NEW OROPERU RESOURCES INC.

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)

FOR THE YEARS ENDED DECEMBER 31, 2019 and 2018

320 – 800 West Pender Street
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Smythe CPA

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF NEW OROPERU RESOURCES INC.

Opinion

We have audited the consolidated financial statements of New Oroperu Resources Inc. (the "Company"), which comprise:

- the consolidated statements of financial position as at December 31, 2019 and 2018;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Management’s Discussion & Analysis

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, and remain alert for indications that the other information appears to be materially misstated.

We obtained the Management’s Discussion & Analysis prior to the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditors' report. We have nothing to report in this regard.

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Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing management's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditors' report is Kevin Yokichi Nishi.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
April 27, 2020

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NEW OROPERU RESOURCES INC.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)
As at December 31, 2019 and 2018

		2019		2018
Assets				
Current				
Cash	$	**487,128**	$	160,112
Receivables		**20,505**		9,300
Prepaid expenses		**7,292**		8,812
		514,925		178,224
Non-current				
Exploration and evaluation properties (Note 4)		**1**		1
	$	**514,926**	$	178,225
Liabilities				
Current				
Trade payables and accrued liabilities	$	**20,064**	$	23,727
Due to related parties (Note 6)		**8,285**		138,999
		28,349		162,726
Equity				
Share capital (Note 5)		**33,599,722**		33,053,980
Reserves - Stock option (Note 5c)		**1,476,463**		1,476,463
Reserves - Warrants (Note 5d)		**105,917**		105,917
Deficit		**(34,695,525)**		(34,620,861)
		486,577		15,499
	$	**514,926**	$	178,225

Subsequent Events (Note 11)

Approved and Authorized for Issue by the Board on April 27, 2020:

"K. Wayne Livingstone"
.... Director

"Maynard E. Brown"
.... Director

NEW OROPERU RESOURCES INC.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)
For the years ended December 31, 2019 and 2018

		2019		2018
Expenses				
Consulting fees (Note 6)	$	119,246	$	116,287
Directors' fees (Note 6)		36,000		36,023
General and administration		84,898		65,261
Insurance		12,500		12,500
Legal and audit		30,783		21,949
Property maintenance		5,421		709
Regulatory fees		9,158		8,963
Rent		6,000		6,000
Travel		10,755		-
		(314,761)		(267,692)
Other items				
Proceeds of option payments in excess of capital costs (Note 4a)		235,531		225,283
Foreign exchange gain		4,566		3,556
Net Loss and Comprehensive Loss for the Year	$	(74,664)	$	(38,853)
Loss Per Share, Basic and Diluted	$	(0.00)	$	(0.00)
Weighted Average Number of Common Shares Outstanding		21,659,917		20,924,985

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

NEW OROPERU RESOURCES INC.
Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars)
For the years ended December 31, 2019 and 2018

	Share Capital			Reserves						
	Number of Shares		Amount		Stock options		Warrants		Deficit		Total Equity
Balance, December 31, 2017	**20,924,985**	**$**	**33,053,980**	**$**	**1,476,463**	**$**	**105,917**	**$**	**(34,582,008)**	**$**	**54,352**
Net loss for the year	-		-		-		-		(38,853)		(38,853)
Balance, December 31, 2018	**20,924,985**	**$**	**33,053,980**	**$**	**1,476,463**	**$**	**105,917**	**$**	**(34,620,861)**	**$**	**15,499**
Net loss for the year	-		-		-		-		(74,664)		(74,664)
Private placement financing (Note 5b)	1,850,000		555,000		-		-		-		555,000
Reserve value of warrants issued (Note 5d)	-		(148,000)		-		148,000		-		-
Share issue costs (Note 5b)	-		(9,258)		-		-		-		(9,258)
Balance, December 31, 2019	**22,774,985**	**$**	**33,451,722**	**$**	**1,476,463**	**$**	**253,917**	**$**	**(34,695,525)**	**$**	**486,577**

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

NEW OROPERU RESOURCES INC.
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)
For the years ended December 31, 2019 and 2018

		2019		2018
Operating Activities				
Net loss	**$**	**(74,664)**	$	(38,853)
Item not involving cash:				
Unrealized foreign exchange		**(4,566)**		(3,556)
Changes in non-cash working capital:				
Receivables		**(11,205)**		7,411
Prepaid expenses		**1,520**		(1,520)
Due to related parties (Note 6)		**(130,714)**		134,193
Trade accounts payable and accrued liabilities		**(3,663)**		2,846
Cash from (used in) Operating Activities		**(223,292)**		100,521
Financing Activities				
Proceeds from private placement (Note 5b)		**555,000**		-
Share issue costs (Note 5b)		**(9,258)**		-
Cash provided by Financing Activities		**545,742**		-
Effect of Foreign Exchange on Cash		**4,566**		8,362
Increase in Cash		**327,016**		108,883
Cash, Beginning of Year		**160,112**		51,229
Cash, End of Year	**$**	**487,128**	$	160,112
Supplemental Cash Flow Information				
Interest paid	**$**	**-**	$	-
Income taxes paid	**$**	**-**	$	-

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

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

The Company is not generating any operating revenue, has never paid any dividends, and is unlikely to pay dividends or generate earnings from operations in the immediate or foreseeable future. The continuation of the Company as a going concern is dependent upon the ability of the Company to obtain the necessary financing to continue operations, determine the existence and successful exploitation of economically recoverable reserves in its exploration and evaluation properties, confirmation of the Company's interests in the underlying properties and the attainment of profitable operations, or the realization of proceeds from their sale (Note 11a).

