NEW OROPERU RESOURCES INC.

2003 ANNUAL REPORT
LETTER TO SHAREHOLDERS

May 12, 2004

In the past year, New Oroperu Resources Inc. (the "Company") completed several agreements, originally negotiated in 2002, to advance and augment its holdings of the Tres Cruces Gold Project in Peru. The Tres Cruces is an advanced-stage epithermal gold system on which about $US 7-million has been spent to date to delineate a measured and indicated 1.7-million oz. gold resource.

Importantly, the Company completed the acquisition of the 50% interest in the Tres Cruces project previously held by Pan American Silver Corp., bringing the Company's interest in this valuable property up to 100%.

In September 2003, the Company also concluded its formal option agreement with Barrick Gold Corp. for the latter's continuing exploration and development of the Tres Cruces project. This agreement gives Barrick an option to explore and develop the property at its cost up to a production decision stage. Upon a production decision, Barrick earns a 70% interest in the project and the Company retains a fully financed 30% interest and a 2% royalty.

Last year, Barrick announced the discovery and delineation of its 7.3-million oz. Lagunas Norte Gold Deposit (Alta Chicama project), located about 15 km. north from Tres Cruces. In April 2004 Barrick announced that it has obtained permits necessary to bring this project into production at an estimated cost of $US 340-million, at an annual production rate of 535,000-560,000 oz. per year. This step puts a strong spotlight on Barrick's further exploration and expansion of the nearby Tres Cruces Gold Project.

The Tres Cruces project is located in north central Peru about 100 km. east of the city of Trujillo. The main road accessing the project is currently being upgraded for the beginning of the construction phase of Barrick's Lagunas Norte project. It is expected that there will be many other common synergies which will enhance the development of the Company's Tres Cruces project.

The Company is pleased that the further exploration potential at Tres Cruces is currently being tested by Barrick's current drilling program which is exploring the southeast extension of the mineralized system toward Cerro Colorado. The intention of this phase of exploration at Tres Cruces is to test for additional potential deposits which could be added to the existing measured and indicated resource.

The Company looks forward to the ongoing development of the Tres Cruces project with Barrick as operator.

Meanwhile, management is continuing to seek and investigate new exploration opportunities in Peru and elsewhere that are within its scope of expertise.

The Company wishes to thank its shareholders for their support.

ON BEHALF OF THE BOARD OF DIRECTORS

"K. Wayne Livingstone"
President

NEW OROPERU RESOURCES INC.

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2003 AND 2002

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements of New Oroperu Resources Inc. are the responsibility of the Company's management. The consolidated financial statements are prepared in accordance with accounting principles generally accepted in Canada 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 composed 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 have been audited by G. Ross McDonald, C.A. and his report outlines the scope of his examination and gives his opinion on the consolidated financial statements.

"K. Wayne Livingstone"

K. Wayne Livingstone
President

February 12, 2004

G. Ross McDonald*
Chartered Accountant

enotes incorporated professional

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AUDITOR'S REPORT

TO THE SHAREHOLDERS OF NEW OROPERU RESOURCES INC.

I have audited the consolidated balance sheets of New Oroperu Resources Inc. as at December 31, 2003 and 2002 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 positions of the Company as at December 31, 2003 and 2002 and the results of its operations and its cash flows for the years then ended in accordance with generally accepted accounting principles in Canada.   As required by the Company Act (British Columbia), I report that, in my opinion, these principles have been applied on a consistent basis.

"G. Ross McDonald" (signed)

G. Ross McDonald
Chartered Accountant

Vancouver, Canada
February 12, 2004

NEW OROPERU RESOURCES INC.

