Oroco Resource Corp.

Consolidated Financial Statements

August 31, 2009

Oroco Resource Corp.
(the "Company")

Consolidated Financial Statements
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NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the accompanying unaudited financial statements.

The accompanying unaudited financial statements of the Company have been prepared by and are the responsibility of the management of the Company.

"Craig Dalziel"
Chief Executive Officer

"Casey Forward"
Chief Financial Officer

Oroco Resource Corp.
Consolidated Balance Sheets

		August 31, 2009		May 31, 2009
ASSETS				
Current Assets				
Cash and cash equivalents	$	621,038	$	51,467
Refundable GST and other receivable		32,436		28,648
Prepaid expenses		21,107		16,468
		674,581		96,583
Interest in resource properties (note 3)		5,164,087		4,737,732
Property and equipment (note 4)		36,367		38,985
	$	5,875,035	$	4,873,300
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities	$	348,694	$	229,575
SHAREHOLDERS' EQUITY				
Share Capital (note 6)				
Authorized				
100,000,000 common shares, no par value				
Issued and outstanding (note 5)		7,432,531		6,389,531
Contributed surplus		334,975		327,887
Deficit		(2,241,165)		(2,073,693)
		5,526,341		4,643,725
	$	5,875,035	$	4,873,300

On behalf of the Board:

"Craig Dalziel" Director *"Casey Forward"* Director

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

Oroco Resource Corp.

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		For the three months ended August 31, 2009		For the three months ended August 31, 2008
Expenses				
Amortization	$	2,619	$	1,687
Bank charges and interest		314		179
Consulting fees (note 6)		29,138		18,908
Management and director fees (note 6)		21,750		10,500
Office and general		21,401		21,512
Professional fees (note 6)		27,554		38,113
Rent		11,859		9,741
Shareholder communications and investor relations		41,735		21,863
Transfer agent and filing		12,143		4,691
Travel		2,031		11,260
Total expenses		(170,544)		(138,454)
Other items				
Interest income		-		6,605
Foreign exchange gain (loss)		3,073		(34,979)
		3,073		(28,374)
Net loss and comprehensive loss for the period		(167,471)		(166,828)
Deficit, beginning of period		(2,073,694)		(806,829)
Deficit, end of period	$	(2,241,165)	$	(973,657)
Loss per share, basic and diluted		($0.01)		($0.01)
Weighted average shares outstanding		31,100,078		20,428,196

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

Oroco Resource Corp.
Consolidated Statements of Cash Flows

	For the three months ended August 31, 2009	For the three months ended August 31, 2008
Operating Activities		
Net loss for the period	$ (167,471)	$ (166,828)
Items not involving cash		
Amortization	2,619	1,687
Stock-based compensation	7,088	-
Changes in non-cash working capital		
Refundable GST and other receivables	(3,788)	(36,014)
Prepaid expenses	(4,639)	(1,702)
Accounts payable and accrued liabilities	119,117	17,033
Net cash used in operating activities	(47,074)	(185,824)
Financing Activities		
Shares issued for cash, net of share issuance costs	970,500	-
Net cash provided from financing activities	970,500	-
Investing Activities		
Purchase of equipment	-	(7,962)
Acqusition and exploration of resource properties	(353,855)	(559,943)
Resource property acquisition obligation	-	-
Net cash used in investing activities	(353,855)	(567,905)
Change in cash	569,571	(753,729)
Cash and cash equivalents, beginning of period	51,467	1,984,926
Cash and cash equivalents, end of period	$ 621,038	$ 1,231,197

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

1. NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Oroco Resource Corp. (the “Company”) was incorporated on July 7, 2006 under the Business Corporations Act of British Columbia and is in the business of acquiring, exploring and evaluating mineral resource properties in Mexico. The Company is in the exploration stage and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of amounts shown for mineral properties and related deferred exploration expenditures are dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development of the mineral properties and upon future profitable production or proceeds from the disposition thereof.