The Company is dependent on raising funds through the issuance of shares and/or obtaining debt financing. Management believes that additional financing is available and may be sourced in time to allow the Company to continue its current planned activities in the normal course. There can, however, be no assurance the Company will be able to raise funds in the future on acceptable terms. These matters indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments relating to the recoverability of assets and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PRESENTATION

a) Statement of compliance

The accompanying consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The accounting policies, methods of computation and presentation applied in these consolidated financial statements are consistent with those of the previous financial year.

b) Approval of consolidated financial statements

The consolidated financial statements of the Company for the year ended December 31, 2019 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on April 27, 2020.

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of consolidation

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

		Percentage owned	
		December 31 2019	December 31 2018
S.A. Mining Ventures Ltd.	Canada (BC)	100%	100%
Angelica Mining Inc.	Canada (BC)	100%	100%
T.C. Mining Inc.	Canada (BC)	100%	100%
687211 B.C. Ltd.	Canada (BC)	100%	100%
Aurifera Tres Cruces S.A.	Peru	100%	100%
Minera Angelica S.A.C.	Peru	100%	100%

Intercompany balances and transactions are eliminated on consolidation.

b) Functional and presentation currency

The functional and presentation currency of the Company and its subsidiaries is the Canadian dollar.

c) Adoption of accounting standards

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Company has adopted all the new and amended standards which are relevant to the Company and are effective for annual financial periods beginning on or after 1 January 2019.

IFRS 16 *Leases*

This new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. The new standard introduces a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease.

The main features of the new standard are as follows:

- An entity identifies as a lease a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
- A lessee recognizes an asset representing the right to use the leased asset, and a liability for its obligation to make lease payments. Exceptions are permitted for short-term leases and leases of low-value assets.
- A lease asset is initially measured at cost, and is then depreciated similarly to property, plant and equipment. A lease liability is initially measured at the present value of the unpaid lease payments.
- A lessee presents interest expense on a lease liability separately from depreciation of a lease asset in the statement of profit or loss and other comprehensive income.
- A lessor continues to classify its leases as operating leases or finance leases, and to account for them accordingly.
- A lessor provides enhanced disclosures about its risk exposure, particularly exposure to residual-value risk.

The new standard supersedes the requirements in IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

This standard did not have an impact on the financial performance or position of the Company as the Company does not have any leases.

d) New standards and interpretations not yet adopted

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates have now been assessed by the Company and are not expected to have a significant impact on the Company's consolidated financial statements. The Company has not early adopted these standards.

IFRIC 23 *Uncertainty over Income Tax Treatments*

This new interpretation, issued by the IASB in June 2017, clarifies how to apply the recognition and measurement requirements in IAS 12 *Income Taxes* when there is uncertainty over income tax treatments.

The main features of IFRIC 23 are as follows:

- An entity considers an uncertain tax treatment separately or together with other uncertain tax treatments depending on which approach better predicts the resolution of the uncertainty.
- Taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates are determined based on whether it is probable that a taxation authority will accept an uncertain tax treatment.
- An entity reassesses judgments or estimates relating to uncertain tax treatments when facts and circumstances change.

The new standard is effective for annual periods beginning on or after January 1, 2021.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to* IFRS 10 *Consolidated Financial Statements and* IAS 28 *Investments in Associates and Joint Ventures (2011))

Amends and to clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:

- requires full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in Business Combinations).
- requires the partial recognition of gains and losses where the assets do not constitute a business, i.e., a gain or loss is recognized only to the extent of the unrelated investors' interests in that associate or joint venture.

These requirements apply regardless of the legal form of the transaction, e.g., whether the sale or contribution of assets occurs by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

The effective date of the amendments to IFRS 10 and IAS 28 issued by the IASB in September 2014 has been deferred indefinitely, with earlier application permitted.

e) Judgments and estimates

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances and which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management in the preparation of these consolidated financial statements that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and include, but are not limited to, the following:

<u>Share-based payments</u>

The fair value of share-based payments are subject to the limitations of the Black-Scholes option pricing model, which incorporates market data and involves the input of highly subjective assumptions, including the volatility of share prices, and changes in subjective input assumptions which can materially affect the fair value estimate.

Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include, but are not limited to, the following:

<u>Recovery of deferred tax assets</u>

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement.

<u>Functional currency</u>

The Company applied judgment in determining its functional currency and the functional currency of its subsidiaries. Functional currency was determined based on the currency in which funds are sourced and the degree of dependence by the subsidiary on the Company for financial support.

<u>Exploration and evaluation assets</u>

Management is required to make judgments on the status of each mineral property, the future plans with respect to finding commercial reserves, and indicators of impairment. The nature of exploration and evaluation activity is such that only a few projects are ultimately successful and some assets are likely to become impaired in future periods.

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

f) Foreign currency

The results of operations and financial position of the Company's entities that have transactions in a currency different from the functional currency are translated as follows:

- Transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing at the dates of the transactions.
- Monetary assets and liabilities are translated at the closing rate at the consolidated balance sheet date; and,
- all resulting exchange differences are recognized in profit or loss.

g) Exploration and evaluation properties

Costs directly related to the exploration and evaluation of resource properties are capitalized once the legal rights to explore the resource properties are acquired or obtained. When the technical and commercial viability of a mineral resource have been demonstrated and a development decision has been made, the capitalized costs of the related property are transferred to mining assets and depreciated using the unit-of-production method on commencement of commercial production.