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2003 and 2002

(expressed in U.S. dollars)

	2003	2002
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 1,814,778	$ 1,474,948
Accounts receivable	23,514	30,780
Prepaid expenses	3,198	6,380
	1,841,490	1,512,108
INVESTMENT IN AURIFERA (Note 3)	179,908	550,000
MINERAL PROPERTIES (Note 4)	4	1,482,510
INVESTMENT AND ADVANCES RECEIVABLE (Note 5)	2	2
	$ 2,021,404	$ 3,544,620
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 102,803	$ 142,806
Bank loan (Note 6)	-	272,006
	102,803	414,812
SHAREHOLDERS' EQUITY		
CAPITAL STOCK (Note 7)	23,803,278	23,437,683
STOCK BASED COMPENSATION	42,682	24,363
DEFICIT	(21,927,359)	(20,332,238)
	1,918,601	3,129,808
	$ 2,021,404	$ 3,544,620

ORGANIZATION AND NATURE OF OPERATIONS (Note 1)

APPROVED BY THE DIRECTORS

"K. Wayne Livingstone"
Director

"Maynard E. Brown"
Director

NEW OROPERU RESOURCES INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

For the Years Ended December 31, 2003 and 2002

(expressed in U.S. dollars)

	2003	**2002**
EXPENSES		
General and administration	$ 115,495	$ 54,985
Consulting fees	103,500	112,235
Legal and audit	51,717	40,089
Investor relations	44,931	-
Stock based compensation (Note 7(e))	37,983	24,363
Property investigation and maintenance expenses	36,542	17,041
Interest expense	9,520	33,404
Regulatory fees	5,852	4,206
Amortization	-	1,132
	405,540	287,455
OTHER (INCOME) EXPENSES		
Foreign exchange (gain) loss	(87,597)	9,310
Interest and other income	(21,040)	(3,966)
Expense recoveries (Note 6)	(184,288)	(33,372)
Write-down of mineral properties (Note 4)	1,482,506	5,644
	1,189,581	(22,384)
LOSS FOR THE YEAR	1,595,121	265,071
DEFICIT, BEGINNING OF YEAR	20,332,238	20,067,167
DEFICIT, END OF YEAR	$ 21,927,359	$ 20,332,238
BASIC AND DILUTED LOSS PER SHARE	$ 0.14	$ 0.04
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	11,006,057	6,478,859

NEW OROPERU RESOURCES INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2003 and 2002

(expressed in U.S. dollars)

	2003	2002
CASH PROVIDED BY (USED FOR)		
OPERATING ACTIVITIES		
Loss for the year	$ (1,595,121)	$ (265,071)
Items not involving cash		
Amortization	-	1,132
Stock based compensation	37,983	24,363
Expense recoveries	(184,288)	(33,372)
Write-down of mineral properties	1,482,506	5,644
	(258,920)	(267,304)
Net changes in non-cash working capital items		
Accounts receivable	7,266	(7,365)
Prepaid expenses	3,182	(6,380)
Accounts payable and accrued liabilities	(32,241)	(75,106)
Bank loan	(95,480)	33,404
	(376,193)	(322,751)
FINANCING ACTIVITIES		
Capital stock issued for cash	345,931	1,799,563
INVESTING ACTIVITIES		
Investment in Aurifera	370,092	-
INCREASE IN CASH AND CASH EQUIVALENTS	339,830	1,476,812
CASH AND CASH EQUIVALENTS (BANK OVERDRAFT), BEGINNING OF YEAR	1,474,948	(1,864)
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,814,778	$ 1,474,948

Supplemental cash flow information (Note 8)

1. ORGANIZATION AND NATURE OF OPERATIONS

The Company is in the business of exploration and development of mineral properties and is considered to be in the exploration stage. The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development, and future profitable production from the properties or proceeds of disposition.

Through its wholly-owned subsidiary, S.A. Mining Ventures Limited ("SA Mining"), the Company owns 100% of Oromin S.A. ("Oromin"), a company incorporated in Peru and Angelica Mining Inc. ("Angelica"), a company incorporated in the Bahamas during 2003. In 2003, the Company transferred three mineral properties in Peru (Note 4) from Oromin to Angelica.

SA Mining also owns 100% of T.C. Mining Inc. ("TC Mining"), a company incorporated in the Bahamas. TC Mining owns a 50% interest in Aurifera Tres Cruces S.A. ("Aurifera"), a company incorporated in Peru for the purposes of operating the Tres Cruces project (Note 3).