These interim financial statements should be read in conjunction with the audited May 31, 2009 annual consolidated financial statements. These interim financial statements follow the same accounting policies and methods of their application as in the May 31, 2009 annual consolidated financial statements. These interim financial statements do not conform in all respects to the requirements of Canadian generally accepted accounting principles for annual financial statements in that they do not include all note disclosures.

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities at the date of the financial statements and expenses for the periods reported. Actual results could differ from those estimates.

Consolidation

These consolidated financial statements include the accounts of the Company and the following subsidiaries. All intercompany transactions and balances have been eliminated.

	Country of Incorporation	Percentage ownership August 31, 2009	Percentage ownership May 31, 2009
Minera Xochipala S.A. de C.V. ("Minera Xochipala") (note 3b)	Mexico	100.0%	100.0%
Minas de Oroco S.A. de C.V. ("Minas de Oroco") (note 3a)	Mexico	100.0%	100.0%
Minera Polimetalicos Mexicanos S.A. ("Polimetalicos") (note 3a)	Panama	100.0%	100.0%

Polimetalicos is a Panamanian holding company 100% owned directly by the Company. It holds 98% (49 out of 50 shares) of Minas de Oroco, a Mexican company (the other 2%, being 1 share, is held by Minera Xochipala). Minera Xochipala, a Mexican company, is 98% (49 of 50 shares) directly owned by the Company, with 2% (1 share of 50) held by Minas de Oroco.

2. SUPPLEMENTAL CASH FLOW INFORMATION

	For the three months ended August 31, 2009	For the three months ended August 31, 2008
Interest paid	$ -	$ -
Taxes paid	$ -	$ -
Non-cash transactions not included in investment or financing activities		
Acquisition of mineral properties by the issuance of shares	$ 72,500	$ -

3. INTEREST IN RESOURCE PROPERTIES

For the three months ended August 31, 2009

	Cerro Prieto Properties	Xochipala	Salvador	Total
Balance at June 1, 2009	$ 4,737,732	$ -	$ -	$ 4,737,732
Acquisition costs				
Share consideration	72,500	-	-	72,500
	72,500	-	-	72,500
Deferred exploration expenditures				
Assessment and taxes	19,209	-	-	19,209
Drilling	253,264	-	-	253,264
Sampling	7,108	-	-	7,108
Technical staff	74,274	-	-	74,274
	353,855	-	-	353,855
Impairments	-	-	-	-
Balance at August 31, 2009	$ 5,164,087	$ -	$ -	$ 5,164,087

For the year ended May 31, 2009

	Cerro Prieto Properties	Xochipala	Salvador	Total
Acquisition costs				
Cash consideration	$ 2,930,395	$ 270,330	$ 113,010	$ 3,313,735
Shares	17,500	14,000	-	31,500
	2,947,895	284,330	113,010	3,345,235
Deferred exploration expenditures				
Assessment and taxes (recovery)	65,784	(60,027)	-	5,757
Drilling	1,149,525	-	-	1,149,525
Sampling	231,562	-	-	231,562
Technical staff	342,966	-	-	342,966
	1,789,837	(60,027)	-	1,729,810
	4,737,732	224,303	113,010	5,075,045
Impairments	-	(224,303)	(113,010)	(337,313)
Balance at May 31, 2009	$ 4,737,732	$ -	$ -	$ 4,737,732

3. INTEREST IN RESOURCE PROPERTIES continued

(a) Cerro Prieto Properties, Sonora State, Mexico

(i) San Felix and San Francisco Concessions ("SF Concessions")

On August 26, 2006, as amended on December 15, 2006 and May 18, 2007, the Company entered into an assignment agreement (the "Assignment Agreements") whereby ATM Mining Corp. ("ATM") and Salvador Rivero Cortina ("Rivero") assigned their rights and interests in the SF Concessions and the Celia Gene and Celia Generosa concessions (the "Xochipala Property") to the Company. Under the assignment agreement, the Company paid $69,000 to ATM for costs associated with the Xochipala property, accepted share subscriptions from ATM to purchase 5,350,000 common shares of the Company, and assumed ATM's obligation to issue 3,150,000 common shares to Rivero.