If it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable, or the property is abandoned or management has determined an impairment in value, the property is written down to its recoverable amount. Resource properties are reviewed for impairment at each reporting date.

From time to time, the Company acquires or disposes of properties pursuant to the terms of option agreements. Options are exercisable entirely at the discretion of the optionee, and accordingly, are recorded as exploration and evaluation property costs or recoveries when the payments are made or received. After costs are recovered, the balance of the payments received are recorded as a gain on option or disposition.

h) Impairment of non-current assets

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

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

i) Provision for closure and reclamation

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

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

j) Income taxes

The Company uses the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets also result from unused loss carry-forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

k) Share-based payments

The Company has a stock option plan that is described in Note 5(c). Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to option reserve. Consideration received on the exercise of stock options is recorded as share capital and the related option reserve is transferred to share capital. Charges for options that are forfeited or expired before vesting are reversed to deficit from option reserve.

l) Loss per share

Basic loss per share is calculated by dividing the loss available to common shareholders by the weighted average number of common shares outstanding in the year. For all years presented, the loss available to common shareholders equals the reported loss. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. In the Company's case, diluted loss per share is the same as basic loss per share, as the effects of including all outstanding options and warrants would be anti-dilutive.

m) Financial instruments

(i) Financial assets

Initial recognition and measurement

A financial asset is measured initially at fair value less, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. On initial recognition, a financial asset is classified as measured at amortized cost, measured at fair value through other comprehensive income or measured at fair value through profit or loss. The Company recognizes a financial asset when it becomes a party to the contractual provisions of the instrument.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets measured at fair value through profit and loss are carried in the consolidated statements of financial position at fair value with changes in fair value therein, recognized in profit or loss.

Financial assets measured at fair value through other comprehensive income ("FVOCI")

A financial asset measured at fair value through other comprehensive income is recognized initially at fair value plus transaction cost directly attributable to the asset. After initial recognition, the asset is measured at fair value with changes in fair value included as "financial asset at fair value through other comprehensive income" in other comprehensive income. Accumulated gains or losses recognized through other comprehensive income are directly transferred to retained earnings (deficit) when the financial instrument is derecognized or its fair value substantially decreases.

Financial assets measured at amortized cost

A financial asset is subsequently measured at amortized cost, using the effective interest method.

(ii) Derecognition

A financial asset or, where applicable a part of a financial asset or part of a group of similar financial assets is derecognized when:

- the contractual rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(iii) Financial liabilities

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities subsequently measured at amortized cost. All interest-related charges are reported in profit or loss within interest expense, if applicable.

(iv) Fair value hierarchy

The Company categorizes financial instruments measured at fair value at one of three levels according to the reliability of the inputs used to estimate fair values. The fair value of financial assets and financial liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Financial assets and liabilities in Level 2 are valued using inputs other than quoted prices for which all significant inputs are based on observable market data. Level 3 valuations are based on inputs that are not based on observable market data.

n) Share capital

The Company records proceeds from share issuances, net of issue costs, as share capital. Common shares issued for consideration other than cash are valued based on their market value at the date the agreement to issue shares was concluded.

o) Valuation of equity units issued in private placements

Proceeds received on the issuance of units consisting of common shares and warrants, are allocated first to common shares based on market trading price of the common shares at the time the units are priced, and any excess is allocated to warrant reserves.

4. EXPLORATION AND EVALUATION PROPERTIES

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 Tres Cruces S.A. subject to:

(i) Barrick incurring US$1,700,000 in exploration expenditures by December 31, 2005 (incurred);

(ii) Barrick making payment to the Company of: US$400,000 on execution of the option agreement (paid); US$200,000 per year until completion of the US$1,700,000 in exploration expenditures (paid); followed by annual payments of US$250,000 (US$175,000, net of Peruvian withholding taxes) per year until a production decision is made; and

(iii) Barrick making a production decision on or before December 31, 2020.

All exploration expenditures are payable by Barrick until a production decision is made. Upon making a production decision, Barrick must pay the Company a US$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.

The Company has recovered all of its investment in the Tres Cruces property, which is carried at $nil in the Company’s consolidated statements of financial position. The Company received $235,531 (US$175,000) (2018- $225,283 (US$175,000)) from Barrick in May 2019, all of which was recorded as proceeds of option payments in excess of capitalized cost in the Company’s consolidated statements of loss and comprehensive loss.

b) Other exploration and evaluation properties

The Company continues to maintain a 100% interest in one mineral property located in Ontario, Canada, which is carried at a nominal value of $1.

(Expressed in Canadian dollars)

5. SHARE CAPITAL

a) Authorized

Unlimited number of common shares without par value.

b) Issued

In August 2019, the Company completed a $555,000 non-brokered private placement, which resulted in the issuance of 1,850,000 units at a price of $0.30 per share. Each unit consists of one common share and one share purchase warrant (note 5(d)). The Company allocated a portion of the proceeds from the financing ($148,000) to warrants reserve, using the residual method of accounting. The Company recorded $9,258 of share issue costs in connection with the private placement.

As at December 31, 2019, the Company has 22,774,985 shares issued and outstanding (2018 - 20,924,985).

c) Stock options

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

Stock options to purchase common shares have been granted to directors, employees and consultants at exercise prices determined by reference to the market value on the date of grant.

