool its interest in certain mineral properties in Peru. The Company contributed its interests in the Tres Cruces property which consisted of an option to purchase the Geomin 701 and Tres Cruces 1 concessions. Pan American contributed its interest in the Negro 1, 2 and 3 concessions. After each company had earned its interest in the other's property, Aurifera was formed to hold and operate the properties. The Company's 50% interest in Aurifera is held by its wholly-owned subsidiary TC Mining Inc.

4. INVESTMENT AND ADVANCES RECEIVABLE

On June 21, 2000 the Company sold an 80% interest in its wholly owned subsidiaries Nuevo Condor Inc. and Nueva Condor S.A., which owned the Nueva Condor mine and property in Peru, in consideration of \$1 and advances receivable of \$4,300,000. The receivable will be converted into an equity interest in Nueva Condor if that company is successfully re-capitalized by its new owners. The Company also has the right to participate in up to 30% of any future equity financings of Nueva Condor up to an aggregate limit of \$6 million. The Company's 20% interest in Nuevo Condor, recorded at a nominal value of \$1, may be diluted in the event of a future equity public financing in that company.

The disposal of subsidiaries resulted in a gain of \$7,607,755, which was reported at December 31, 2000. During 2001, the Company corrected an error in the calculation of the gain which resulted in a decrease in the amount of the gain of \$250,000. Also during 2001, certain liabilities of Nueva Condor in the amount of \$180,000 were settled with common shares. The liabilities were due to two individuals who had, at various times, advanced funds to Nueva Condor by paying expenses on its behalf in connection with the closing of the Nueva Condor mine. The liabilities had not been recorded on the books of Nueva Condor.

During 2001, management made an assessment of the recoverability of the advances receivable from Nueva Condor of \$4,300,000 and also assessed the collectibility of certain advances receivable from Nueva Condor in the amount of \$308,566, which are owed to Oromin S.A. Due to the uncertainty of recoverability, the amounts have been written down to \$1 as at December 31, 2001.

NEW OROPERU RESOURCES INC.**(formerly OROPERU RESOURCES INC.)****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****December 31, 2001 and 2000****(expressed in U.S. dollars)****5. MINERAL PROPERTIES****Exploration and development properties**

	El Toro	Other	Total
Balance, December 31, 1999	\$ 1,313,375	\$ 1,538,806	\$ 2,852,181
Exploration expenses			
Value added taxes (recovery)	-	(50,652)	(50,652)
	1,313,375	1,488,154	2,801,529
Write-offs during 2000	(1,313,375)	-	(1,313,375)
Balance, December 31, 2000 and 2001	\$ -	\$ 1,488,154	\$ 1,488,154

El Toro Property

The El Toro Property consisted of the Burbujita, Rosa Amparo and Melva 20 concessions on which the Company had options to purchase. In 1999, the Company terminated its options to purchase the Rosa Amparo and Melva 20 concessions and wrote-off its investment of \$3,104,690 in these concessions. In 2000, the Company terminated its option to purchase the Burbujita concession and wrote off its investment of \$1,313,375 in this property.

Other Properties

The Company owns a 100% interest in three separate mineral properties located in various regions of Peru.

6. CAPITAL ASSETS

	2001	2000
Vehicles	\$ 16,250	\$ 16,250
Furniture and fixtures	33,069	33,069
	49,319	49,319
Less: Accumulated amortization	(48,187)	(39,409)
	\$ 1,132	\$ 9,910

NEW OROPERU RESOURCES INC.

(formerly OROPERU RESOURCES INC.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2001 and 2000

(expressed in U.S. dollars)

7. BANK LOAN

	2001	2000
Bank loan		
Loan from Banco Financiero, secured by equipment of the Company, due between October 1998 and June 2008, bearing interest at 14% per annum.	\$ 238,602	\$ 203,036

8. CAPITAL STOCK

	Number of Shares	Amount
Authorized		
An unlimited number of common shares without par value		
Issued and outstanding		
Balance, December 31, 1999 and 2000	33,816,463	\$ 20,380,191
Consolidation: 1 for 10 basis	(30,434,817)	-
	3,381,646	20,380,191
Issued		
For settlement of debt	2,016,592	1,057,429
Balance, December 31, 2001	5,398,238	\$ 21,437,620

(a) In June 2000, the Company received shareholder approval to consolidate its share capital on a 1 for 10 basis and to settle debts with the issue of post-consolidation shares. Some of the creditors are directors of the Company. In June 2001, the Company completed the consolidation and settled debts in the aggregate amount of \$1,057,429 with the issue of 2,016,592 post-consolidation shares.