The SF Concessions are located 150 kilometers northeast of the city of Hermosillo, and consists of two concessions covering a total area of 215 hectares. Of these two concessions, the San Francisco concession, consisting of 10 hectares, covers the underground workings of the Cerro Prieto Mine. The second concession, San Felix, consisting of 205 hectares, surrounds the San Francisco concession to the north, south, east and west.

The title to the SF Concessions is held by Minas de Oroco. Both Polimetalicos and Minas de Oroco were formed by the vendors of the SF Concession (the “SF Concession Vendors”) to facilitate the Company’s acquisition of the SF Concessions and its operations in Mexico. In connection with the Assignment Agreement, the Company entered into an agreement with the SF Concession Vendors to purchase their shares of Polimetalicos in consideration for $2,756,376 ($2,500,000 USD) (paid).

The SF Concessions are subject to a 2% net smelter royalty in favor of the SF Concession Vendors, with a minimum royalty payment of US$30,000 per quarter payable from April 1, 2009 until royalty payments commence from production.

(ii) Cerro Prieto North Property

The Cerro Prieto North property is a 2,507 hectare property located in the Cucurpe Municipality of Sonora State, Mexico. It was staked on behalf of the Company for total cost of $96,041.

(iii) Yamana Property

The Company has entered into an agreement with Yamana Gold Inc. ("Yamana") wherein Yamana agreed to grant the Company an option (the "Option") to acquire a 100% interest, subject to a 2% net smelter return royalty, in a 4,200 hectare land position (the "Optioned Property") bordering the Company's SF Concessions to the north, south, west and east.

The Company agreed to issue 500,000 common shares to Yamana upon the granting of the option (paid). To maintain the Option in good standing, the Company must drill at least 1,500 metres on the Optioned Property before December 31, 2010, of which 750 metres must be drilled by December 31, 2009, and reimburse Yamana for any property taxes paid by Yamana with regard to the Optioned Property. If it completes the drilling by December 31, 2010, the Company may exercise the Option by issuing an additional 500,000 common shares to Yamana.

3. INTEREST IN RESOURCE PROPERTIES continued

(b) Xochipala Property, Guerrero State, Mexico

The Company, through its subsidiary, Minera Xochipala, is pursuing an interest in two contiguous mining concessions, Celia Generosa and Celia Gene, referred to as the Xochipala Property. Minera Xochipala was formed so the Company could acquire an interest in the Xochipala Property and operate in Mexico. The Xochipala Property has a combined area of 193 hectares. The property is located in the municipality of Zumpango del Rio in the state of Guerrero, Mexico, 30 kilometers northwest of Chilpancingo, the regional capital and within the southeast extreme of the original Morelos National Mining Reserve.

In connection with the acquisition of the Xochipala Property the Company paid approximately $18,000 (186,000 pesos) to various vendors, assumed a liability for outstanding mining fees in the aggregate amount of 670,612 pesos (approximately $67,000), assumed a lien settlement of 500,000 pesos (approximately $50,000) and legal fees and other fees of 650,000 pesos (approximately $65,000). In addition the Company paid ATM $69,000 as mentioned above.

Minera Xochipala's interest in the Xochipala Property is subject to the successful registration of the acquisition with the Public Registry of Mines ("PRM"), which registration had been under review by the Registry due to the existence of liens registered on title against the benefit from a previously option agreement to acquire the Xochipala Property which expired in March, 2002. On October 14, 2009 the Company received notice from PRM that its application for registration of its interest in the Xochipala Property had been rejected on the grounds that it would adversley affect the rights of the third party lien holders. Mexican legal counsel has advised that PRM's position is not supported by Mexican law and that there are avenues of appeal. The Company is considering its response. As the Company had not been successful in registration of its interest, it had written off the cost of the Xochipala Property at May 31, 2009 being $224,303.