The Company was listed on the TSX Venture Exchange on October 25, 2002 and is a reporting issuer in Ontario, Alberta and British Columbia.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

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

S.A. Mining Ventures Limited
Angelica Mining Inc.
Oromin S.A.
T.C. Mining Inc.

Mineral properties

The Company capitalizes all costs related to investments in mineral property interests on a property by property basis. Such costs include mineral property acquisition costs and exploration and development expenditures, net of any recoveries. Costs are deferred until such time as the extent of mineralization has been determined and mineral property interests are either developed or the Company's mineral rights are allowed to lapse. Where no exploration activity has occurred on a property, costs to maintain the property in good standing are expensed when incurred.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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.

Environmental expenditures

The operations of the Company may in the future be affected from time to time in varying degree by changes in environmental regulations, including those for future removal and site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company vary greatly and are not predictable. The Company's policy is to meet or, if possible, surpass standards set by relevant legislation, by application of technically proven and economically feasible measures.

Environmental expenditures that relate to ongoing environmental and reclamation programs are charged against earnings as incurred or capitalized and amortized depending on their future economic benefits. Estimated future removal and site restoration costs, when the ultimate liability is reasonably determinable, are charged against earnings over the estimated remaining life of the related business operation, net of expected recoveries.

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 average exchange rates for the period. 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 operations during the year.

Loss per share

Basic loss per share is calculated using the weighted-average number of shares outstanding during the year. The Company uses the treasury stock method for calculating diluted earnings (loss) per share. However, diluted loss per share presented is the same as basic loss per share as the exercise of options and warrants would reduce the calculated loss per share.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Financial instruments

The carrying amounts reported in the consolidated balance sheets for cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities approximate their fair values due to the short term to maturity of these instruments. The carrying value of the bank loan at December 31, 2002 approximated its fair value as the loan was based on prevailing interest rates.

Cash and cash equivalents:

Cash and cash equivalents include cash and short-term liquid investments having terms to maturity when acquired of three months or less. Short-term investments having terms to maturity when acquired of greater than three months and less than one year are included in marketable securities.

Stock based compensation

Effective January 1, 2002, the Company adopted the new accounting standard of the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3870 "Stock-Based Compensation and Other Stock-Based Payments" for accounting for stock-based compensation expense. Under this standard, all stock-based payments as well as employee awards that are direct awards of stock, call for settlement in cash or other assets, or stock appreciation rights that call for settlement by the issuance of equity instruments, granted on or after January 1, 2002, are accounted for using the fair value based method, and are recorded as an expense in the period the stock-based payments are vested or the awards or rights are granted.

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.

3. INVESTMENT IN AURIFERA

In October 1998, the Company entered into a joint venture agreement with Pan American Silver Corp. ("Pan American") to pool each company's property interests in the Tres Cruces project. After each company had earned an equal interest in the other's property, Aurifera was formed to hold and develop the properties with each company owning 50% of Aurifera.

On May 22, 2002 the Company obtained an option from Pan American to acquire Pan American's 50% interest in the shares of Aurifera in consideration of share issuances and $1,750,000 in work expenditures to earn the right to exercise the option, and thereafter $100,000 in annual payments and a 2% Net Smelter Royalty ("NSR"), of which a $1,000,000 advance royalty is payable upon a production decision. In 2002, 500,000 shares of the Company, valued at $50,000, were issued to Pan American and in 2003, $12,600 cash was paid for Tres Cruces property expenses as part of the earn-in to exercise the option.

On September 16, 2003 the Company finalized an agreement with Minera Barrick Misquichilca S.A. ("Barrick") for an option to acquire up to a 70% interest in Aurifera and received an initial payment of $400,000 from Barrick. Barrick is obligated to spend $1,750,000 on the project by September 30, 2005 and pay $200,000 annually until the exploration obligation is met, and thereafter $250,000 a year to maintain its option. All exploration expenditures will be payable by Barrick until a production decision is made. Following a production decision, the Company would retain a net 21% fully financed interest in Aurifera and a 1½% royalty interest.