A summary of the status of the Company's stock options outstanding as at December 31, 2019 and 2018 and changes during the years are as follows:

	December 31, 2019		December 31, 2018	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	**3,600,000**	**$ 0.36**	3,600,000	$ 0.36
Granted during the year	**-**	**-**	-	-
Expired during the year	**-**	**-**	-	-
Outstanding, end of year	**3,600,000**	**$ 0.36**	3,600,000	$ 0.36
Options exercisable	**3,600,000**	**$ 0.36**	3,600,000	$ 0.36

Stock options outstanding and exercisable as at December 31, 2019 are as follows:

Number of Options		**Exercise**		**Weighted Average Contractual Life of Options Remaining**
Outstanding	**Exercisable**	**Price**	**Expiry Date**	**in Years**
1,100,000	1,100,000	$ 0.17	October 30, 2020	0.83
2,500,000	2,500,000	$ 0.45	December 4, 2022	2.93
3,600,000	3,600,000			

(Expressed in Canadian dollars)

d) Warrants

In August 2019, the Company issued 1,850,000 non-transferable share purchase warrants in connection with a private placement financing of the same date (note 5(b)). Each warrant is exercisable to acquire one common share at an exercise price of $0.50 for a period of three years from the date of issue. The Company allocated a portion of the proceeds from the financing ($148,000) to warrants reserve, using the residual method of accounting.

A summary of the status of the Company's warrants outstanding as at December 31, 2019 and 2018 and changes during the years are as follows:

	December 31, 2019	December 31, 2018
	Number of Warrants	Number of Warrants
Outstanding, beginning of year	**2,168,334**	2,168,334
Granted during the year	**1,850,000**	-
Expired during the year	**-**	-
Outstanding, end of year	**4,018,334**	2,168,334

Warrants outstanding and exercisable as at December 31, 2019 are as follows:

No. of Warrants	**Exercise Price**	**Expiry Date**
2,168,334	$ 0.20	July 20, 2020
1,850,000	$ 0.50	August 8, 2022
4,018,334		

6. RELATED PARTY TRANSACTIONS AND BALANCES

The president and CFO of the Company provide management, technical consulting, accounting and administrative services to the Company through their consulting services corporations. Two directors also receive or accrue fees for their services as directors.

Key management compensation consists of the following:

The Company incurred $135,123 (2018-$131,838) to NS Star Enterprises Ltd., a company controlled by the president, for technical, management and administration services during the year ended December 31, 2019. The Company also had an amount payable of $8,285 due to NS Star Enterprises Ltd as at year end. The Company incurred $47,000 (2018-$42,000) with Morfopoulos Consulting Associates Ltd., a company 50% owned by the CFO, for accounting, management and administration services during the year ended December 31, 2019. Director fees of $18,000 each (2018-$18,000 each) were incurred to directors Maynard Brown and James Carr-Hilton for the year ended December 31, 2019.

In April 2019, the Company entered into agreements with its directors and officers that would result in compensation to be paid to the individual upon meeting certain conditions relating to a substantial change of control of the Company. The aggregate amount of compensation that would be paid in total to all of the directors and officers upon a change of control is $1,150,000. During the year ended December 31, 2019, there is no substantial change of control that occurred to warrant the payment to the directors of the Company.

(Expressed in Canadian dollars)

7. INCOME TAXES

Income tax expense differs from the amount that would be computed by applying the Canadian statutory income tax rate of 27% (2018-27%) to income before income taxes. The reason for the differences is as follows:

		2019		2018
Loss for the year	$	(74,664)	$	(38,853)
Statutory income tax rate		27%		27%
Income tax benefit computed at statutory rates		(20,159)		(10,490)
Items non-deductible for income tax purposes		(4,094)		(2,032)
Effect of change in tax rates		-		(1,450)
Impact of foreign exchange on tax assets and liabilities		102		(10,097)
Unused tax losses and tax offsets not recognized in tax asset		24,151		24,069
Total income taxes	$	-	$	-

The Company recognizes tax benefits or losses or other deductible amounts generated in countries where the probable criteria for the recognition of deferred tax assets have been met. The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

		2019		2018
Deferred income tax assets				
Tax value in excess of book value of equipment	$	4,208	$	4,211
Share-issuance costs		15,163		2,026
Non-capital losses carried forward		2,847,876		2,758,048
	$	2,867,247	$	2,764,285

As at December 31, 2019, the Company has non-capital losses of approximately $2,847,000 that may be applied against future income for Canadian and Peruvian income tax purposes. The potential future tax benefit of these losses has not been recorded in these consolidated financial statements. The losses expire as follows:

2026	$ 237,000
2027	131,000
2028	253,000
2029	220,000
2030	224,000
2031	298,000
2032	187,000
2033	214,000
2034	214,000
2035	340,000
2036	197,000
2037	205,000
2038	38,000
2039	89,000
	$ 2,847,000

8. MANAGEMENT OF CAPITAL

The Company's equity is considered to be capital under management. There has been no change in the nature of the Company's capital structure during the year ended December 31, 2019. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of mineral properties and to maintain a flexible capital structure at an acceptable risk.

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

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

The Company is not subject to any external capital restrictions.

9. FINANCIAL INSTRUMENTS

The Company has classified its cash as FVTPL; and trade payables and accrued liabilities and due to related parties, as amortized cost.