(c) Salvador Property, Guerrero State, Mexico

The Salvador Property is a 100 hectare mining concession 100% owned by Minera Xochipala. The concession is approximately 30 kilometers west of the regional centre of Chilpancingo, Guerrero. The concession was acquired for the sum of $108,201 (1,021,877 pesos) paid in cash.

The Company has no immediate plans to explore the Salvador Property and had decided to write off costs of $113,010 attributed to the property as at May 31, 2009.

4. PROPERTY AND EQUIPMENT

	August 31, 2009		
	Cost	Accumulated amortization	Net book value
Automotive equipment	$ 15,948	$ 4,664	$ 11,284
Computer equipment	21,228	6,981	14,247
Leaseholds	10,017	1,452	8,565
Office furniture	3,070	799	2,271
Total	$ 50,263	$ 13,896	$ 36,367
	May 31, 2009		
Automotive equipment	$ 15,948	$ 3,770	$ 12,178
Computer equipment	21,228	5,826	15,402
Leaseholds	10,017	1,002	9,015
Office furniture	3,070	680	2,390
Total	$ 50,263	$ 11,278	$ 38,985

5. SHARE CAPITAL

(a) Authorized

100,000,000 common shares of no par value

(b) Issued and outstanding

(b) Issued and outstanding	Shares		Price		Amount
Balance at May 31, 2008 and 2009	27,593,520	$	-	$	6,389,531
Private placement	6,807,200		0.15		970,500
Issued pursuant to the Yamana option (note 3(a)(iii))	500,000		0.145		72,500
Balance at August 31, 2009	34,900,720			$	7,432,531

The Company completed a private placement of 6,500,000 units at a price of $0.15 per unit. Each unit consisted of one common share and one transferable common share purchase warrant exercisable into one additional common share for a period of nine months at a price of $0.25 per share. The Company paid finders fees consisting of $4,500 and 307,200 "Finders Units," wherein each Finders Unit is comprised of one common share of the Company and one warrant exercisable for one year at $0.40.

(c) Warrants

(i) The changes in warrants were as follows:

	August 31, 2009		Weighted average exercise price $	May 31, 2009		Weighted average exercise price
Balance of warrants at beginning of period	4,101,760	$	0.90	4,101,760	$	0.90
Issued	6,500,000		0.25	-		-
Issued	307,200		0.40	-		-
Balance of warrants at end period	10,908,960	$	0.50	4,101,760	$	0.90

(ii) A summary of warrants outstanding is:

Number of warrants		Exercise price	Expiry date
4,101,760	$	0.90	19-Sep-09
5,800,000		0.25	16-Apr-10
700,000		0.25	1-May-10
118,200		0.40	16-Jul-10
189,000		0.40	31-Jul-10
10,908,960			

5. SHARE CAPITAL continued

(d) Stock options

The Company has granted employees, consultants, directors and officers share purchase options. These options were granted pursuant to the Company's stock option plan with an exercise price equal to their market value on the date of the grant less allowable discounts. The Company has granted 475,000 stock options in the year ended May 31, 2009. Vesting varies from fully vesting on date of grant to 25% or 50% on date of grant and equal amounts every three to six months.