On October 31, 2003 the Company entered into a new agreement with Pan American which replaced the May 22, 2002 agreement. The new agreement accelerates the purchase of the 50% of Aurifera held by Pan American with the issuance of 3,500,000 common shares of the Company and the granting of a 1½% NSR to Pan American. Of the shares to be issued, 1,000,000 of the shares will be held in escrow for a two year period. Closing of this agreement is scheduled for March 2004, and is subject to shareholder approval. An extraordinary meeting of shareholders has been called for February 27, 2004 to obtain shareholder approval for the agreement, as the issuance of 3,500,000 shares will result in the creation of a control position in the Company by Pan American.

By consolidating 100% of the interest in the Tres Cruces property, the Company's interest in the Barrick agreement will increase from 21% to 30% and its royalty interest will increase from 1½% to 2%. No further payments will be required to be made by the Company to Pan American and all annual option payments required of Barrick will be payable to the Company, including the $1,000,000 advance royalty payment.

Balance, December 31, 2001	$	500,000
500,000 share issued to Pan American		50,000
Balance, December 31, 2002		550,000
Property expenses		29,908
Option payment received from Barrick		(400,000)
Balance at December 31, 2003	$	179,908

4. MINERAL PROPERTIES

The Company owns a 100% interest in three separate mineral properties located in various regions of Peru. The properties were acquired as a result of regional exploration programs in prior years. The Angelica and Trucha Dorada properties are located in Libertad province, 5 km and 25 km from the Company's Tres Cruces project (Note 3). The El Espigon property is located near Huancavalica, Peru. During 2003, due to uncertainty over the Company's future plans for the properties and lack of objective methodology in measuring recoverable value, the Company wrote down the carrying value of these properties by $1,482,506, 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.

Expenditures on the Company's mineral properties, consisting of property acquisition costs, are as follows:

	Angelica	Trucha Dorado	El Espigon	Ontario Leases	Total
Balance, December 31, 2001	$ 494,170	$ 494,170	$ 494,169	$ 5,645	$ 1,488,154
Write-down	-	-	-	(5,644)	(5,644)
Balance, December 31, 2002	494,170	494,170	494,169	1	1,482,510
Write-down	(494,169)	(494,169)	(494,168)	-	(1,482,506)
Balance, December 31, 2003	$ 1	$ 1	$ 1	$ 1	$ 4

5. 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.

Due to the uncertainty of recoverability of the receivable of $4,300,000 as well as certain advances to Nueva Condor in the amount of $308,566, which are owed to Oromin, S.A., the amounts were written down to $2 as at December 31, 2001. As at December 31, 2003, the Nueva Condor mine has not been refinanced. Management has reassessed its interests in Nueva Condor and will continue to maintain these assets at a nominal value.

6. BANK LOAN

Loan from Banco Financiero, bearing interest at 14% per annum, balance at December 31, 2002	$	272,006
Interest accrued to March 31, 2003		9,520
Cash settlement amount, June 24, 2003		(90,000)
Settlement costs		(15,000)
Write-off balance owing, as per settlement agreement		(176,526)
Balance at December 31, 2003	$	-

In June, 2003 the Company negotiated a settlement of its bank loan and extinguished the debt with a payment of $90,000. The remaining balance of the loan, in the amount of $176,526, has been written off and is included in expense recoveries.