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

a) Credit risk

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

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

b) b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company's approach to managing liquidity risk is to plan that it will have sufficient assets and cash flows to meet liabilities when due. As at December 31, 2019, the Company has working capital of $486,576 (2018-$15,498). As at December 31, 2019, the Company has trade payables and accrued liabilities and due to related parties totalling $28,349 (2018-$162,726) which are due within the next twelve months.

c) Market risk

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

(i) Interest rate risk

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

(ii) Foreign currency risk

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

		December 31 2019		December 31 2018
Cash	$	47,077	$	106,682
Due to related parties		(8,285)		(78,250)
Net foreign exposure to US dollars	$	38,792	$	28,432

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

Based on the above net foreign currency exposure as at December 31, 2019 and assuming all other variables remain constant, a 15% (2018-15%) strengthening or weakening of the US dollar against the Canadian dollar will not result in a material increase/decrease of foreign exchange gain or loss in the Company's consolidated statements of loss and comprehensive loss.

(iii) Other price risk

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

10. SEGMENTED DISCLOSURE

The Company has one operating segment, mineral exploration and development. The Company's non-current assets are located in Peru and in the province of Ontario, Canada as illustrated below.

		December 31 2019		December 31 2018
Canada	$	1	$	1
Peru		-		-
Total	$	1	$	1

11. SUBSEQUENT EVENT

a) $1,300,000 Private Placement Announced

In April 2020, the Company announced plans to complete a non-brokered private placement of units at a price of $0.70 per unit for estimated aggregate gross proceeds of approximately $1,300,000. Each unit will consist of one common share of the Company and one-half of one share purchase warrant of the Company. Each whole share purchase warrant will entitle the holder to purchase one common share for a period of three years after the closing of the transaction at an exercise price of $0.85 per common share. The proceeds from the financing will be used for general working capital and corporate purposes. No finder fees are being paid by the Company in connection with the financing. The financing has not been completed as of the date of this report and is subject to the approval of the TSX Venture Exchange.

b) Impact of COVID-19 outbreak

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

NEW OROPERU RESOURCES INC.

MANAGEMENT DISCUSSION & ANALYSIS
For the year ended December 31, 2019
(Expressed in Canadian dollars)

General

The information in this Management's Discussion and Analysis, or MD&A, is intended to assist the reader in the understanding and assessment of the trends and significant changes in the results of operations and financial conditions of New Oroperu Resources Inc. (the "Company" or "New Oroperu"). This MD&A should be read in conjunction with the audited consolidated financial statements of the Company, including the notes thereto, for the years ended December 31, 2019 and 2018, and other information relating to the Company on file with the Canadian provincial securities regulatory authorities on SEDAR at www.sedar.com. The Company's annual audited consolidated financial statements for the years ended December 31, 2019 and 2018 have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A has taken into account information available up to and including April 27, 2020.

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

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

Company Overview

The Company continues to maintain its 100% interest in the Tres Cruces gold project in north central Peru, which has been under an option to purchase agreement (the "Agreement") with a subsidiary of Barrick Gold Corp. (Minera Barrick Misquichilca S.A.) ("Barrick"). In May 2019, the Company received a US$250,000 option payment (less US$75,000 withholding taxes) from Barrick. Barrick has advised the Company that it did not conduct any material amount of field work on the Tres Cruces project during the current year-to-date, and the Company is not aware of Barrick's future plans for the Tres Cruces project. Barrick's option to acquire a 70% interest in the Tres Cruces project expires on December 31, 2020, if it does not make a production decision by then.

$1,300,000 Private Placement Announced

In April 2020, the Company announced plans to complete a non-brokered private placement of units at a price of $0.70 per unit for estimated aggregate gross proceeds of approximately $1,300,000. Each unit will consist of one common share of the Company and one-half of one share purchase warrant of the Company. Each whole share purchase warrant will entitle the holder to purchase one common share for a period of three years after the closing of the transaction at an exercise price of $0.85 per common share. The proceeds from the financing will be used for general working capital and corporate purposes. No finder fees are being paid by the Company in connection with the financing. The financing has not been completed as of the date of this MD&A and is subject to the approval of the TSX Venture Exchange.

$555,000 Private Placement Completed

In August 2019, the Company completed a non-brokered private placement, consisting of 1,850,000 units at a price of $0.30 per unit for aggregate proceeds of $555,000. Each unit consisted of one common share of the Company and one transferable share purchase warrant of the Company. Each share purchase warrant is exercisable to acquire one common share at an exercise price of $0.50 for a period of three years from the date of closing of the private placement.

Tres Cruces Gold Project Option Agreement

The Tres Cruces project has been under an option to purchase agreement with Barrick since 2003. To maintain its option, Barrick must make a payment to the Company of US$250,000 a year, which to date has been paid, subject to a 30% Peruvian withholding tax. Under the terms of the agreement, all exploration expenditures deemed necessary by Barrick to make a production decision will be paid by Barrick at no cost to the Company. Following a production decision, the Company would retain a 30% fully financed interest in Aurifera, a 2% royalty interest and receive a US$1,000,000 advance royalty payment.

In October 2012, the Company announced the completion of an independent technical report which expanded the property's mineral resource estimate, based on Barrick's and the Company's own exploration data and analysis. The technical report was a milestone for the Company and contains an estimate of 2.6 million oz. of gold in the measured and indicated category at a 0.6 g/t gold cut-off (see news release dated October 16, 2012).

This estimate was based on 359 drill holes and nearly 74,000 meters of drilling and represents a substantial increase from an earlier historical resource estimate of 1.7 million oz of gold. There is also an inferred resource in areas immediately adjacent to the deposit and at depth which may be converted to a higher category with additional drilling. The gold mineralized system is open to depth with some drill holes bottoming in mineralization. Further exploration is warranted to define the full extent of mineralization.