(b) Stock options

Under the Company's stock option plan, options to purchase common shares are granted to directors, employees and consultants at exercise prices determined by reference to the market value on the date of the grant.

There were no stock options outstanding as at December 31, 2001.

NEW OROPERU RESOURCES INC.**(formerly OROPERU RESOURCES INC.)****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****December 31, 2001 and 2000****(expressed in U.S. dollars)****9. INCOME TAXES**

The Company has loss carryforwards available for application against future taxable income in Peru in the amount of approximately \$7,160,000 (2000 - \$7,080,000). These tax losses will be carried forward until the first year that the Company has taxable income, after which the loss must be used within four years.

The following loss carryforwards are available for application against future taxable income in Canada and expire as follows:

2002	\$	57,500
2003		525,500
2004		436,500
2005		199,100
2006		158,900
2007		81,500
2008		66,000
		<u>1,525,000</u>
	\$	<u>1,525,000</u>

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

	2001	2000
Future income tax assets		
Temporary differences in assets	\$ (865,025)	\$ (888,416)
Net tax losses carried forward	2,830,555	2,789,739
	1,965,530	1,901,323
Valuation allowance for future income tax assets	(1,965,530)	(1,902,323)
Net future income tax assets	-	-
Future income tax liabilities	-	-
Future income tax assets, net	\$ -	\$ -

NEW OROPERU RESOURCES INC.

(formerly OROPERU RESOURCES INC.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2001 and 2000

(expressed in U.S. dollars)

10. RELATED PARTY TRANSACTIONS

- (a) The following services were provided to the Company by companies with common directors or by the directors themselves:

	2001	2000
Administration	\$ 24,000	\$ -
Legal	20,602	-
Consulting and administration	30,000	154,000

- (b) At December 31, 2001, a total of \$191,285 (2000 - \$425,959) included in accounts payable, under current liabilities, were owed to related parties. These amounts are non-interest bearing and are payable under normal business terms.
- (c) Included in the shares for debt settlement was an aggregate of \$691,670 which was owed to directors and an officer of the Company and which was settled with the issue of 1,107,703 common shares.
- (d) The purchaser of the 80% interest in Nuevo Condor was a group which included a director of the Company.

11. SEGMENTED DISCLOSURE

In fiscal 2000, the Company operated in two segments: the operation of the Nueva Condor Mine in Peru, 80% of which was sold in June 2000, and the exploration and development of mineral properties in Peru. In 2001 the Company had one operating segment, mineral exploration and development. Of the Company's capital assets, a total of \$1,988,154 is located in Peru and \$1,132 is located in Canada.

12. SUBSEQUENT EVENTS

The Company has entered into a private placement, subject to closing prior to May 31, 2002, for the issue of 1,200,000 non-transferable special warrants at a price of US\$0.10 per special warrant for gross proceeds of \$120,000. Each special warrant will be convertible at no additional cost into one common share on the earlier of the date a receipt is issued by the British Columbia Securities Commission with respect to a final form of a prospectus qualifying the distribution of the shares or for a period of one year from the date of closing of the private placement. Unless and until a final form of prospectus qualifying the distribution of the shares is received by the British Columbia Securities Commission, the special warrants and the shares may not be traded for a period of at least one year from closing of the private placement. The special warrants and shares may also be subject to additional hold periods imposed by certain laws under various provincial jurisdictions in which the purchaser resides.

The Company has agreed to settle debts in the aggregate of \$150,500 owed to two companies controlled by the president of the company and to a director of the Company with the issuance of 1,003,333 special warrants at a price of US\$0.15 per special warrant. Each special warrant is convertible at no additional cost into one common share. The special warrants and shares are also subject to the same conversion and hold periods as those issued in the afore-mentioned private placement.

The Company has granted stock options to directors, officers and consultants for the purchase of up to an aggregate of 1,000,000 common shares of the Company at an exercise price of US\$0.15 per share for a period of five years from the date the shares of the Company are quoted on a stock exchange or trading market acceptable to the Company. Should listing or quotation, as afore-mentioned, not occur by April 30, 2003, the options shall expire. The common shares acquired on the exercise of the options shall be

NEW OROPERU RESOURCES INC.

(formerly OROPERU RESOURCES INC.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2001 and 2000

(expressed in U.S. dollars)

subject to escrow provisions prescribed by National Policy 46-201, national escrow regime, of the Ontario Securities Commission.