7. CAPITAL STOCK

	Number of Shares		Amount
Authorized			
100,000,000 common shares without par value			
Issued and outstanding			
Balance, December 31, 2001	5,398,238	$	21,437,620
Issued during the year			
For Aurifera option (Note 3)	500,000		50,000
For private placement (Note 7(a)(ii))	3,150,000		1,732,500
For settlement of debt (Note 7(b))	1,003,333		150,500
Less: share issue costs	-		(52,937)
	10,051,571		23,317,683
Special warrants (Note 7(a)(i))	-		120,000
Balance, December 31, 2002	10,051,571		23,437,683
Issued during the year			
Conversion of special warrants (Note 7(a)(i))	1,200,000		-
For cash			
Exercise of warrants	470,760		307,494
Exercise of options (Note 7(e))	256,250		38,437
Stock based compensation (Note 7(e))	-		19,664
Shares returned to treasury	(7)		-
Balance, December 31, 2003	11,978,574	$	23,803,278

7. CAPITAL STOCK (continued)

(a) Private placements

(i) The Company completed a private placement on May 31, 2002, for the issue of 1,200,000 non-transferable special warrants at a price of $0.10 per special warrant for gross proceeds of $120,000. Each special warrant was converted at no additional cost into one common share on May 31, 2003.

(ii) On October 25, 2002 the Company completed a non-brokered private placement for the issue of 3,150,000 units at a price of $0.55 per unit for gross proceeds to the Company of $1,732,500. Each unit consisted of one common share and one non-transferable share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of $0.65 per share to October 25, 2003 and $0.80 per share to October 25, 2004. Share issue costs of $52,937 were incurred in connection with the private placement.

(b) Debt settlement

On May 31, 2002 the Company settled 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. On October 25, 2002 the special warrants were converted into one common share each at no additional cost.

(c) Warrants

At December 31, 2003 the Company had 2,679,240 warrants outstanding to purchase 2,679,240 common shares at a price of $0.80 per share until their expiry date on October 25, 2004.

(d) Stock options

The Company has a stock option plan which authorizes the board of directors to grant options for the purchase of up to 2,250,314 common shares. Options granted under the plan vest over a period of 18 months from the date of the 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 the grant. The options granted during fiscal 2002 were not granted under the Company's stock options plan but were granted pursuant to the policies of the TSX Venture Exchange. The options vest in varying stages to April 25, 2004.

7. CAPITAL STOCK (continued)

A summary of the status of the Company's stock options at December 31, 2003 and 2002 and changes during the years then ended is as follows:

	2003		2002	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding at beginning of year	1,025,000	$0.15	-	-
Granted	-	-	1,025,000	$0.15
Exercised	(256,250)	$0.15	-	-
Outstanding at end of year	768,750	$0.15	1,025,000	$0.15
Options exercisable at end of year	556,250	$0.15	317,500	$0.15

The options to acquire 768,750 common shares expire on October 25, 2007.

(e) Stock based compensation

During the year ended December 31, 2002 the Company granted stock options to directors and employees to acquire up to an aggregate of 850,000 common shares at an exercise price of $0.15 per share. As at December 31, 2003, options to acquire up to 456,250 shares were exercisable. The remainder of the options will vest on April 25, 2004.

During the year ended December 31, 2002 the Company also granted stock options to consultants to acquire up to an aggregate of 175,000 common shares at an exercise price of $0.15 per share. As at December 31, 2003, all of the options had fully vested and options to acquire up to 100,000 shares were exercisable.

Pursuant to the CICA standard of accounting for stock-based compensation (Note 2), the fair value of stock options granted, and which had vested, in 2003, in the amount of $37,983, has been recorded as an expense in the year. Charges for future vestings, subject to actual vestings and cancellations, is estimated to be $16,306 in 2004. The fair value of options exercised during 2003, in the amount of $19,664, has been credited to share capital.

7. CAPITAL STOCK (continued)

The fair value of stock options used to calculate compensation expense is estimated using the Black-Scholes Option Pricing Model with the following assumptions:

Risk-free interest rate	3.9%
Expected dividend yield	-
Expected stock price volatility	162%
Expected option life in years	2.5

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 estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

8. SUPPLEMENTAL CASH FLOW INFORMATION

	2003	2002
Significant non-cash operating and investing activities		
Operating activities		
Accounts payable settled with shares	$ -	$ 150,500
Investing activities		
Option payment paid with shares	-	50,000

During the year ended December 31, 2003 the Company received interest income in the amount of $21,039 (2002 - $2,413).