Under the terms of the Agreement, the development of the Tres Cruces project is dependent on Barrick's plans and decisions relating to its option to acquire a 70% interest in the project by making a production decision by December 31, 2020.

The Tres Cruces Gold Project

The Tres Cruces project is under option to Barrick, as discussed in the above Company Overview. Barrick can earn a 70% interest in Aurifera, subject to an underlying 1.5% royalty and 2% royalty to the Company.

Nearby the Tres Cruces project, about 10 km to the north, Barrick has invested an estimated $340 million in the development of its Lagunas Norte deposit, where production started in June 2005. Since then the Lagunas Norte project has reported several years of production greater than 1 million oz. of gold per year. Barrick reported a measured and indicated estimated resource of 58.4 million tonnes grading 2.28 g/t, containing 4.3 million oz of gold at Lagunas Norte as of December 31, 2019. Barrick has publicly reported a review for processing sulphidic material unsuited for heap leaching at its Lagunas Norte mining operations. This study, described in a Barrick NI 43-101 technical report dated March 21, 2016 contemplates using a new grinding-flotation-autoclave processing facility for sulphidic ores. On February 22, 2018, Barrick announced in its Investor Day forum its two-stage plan to initially treat stock-piled carbonaceous oxide ore, containing about 600,000 oz. gold, utilizing a mill and the CIL recovery process (Investment: $308 million). This facility would then be upgraded with a flotation plant and autoclave to treat sulphidic ores containing an estimated 2.2 million oz. of gold. Barrick stated that its initial stage will start construction in 2019 to begin processing in 2021. Barrick reported in its third quarter that it has updated a feasibility study for the treatment of its carbonaceous oxide ores and is advancing the project to detailed engineering. In Barrick's 4th quarter 2018 results and in its 2018 Annual Report, Barrick stated that the updated feasibility did not meet the company's investment criteria. In its 2019 Annual Report, Barrick indicated that Lagunas Norte is in "care and maintenance" status. Barrick has stated it is continuing to study the Lagunas Norte project to attempt to improve the economics, to review near-pit resources and further exploration with potential to extend the life of mine. It also noted the Tres Cruces property as a defined resource and processing optionality.

(Expressed in Canadian dollars)

Prior metallurgical test work on Tres Cruces mineralization described in the Company's NI 43-101 Report by Peter A. Lacroix, described below, indicates good recoveries for a CIL flotation process. The Company believes that this potential addition of a grinding-flotation-autoclave circuit to extend the life of Barrick's Lagunas Norte mine could enhance the development opportunity for Tres Cruces because of the proximal advantages of Tres Cruces to Barrick's operations.

New Oroperu has a NI 43-101 technical report on the Tres Cruces project entitled "Technical Report on the Tres Cruces Project, North Central Peru", dated September 28, 2012, by Peter A. Lacroix, P. Eng. of Lacroix & Associates, which updated mineral resource estimates for the Tres Cruces project based on all available information to that date. According to the report, the Tres Cruces mineral resource is estimated to contain 2.6 million oz. of gold at a 0.6 g/t Au cut-off in the measured and indicated category.

A complete copy of the report is available at www.sedar.com or through the Company's website at www.oroperu.com.

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

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

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

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

The Tres Cruces project is a grass roots discovery made by the Company. New Oroperu has an agreement with Barrick granting them an option to acquire up to a 70% interest in Aurifera Tres Cruces S.A., the subsidiary that holds the Tres Cruces project.

Other Mineral Properties

The Company owns a 100% interest in one mineral property located in Ontario, Canada and it continues to maintain its rights on the property. No field work was conducted on the property in the past twelve months.

(Expressed in Canadian dollars)

Results of Operations

The Company's net loss for the year ended December 31, 2019 was $74,664 (2018-$38,853). In May 2019, the Company received a $235,531 (US$175,000) option payment on the Tres Cruces property from Barrick, which was recorded as income for the year.

The Company's operating costs for the year of $314,761 (2018-$267,692), were higher due to: (a) higher travel expenses as a result of increased meeting and marketing efforts; (b) higher legal costs due to increased review of business activities and strategic plans; and (c) higher personnel costs in general and administrative expenses. The Company expects such costs to continue in a higher range for the next year.

In 2020, Barrick continued to cover project costs related to exploration and maintenance of the Tres Cruces property, as per the terms of its exploration and option agreement with the Company and the Company did not incur any other property exploration costs.

Selected Annual and Quarterly Information

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

	2019	**2018**	**2017**
Loss for the year	($74,664)	($38,853)	($678,480)
Basic and diluted loss per share	($0.00)	($0.00)	($0.03)
Total assets	514,926	178,225	75,233
Total liabilities	28,349	162,726	20,881
Total shareholders' equity	486,577	15,499	54,352

Results for the eight most recent quarters ending with the last quarter ended December 31, 2019:

For the quarterly periods ending	**December 31 2019**	**September 30 2019**	**June 30 2019**	**March 31 2019**
Income (loss) for the quarter	**$ (79,875)**	$ (76,962)	$ 155,091	$ (72,918)
Basic income (loss) per share	**($0.00)**	($0.00)	$0.01	($0.00)
For the quarterly periods ending	**December 31 2018**	**September 30 2018**	**June 30 2018**	**March 31 2018**
Income (loss) for the quarter	$ (70,288)	$ (69,319)	$ 166,497	$ (65,743)
Basic loss per share	($0.00)	($0.00)	$0.01	($0.00)

The Company recorded a loss of $79,875 during the three months ended December 31, 2019. Its $78,665 of operating costs during the quarter (2018-$68,357) were primarily due to higher general and administrative and higher legal expenses.