	Agent's options	Weighted Average Exercise Price	Number of stock options	Weighted Average Exercise Price
Balance outstanding, May 31, 2008	800,000	$ 0.55	2,650,000	$ 0.55
Options granted	-	-	475,000	0.31
Options cancelled		-	(725,000)	0.55
Balance outstanding, May 31, 2009	800,000	$ 0.55	2,400,000	$ 0.51
Options cancelled	-		(25,000)	$ 0.15
Balance outstanding, August 31, 2009	800,000	$ 0.55	2,375,000	$ 0.51

Using the fair value method for stock-based compensation, stock-based compensation expense of $70,803 will be recorded over the vesting period for options granted in the year ended May 31, 2009. This amount was determined using the Black Scholes Option Pricing Model assuming no dividends are to be paid, with a weighted average expected stock option life of 5 years, a weighted average volatility of the Company's share price of 93.56% and an average annual risk free interest rate of 2.90%. These options have partially vested and the Company recorded a stock-based compensation expense of $32,946 for the year ended May 31, 2009. The remaining balance will be recorded when the options vest in the 2010 fiscal year. At August 31, 2009 stock-based compensation of $7,088 was recorded for vesting in the quarter.

The following table summarizes information about fully vested agent's options and stock options, outstanding at August 31, 2009:

Exercise prices		Number outstanding at August 31, 2009	Weighted average remaining contractual life (years)
$0.15		75,000	4.2
$0.25		250,000	3.7
$0.55		2,050,000	3.0
$0.55	Agent's options	800,000	0.1
$ 0.15 - $0.55		3,175,000	2.4

At August 31, 2009 fully vested stock options totaled 2,250,000 (2009 - 2,462.500).

e) Contributed Surplus

	August 31, 2009	May 31, 2009
Balance, beginning of year	$ 327,887	$ 152,912
Stock-based compensation	7,088	174,975
Balance, end of year	$ 334,975	$ 327,887

6. RELATED PARTY TRANSACTIONS

The following expenses were incurred with directors and officers of the Company

	For the three months ended August 31, 2009	For the three months ended August 31, 2008
Management and director fees	$ 21,750	$ 10,500
Deferred resource expenditures	7,200	15,300
Consulting fees	10,500	-
Professional fees	19,775	24,725
Total	$ 59,225	$ 50,525

As at August 31, 2009 accounts payable and accrued liabilities included $111,018 (2009 - $76,792) owing to officers and directors for directors, management, legal and accounting fees.

These charges were measured by the exchange amount, which is the amount agreed upon by the related parties.

7. CAPITAL DISCLOSURES

The Company's objectives when managing capital are to identify, pursue and complete the exploration and development of mineral properties, to maintain financial strength, to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. The Company does not have any externally imposed capital requirements to which it is subject. Capital of the Company comprises shareholders' equity.

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

The Company's investment policy is to invest its cash in financial instruments in high credit quality financial institutions with terms to maturity selected with regards to the expected timing of expenditures from continuing operations.

8. FINANCIAL INSTRUMENTS

Financial Instruments

As at August 31, 2009, the Company's financial instruments consist of cash and cash equivalents, other receivables and accounts payable. The fair values of these financial instruments approximate their carrying values because of their current nature.

Credit Risk

The Company is exposed to credit risk with respect to its cash and cash equivalents. However, the risk is minimized as they are held at a major Canadian Chartered Bank.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage as outlined above.

The Company monitors its ability to meet its short-term exploration and administrative expenditures by raising additional funds through share issuance when required. All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms. The Company does not have investments in any asset backed deposits.

Foreign Exchange Risk

The Company's property interests in Mexico make it subject to foreign currency fluctuations which may adversely affect the Company's financial position, results of operations and cash flows. The Company is affected by changes in exchange rates between the Canadian dollar and foreign functional currencies. The Company does not invest in derivatives to mitigate these risks.

Interest Rate Risk

The Company is not exposed to significant interest rate risk.

8. RISK MANAGEMENT

The Company is engaged primarily in mineral exploration and manages related industry risk issues directly. The Company may be at risk for environmental issues and fluctuations in commodity pricing. Management is not aware of and does not anticipate any significant environmental remediation costs or liabilities in respect of its current operations; however it is not possible to be certain that all aspects of environmental issues affecting the Company, if any, have been fully determined or resolved.