9. INCOME TAXES

As at December 31, 2003 the Company has non-capital losses of approximately $1,108,000 which may be applied against future income for Canadian income tax purposes. The potential future tax benefits of these losses have not been recorded in these financial statements. The losses expire as follows:

2004	$ 647,000
2005	199,000
2006	33,000
2009	77,000
2010	152,000
	$ 1,108,000

9. INCOME TAXES (continued)

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

	2003	2002
	37.(	39.(
Income tax benefit computed at Canadian statutory rates	$ 600,085	$ 105,021
Foreign tax rates different from statutory rate	(530,157)	(29,184)
Temporary differences not recognized in year	(65,760)	(56,631)
Unrecognized tax losses	(4,168)	(19,206)
	$ -	$ -

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

	2003	2002
Future income tax assets		
Temporary differences in assets	**$** 1,155	$ (526,571)
Net tax losses carried forward	304,498	835,659
	305,653	309,088
Valuation allowance for future income tax assets	(305,653)	(309,088)
Net future income tax assets	-	-
Future income tax liabilities	-	-
Future income tax assets, net	**$** -	$ -

10. RELATED PARTY TRANSACTIONS

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

	2003	2002
Consulting	$ 72,000	$ 47,500
General and administration	24,000	24,000
Professional fees	22,994	60,511

(b) At December 31, 2003, a total of $nil (2002 - $53,195) included in accounts payable, under current liabilities, were owed to related parties. These amounts were non-interest bearing and were payable under normal business terms.

10. RELATED PARTY TRANSACTIONS (continued)

(c) In May, 2002 the Company settled an aggregate of $150,500 of debt that was 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 which were converted into 1,003,333 common shares on October 26, 2002.

11. SEGMENTED DISCLOSURE

The Company has one operating segment, mineral exploration and development. Of the Company's assets, a total amount of $179,914 (2002 - $2,053,774) in assets is located in Peru and $1,841,490 (2002 - $1,490,846) in assets is located in Canada.

NEW OROPERU RESOURCES INC.

2003 ANNUAL REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS

(all figures in US dollars)

The Company is in the business of exploration and development of mineral properties in Peru. The Company's principal assets are the Tres Cruces mineral project in north central Peru and three other exploration properties in Peru.

On September 16, 2003 the Company finalized an agreement with Minera Barrick Misquichilca S.A., a subsidiary of Barrick Gold Corp. ("Barrick"), for an option to acquire up to a 70% interest in the Aurifera Tres Cruces S.A., the subsidiary which holds the Tres Cruces project. The Company received an initial cash payment of $400,000 from Barrick at closing. Barrick is obligated to spend $1,750,000 on the project by September 30, 2005 and pay $200,000 annually until the exploration obligation is met, and thereafter $250,000 a year to maintain its option. All exploration expenditures are payable by Barrick until a production decision is made. Following a production decision, the Company would retain a net 21% fully financed interest in Aurifera and a 1½% royalty interest (increased to 30% and 2%, respectively--see below).

On October 31, 2003 the Company entered into a new agreement with Pan American Silver Corp. ("Pan American") which replaced its previous agreement. The new agreement accelerated the purchase of the 50% of Aurifera held by Pan American by the issuance of 3,500,000 common shares of the Company and the granting of a 1½% NSR to Pan American (of the shares to be issued, 1,000,000 of the shares will be held in escrow for a two year period). Subsequent to the year-end and following regulatory and shareholder approval, the agreement closed on March 30, 2004 and the 3,500,000 shares were issued to Pan American.

By consolidating 100% of the interest in the Tres Cruces property, the Company increased its interest in the Barrick agreement from 21% to 30% and its royalty interest from 1½% to 2%. No further payments are required to be made by the Company to Pan American and all annual option payments required of Barrick will be payable to the Company, including the $1,000,000 advance royalty payment previously payable to Pan American.