The Company recorded a loss of $76,962 during the three months ended September 30, 2019. Its $79,631 of operating costs during the quarter (2018-$66,461) were primarily due to higher general and administrative and higher audit expenses.

The Company recorded net income of $155,091 during the three months ended June 30, 2019. Its $86,600 of operating costs during the quarter (2018-$61,838) were offset by a $235,531 gain resulting from the option payment received for the Tres Cruces property. Operating costs for the period were higher than the same period last year, due to increased audit accruals during the quarter.

The Company's net loss for the three months ended March 31, 2019 was $72,918. The Company’s loss for the period was consistent with the same period for the preceding year (2018-$66,743). Barrick continued to cover project costs related to exploration and maintenance of the Tres Cruces property in the current period, as per the terms of its exploration and option agreement with the Company and the Company did not incur any other property exploration costs.

Quarterly Results - General Trend

The Company’s operating expenses over the past year have consistently been in the order of $75,000, per quarter, before proceeds of Barrick option payments. The Company expects that the level of general quarterly operating expenses will increase significantly during the 2020 fiscal year, as the Company prepares to deal with the effects of Barrick’s decision regarding its option on the Tres Cruces project.

Financial Condition, Liquidity and Capital Resources

In the year ended December 31, 2019, New Oroperu’s cash position increased by $327,016. In the year ended December 31, 2019, New Oroperu’s only sources of cash were from the US$175,000 (net of withholding tax) property option payment received from Barrick in regard to the Tres Cruces project option agreement and from a $555,000 private placement financing.

The Company’s cash position at December 31, 2019 was $487,128 (2018–$160,112). New Oroperu’s working capital position at December 31, 2019 was $486,576, compared to a working capital of $15,498 at December 31, 2018.

In August 2019, the Company completed a non-brokered private placement, consisting of 1,850,000 units at a price of $0.30 per unit for aggregate proceeds of $555,000. Each unit consisted of one common share of the Company and one transferable share purchase warrant of the Company. Each share purchase warrant is exercisable to acquire one common share at an exercise price of $0.50 for a period of three years from the date of closing of the private placement. The proceeds are being used for general working capital and operating expenses. The Company’s cash position as of the date of this report is approximately $400,000.

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

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

(Expressed in Canadian dollars)

Off-Balance Sheet Arrangements

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

Proposed Transactions

There are no proposed transactions.

Outstanding Share Data

There were 22,774,985 shares of the Company outstanding at December 31, 2019 and as of the date of this report.

The following stock options are outstanding as at December 31, 2019 and as of the date of this report:

No. of Options	Price per Share	Expiry Date
2,500,000	$0.45	December 4, 2022
1,100,000	$0.17	October 30, 2020
3,600,000		

Warrants

The following warrants are outstanding as at December 31, 2019 and as of the date of this report.

No. of Warrants	Exercise Price	Expiry Date
2,168,334	$ 0.20	July 20, 2020
1,850,000	$ 0.50	August 8, 2022
4,018,334		

Related Party Transactions

The president and CFO of the Company provide management, technical consulting, accounting and administrative services to the Company through their consulting services corporations. Two directors also receive or accrue fees for their services as directors.

Key management compensation consists of the following:

The Company incurred $135,123 (2018-$131,838) to NS Star Enterprises Ltd., a company controlled by the president, for technical, management and administration services during the year ended December 31, 2019. The Company also had payable amount of $8,285 due to NS Star Enterprises Ltd as at year end. The Company incurred $47,000 (2018-$42,000) with Morfopoulos Consulting Associates Ltd., a company 50% owned by the CFO, for accounting, management and administration services during the year ended December 31, 2019. Director fees of $18,000 each (2018-$18,000 each) were incurred to directors Maynard Brown and James Carr-Hilton for the year ended December 31, 2019.

In April 2019, the Company entered into agreements with its directors and officers that would result in compensation to be paid to the individual upon certain conditions being met in relation to a change of control of the Company. A change of control is deemed to have occurred when:

a) There occurs any transaction or series of transactions whereby more than 20% of the voting rights attached to all outstanding voting securities of the Company are held by one person or entity, or collectively by any combination of persons or other entities who act in concert by virtue of an agreement, commitment or understanding to vote their respective interest in the voting securities of the Company in a manner consistent each with the other; or

b) More than 20% of the directors elected at a meeting of shareholders were persons that had not been nominated by the Board of Directors to stand election at such meeting.

The aggregate amount of compensation that would be paid in total to all of the directors and officers upon a change of control is $1,150,000.

Management of Capital

The Company's equity is considered to be capital under management. There has been no change in the nature of the Company's capital structure during the year ended December 31, 2019. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of mineral properties and to maintain a flexible capital structure at an acceptable risk.

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

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

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

Use of Judgments and Estimates

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances and which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management in the preparation of these consolidated financial statements that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and include, but are not limited to, the following:

Share-based payments

The fair value of share-based payments are subject to the limitations of the Black-Scholes option pricing model, which incorporates market data and involves the input of highly subjective assumptions, including the volatility of share prices, and changes in subjective input assumptions which can materially affect the fair value estimate.

Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include, but are not limited to, the following:

Recovery of deferred tax assets

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement.

Functional currency

The Company applied judgment in determining its functional currency and the functional currency of its subsidiaries. Functional currency was determined based on the currency in which funds are sourced and the degree of dependence by the subsidiary on the Company for financial support.

Exploration and evaluation assets

Management is required to make judgments on the status of each mineral property, the future plans with respect to finding commercial reserves, and indicators of impairment. The nature of exploration and evaluation activity is such that only a few projects are ultimately successful and some assets are likely to become impaired in future periods.

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgement based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Financial Instruments

(i) Financial assets

Initial recognition and measurement

A financial asset is measured initially at fair value less, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. On initial recognition, a financial asset is classified as measured at amortized cost, measured at fair value through other comprehensive income or measured at fair value through profit or loss. The Company recognizes a financial asset when it becomes a party to the contractual provisions of the instrument.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets measured at fair value through profit and loss are carried in the consolidated statements of financial position at fair value with changes in fair value therein, recognized in profit or loss.

Financial assets measured at fair value through other comprehensive income (“FVOCI”)

A financial asset measured at fair value through other comprehensive income is recognized initially at fair value plus transaction cost directly attributable to the asset. After initial recognition, the asset is measured at fair value with changes in fair value included as “financial asset at fair value through other comprehensive income” in other comprehensive income. Accumulated gains or losses recognized through other comprehensive income are directly transferred to retained earnings (deficit) when the financial instrument is derecognized or its fair value substantially decreases.

Financial assets measured at amortized cost

A financial asset is subsequently measured at amortized cost, using the effective interest method.

(ii) Derecognition

A financial asset or, where applicable a part of a financial asset or part of a group of similar financial assets is derecognized when:

- the contractual rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(iii) Financial liabilities

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities subsequently measured at amortized cost. All interest-related charges are reported in profit or loss within interest expense, if applicable.

(iv) Fair value hierarchy

The Company categorizes financial instruments measured at fair value at one of three levels according to the reliability of the inputs used to estimate fair values. The fair value of financial assets and financial liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Financial assets and liabilities in Level 2 are valued using inputs other than quoted prices for which all significant inputs are based on observable market data. Level 3 valuations are based on inputs that are not based on observable market data.

The Company has classified its cash as FVTPL; and trade payables and accrued liabilities and due to related parties, as amortized cost.

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

a) Credit Risk

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

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

b) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company's approach to managing liquidity risk is to plan that it will have sufficient assets and cash flows to meet liabilities when due. As at December 31, 2019, the Company has a working capital of $486,576 (2018-$15,498). As at December 31, 2019, the Company has trade payables and accrued liabilities and due to related parties totalling $28,349 (2018-$162,726) which are due within the next twelve months.

c) Market Risk

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

d) Interest rate risk

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

e) Foreign currency risk

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

		December 31 2019		December 31 2018
Cash	$	47,077	$	106,682
Due to related parties		(8,285)		(78,250)
Net foreign exposure	$	38,792	$	28,432

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

Based on the above net foreign currency exposure as at December 31, 2019 and assuming all other variables remain constant, a 15% (2018-15%) strengthening or weakening of the US dollar against the Canadian dollar would result not result in a material foreign exchange gain or loss in the Company's consolidated statements of loss and comprehensive loss.

f) Other price risk

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

Risk Factors

Companies operating in the mining industry face many and varied kind of risks. While risk management cannot eliminate the impact of all potential risks, the Company strives to manage such risks to the extent possible and practical. Following are the risk factors most applicable to the Company.

Financial

The Company has not generated any revenue since inception and has never paid any dividends and is unlikely to pay dividends or generate earnings in the immediate or foreseeable future. As at December 31, 2019, the Company has incurred losses since inception and has an accumulated operating deficit of $34,695,525 The continuation and long-term viability of the Company remains dependent upon its ability to obtain necessary equity financing to continue operations and to determine the existence, discovery and successful exploitation of economically recoverable reserves in its resource properties, confirmation of the Company's interests in the underlying properties, and the attainment of profitable operations.

Industry

Exploring and developing mineral resource projects bears a high potential for a variety of risks. Additionally, few exploration projects successfully achieve development due to factors that cannot be predicted or foreseen. Moreover, even one such factor may result in the economic viability of a project being detrimentally impacted such that it is not feasible or practical to proceed.

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

Metal Prices

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

Political Risk

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

Environmental

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

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

Coronavirus global pandemic risk

In March 2020, the world Health organization declared a global pandemic related to the virus known as Covid-19. The expected impacts on global commerce are anticipated to be far reaching. To date there have been significant declines in the equity markets, and the movement of people and goods has become restricted.

The Company’s ability to fund ongoing operations and exploration is affected by the availability of financing. Due to market uncertainty the Company may be restricted in its ability to raise additional funding.

The impact of these factors on the Company is not yet determinable; however, they may have a material impact on the company's financial position, results of operations and cash flows in future periods. In particular, there may be heightened risk of going concern uncertainty.

FORWARD–LOOKING STATEMENTS

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

This MD&A includes, but is not limited to, forward-looking statements regarding the Company's exploration properties in Peru, and the Company's ability to meet its working capital needs for the next year.

Approvals

Peter A. Lacroix, P. Eng., and a qualified person as defined by Canadian National Instrument 43-101, has reviewed the Tres Cruces property technical information contained in this MD&A.

The Board of Directors of the Company has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

Additional Information

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