The Company's consolidated net loss for the year was $1,595,121 (2002-$265,071). The Company's operating loss comprised $405,540 (2002-$287,455) of this amount. The operating loss increase is largely attributed to an increase in general and administrative costs, from $54,985 in 2002 to $115,495 in 2003 and an expenditure of $44,931 (2002 - nil) on investor relations expense. These increases reflect the Company's first full year of expenses associated with being a publicly listed company (the Company was listed on October 25, 2002).

At the end of 2003, management made a decision to write down the Company's three grassroots mineral properties in Peru to a nominal value of $1 each, for a total expense writedown of $1,482,506 in the year.

In 2003 the Company realized a gain of $87,597 on foreign exchange, when it converted most of its cash holdings from U.S. to Canadian denominated currency during the year.

In 2003 the Company's $184,288 gain from expense recoveries was largely comprised of a $176,526 gain on settlement of a bank loan of its Peru subsidiary. During the year the Company negotiated the full settlement of a $281,526 bank loan by making a lump sum payment of $90,000.

The Company's cash position again improved significantly in 2003 to $1,814,778 at December 31st (2002-$1,474,948). During the year the Company received a $400,000 cash payment from Barrick and $345,931 from the exercise of stock options and warrants. The Company’s working capital at December 31, 2003 was $1,738,687 (2002-$1,097,296). The Company has sufficient working capital to meet its ongoing obligations as they come due.

The Company recorded $118,994 in related party transactions during the year (2002-$132,011), for technical, legal and accounting and general administration services provided to the Company by companies with common directors or officers.

NEW OROPERU RESOURCES INC.
Schedule B – Supplementary information
For the fourth quarter ended December 31, 2003
(expressed in US Dollars)

ANALYSIS OF EXPENSES AND DEFERRED COSTS

As detailed in December 31, 2003 audited financial statements (Schedule A attachment)

Breakdown of Consulting Fees:

Media relations	$	31,500
Geological technical		72,000
	$	103,500

Breakdown of General and Administration Expenses:

Foreign subsidiary corporate and legal	$	27,000
Office supplies and services		17,572
Shareholder communications		15,414
Foreign subsidiary administration		15,360
Salaries - foreign subsidiary		12,519
Share transfer agent		10,820
Printing and reproduction		5,201
Rent		4,704
Travel		2,382
Write-off foreign subsidiary fixed assets		1,626
Automobile		1,115
Telephone		896
Miscelleaneous		886
	$	115,495

RELATED PARTY TRANSACTIONS

As detailed in December 31, 2003 audited financial statements (Schedule A attachment)

SECURITIES ISSUED DURING THE YEAR

As detailed in December 31, 2003 audited financial statements (Schedule A attachment)

OPTIONS GRANTED DURING THE YEAR

Nil.

AUTHORIZED AND ISSUED SHARE CAPITAL AS AT DECEMBER 31, 2003

Class	Par Value	*Authorized*	Issued Number	Issued Amount
Common	N.P.V.	100,000,000	11,978,574	$23,803,278

OPTIONS AND WARRANTS OUTSTANDING AT THE END OF THE QUARTER

As detailed in December 31, 2003 audited financial statements (Schedule A attachment)

SHARES IN ESCROW OR SUBJECT TO POOLING RESTRICTIONS

Nil.

LIST OF DIRECTORS AND OFFICERS ON REPORT DATE

Name	*Title*
K. Wayne Livingstone White Rock, B.C.	Director and President
Maynard E. Brown West Vancouver, B.C.	Director
James F. Carr-Hilton Vancouver, B.C.	Director
Carlos Loret de Mola Lima, Peru	Director
Aris Morfopoulos North Vancouver, B.C.	Chief Financial Officer
Pamela White Vancouver, B.C.	Secretary

NEW OROPERU RESOURCES INC.
Schedule C – Management Discussion
For the fourth quarter ended December 31, 2003
(expressed in US dollars)

The Company is in the business of exploration and development of mineral properties in Peru. The Company’s principal asset is the Tres Cruces mineral project in north central Peru.

On September 16, 2003 the Company finalized an agreement with Minera Barrick Misquichilca S.A., a subsidiary of Barrick Gold Corp. ("Barrick"), for an option to acquire up to a 70% interest in the Aurifera Tres Cruces S.A., the subsidiary which holds the Tres Cruces project. The Company received an initial payment of $400,000 from Barrick. Barrick is obligated to spend $1,750,000 on the project by September 30, 2005 and pay $200,000 annually until the exploration obligation is met, and thereafter $250,000 a year to maintain its option. All exploration expenditures will be payable by Barrick until a production decision is made. Following a production decision, the Company would retain a net 21% fully financed interest in Aurifera and a 1½% royalty interest.

On October 31, 2003 the Company entered into a new agreement with Pan American Silver Corp. ("Pan American") which replaced its previous agreement. The new agreement accelerates the purchase of the 50% of Aurifera held by Pan American with the issuance of 3,500,000 common shares of the Company and the granting of a 1½% NSR to Pan American. Of the shares to be issued, 1,000,000 of the shares will be held in escrow for a two year period. At an extraordinary meeting of shareholders held on February 27, 2004 the shareholders approved the agreement, and the agreement is expected to close by the end of March 2004.

By consolidating 100% of the interest in the Tres Cruces property, the Company's interest in the Barrick agreement increases from 21% to 30% and its royalty interest increases from 1½% to 2%. No further payments are required to be made by the Company to Pan American and all annual option payments required of Barrick will be payable to the Company, including a $1,000,000 advance royalty payment previously payable to Pan American.

Under the terms of its agreement with the Company Barrick completed an initial phase program on the Company’s Tres Cruces property during the year. The Barrick exploration program was comprised of geological mapping, re-logging of existing drill core, IP and gravity geophysical studies and the drilling of 14 diamond drill holes for a total of 4,029 metres. This brings the total drilling on the project to 38,662 metres. Barrick’s main thrust for this phase of work was to evaluate lateral extensions of known mineralization as defined by prior drilling and IP targets immediately outside the known resource to the west and to a lesser degree, the east, with limited success. This leaves the southwest extension of the mineralization open towards Cerro Colorado. Barrick hole DTC202 intersected 186 metres of 1.20 g/t Au on the east margin of the south zone deposit. The waste boundaries in these areas had been generally defined by prior drilling. The Company continues to believe that potential to find additional reserves exists to the south west of the known deposits towards Cerro Colorado and expects that this will be tested in the next phase of Barrick’s work.

Both companies' surface work indicate a northeast/southwest control on mineralization, thus reconfirming the potential towards Cerro Colorado.

The Company also owns three grassroots mineral properties in Peru, which were written down to a nominal value of $1 each during the quarter, for a total expense writedown of $1,482,506.

The Company's consolidated net loss for the year was $1,595,121 (2002-$265,071). The Company's operating loss comprised $405,540 (2002-$287,455) of this amount. The operating loss increase is largely attributed to an increase in general and administrative costs, from $54,985 in 2002 to $115,495 in 2003 and an expenditure of $44,931 (2002 - nil) on investor relations expense. These increases reflect the Company's first full year of expenses associated with being a publicly listed company (the Company was listed on October 25, 2002).

In 2003 the Company realized a gain of $87,597 on foreign exchange, when it converted its most of its cash holdings from U.S. to Canadian denominated currency during the year.

In 2003 the Company's $184,288 gain from expense recoveries was largely comprised of a $176,526 gain on settlement of a bank loan of its Peru subsidiary. During the year the Company negotiated the full settlement of a $281,526 bank loan by making a lump sum payment of $90,000.

During the year the Company received a $400,000 cash payment from Barrick and $345,931 from the exercise of stock options and warrants. The Company's working capital at December 31, 2003 was $1,738,687 (2002-$1,097,296). The Company has sufficient working capital to meet its ongoing obligations as they come due.

The Company recorded $118,294 in related party transactions during the year (2002-$132,011), for technical, legal and accounting and general administration services provided to the Company by companies with common directors or officers.