

CUERVO RESOURCES INC.
(An Exploration Stage Enterprise)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

DECEMBER 31, 2007

The accompanying unaudited interim consolidated financial statements of Cuervo Resources Inc. for the nine months ended December 31, 2007 have been prepared by management and approved by the Board of Directors of the Company. These statements have not been reviewed by the Company's external auditors.

CUERVO RESOURCES INC.
(An Exploration Stage Enterprise)

INTERIM CONSOLIDATED BALANCE SHEETS
(Unaudited – Prepared by Management)

	December 31, 2007	March 31, 2007 (Audited)
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 4,514,278	\$ 1,449,933
Accounts receivable	303,358	64,251
Prepaid expenses	10,476	9,877
Deferred financing costs	-	136,053
Property pre-acquisition costs (note 9)	<u>-</u>	<u>215,042</u>
	4,828,112	1,875,156
MINING INTERESTS (notes 2 and 5)	488,771	155,946
CAPITAL ASSETS (note 3)	<u>149,479</u>	<u>13,449</u>
	<u>\$ 5,466,362</u>	<u>\$ 2,044,551</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 41,111	\$ 176,661
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (note 6(a))	8,953,196	3,088,480
CONTRIBUTED SURPLUS (note 6(c))	1,071,036	-
DEFICIT	<u>(4,598,981)</u>	<u>(1,220,590)</u>
	<u>5,425,251</u>	<u>1,867,890</u>
COMMITMENTS (note 5)		
SUBSEQUENT EVENTS (note 12)	<u>\$ 5,466,362</u>	<u>\$ 2,044,551</u>

The accompanying notes are an integral part of these interim financial statements.

CUERVO RESOURCES INC.
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INTERIM STATEMENTS OF LOSS AND DEFICIT
(Unaudited – Prepared by Management)

	<u>Three months ended</u>		<u>Nine months ended</u>	
	<u>December 31</u>		<u>December 31</u>	
	2007	2006	2007	2006
EXPENSES				
Consulting fees	\$ 48,089	\$ 15,750	\$ 157,589	\$ 58,550
Depreciation	4,754	-	13,041	-
Exploration	779,107	48,716	1,266,632	191,772
Foreign exchange loss (gain)	(13,796)	(13,778)	17,572	(31,894)
General, office and investor relations	151,202	37,660	305,549	90,604
Interest and bank charges	219	1,715	1,419	5,160
Professional fees	87,212	16,256	254,988	94,354
Rent	28,620	8,653	68,982	10,314
Telecommunications	9,724	1,330	19,537	5,915
Stock-option compensation cost	90,750	-	1,071,036	-
Vehicle	29,675	10,639	66,378	29,732
Wages and benefits	<u>64,103</u>	<u>52,927</u>	<u>173,035</u>	<u>105,928</u>
	1,279,659	179,868	3,415,758	560,435
Interest and other income	<u>(15,237)</u>	<u>(5,322)</u>	<u>(37,367)</u>	<u>(5,322)</u>
NET LOSS FOR THE PERIOD	1,264,422	174,546	3,378,391	555,113
DEFICIT AT BEGINNING OF THE PERIOD	<u>3,334,559</u>	<u>658,509</u>	<u>1,220,590</u>	<u>277,942</u>
DEFICIT AT END OF THE PERIOD	<u>\$ 4,598,981</u>	<u>\$ 833,055</u>	<u>\$ 4,598,981</u>	<u>\$ 833,055</u>
Loss per common share				
Basic and diluted	<u>\$ 0.05</u>	<u>\$ 0.01</u>	<u>\$ 0.16</u>	<u>\$ 0.05</u>
Weighted-average number of common shares outstanding				
Basic and diluted	<u>23,609,291</u>	<u>13,681,707</u>	<u>20,873,486</u>	<u>12,136,062</u>

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CUERVO RESOURCES INC.
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INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited – Prepared by Management)

	<u>Three months ended</u>		<u>Nine months ended</u>	
	<u>December 31</u>		<u>December 31</u>	
	2007	2006	2007	2006
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Net loss for the period	(\$ 1,264,422)	(\$ 174,546)	(\$3,378,391)	(\$ 555,113)
Add items not affecting cash:				
Depreciation	4,754	-	13,041	-
Stock-option compensation cost	90,750	-	1,071,036	-
Net changes in working capital balances:				
Decrease (increase) in accounts receivable	(144,752)	(2,643)	(239,107)	(1,880)
Decrease (increase) in prepaid expenses	(7,999)	(34,251)	(599)	(88,480)
Decrease in deferred financing costs	-	-	136,053	-
Decrease in property pre-acquisition costs	326,909	-	215,042	-
Increase (decrease) in accounts payable and accrued liabilities	<u>14,874</u>	<u>6,540</u>	<u>(135,550)</u>	<u>(5,599)</u>
Cash used in operations	<u>(979,886)</u>	<u>(204,900)</u>	<u>(2,318,475)</u>	<u>(651,072)</u>
CASH USED IN INVESTING ACTIVITIES:				
Purchase of capital assets	(4,375)	(8,221)	(149,071)	(8,221)
Mineral property expenditures	<u>(326,909)</u>	<u>-</u>	<u>(332,825)</u>	<u>(10,029)</u>
Cash used in investing	<u>(331,284)</u>	<u>(8,221)</u>	<u>(481,896)</u>	<u>(18,250)</u>
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES:				
Issue of common shares	3,658,644	2,101,500	6,220,894	2,551,500
Share issue cost	<u>-</u>	<u>(41,550)</u>	<u>(356,178)</u>	<u>(66,520)</u>
Cash provided by financing	<u>3,658,644</u>	<u>2,059,950</u>	<u>5,864,716</u>	<u>2,484,980</u>
INCREASE (DECREASE) IN CASH POSITION	2,347,474	1,846,829	3,064,345	1,815,658
CASH POSITION AT BEGINNING OF THE PERIOD	<u>2,166,804</u>	<u>184,890</u>	<u>1,449,933</u>	<u>216,061</u>
CASH POSITION AT END OF THE PERIOD	<u>\$ 4,514,278</u>	<u>\$ 2,031,719</u>	<u>\$ 4,514,278</u>	<u>\$ 2,031,719</u>

The accompanying notes are an integral part of these interim financial statements.

CUERVO RESOURCES INC.
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NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)

FOR THE NINE MONTHS ENDED DECEMBER 31, 2007

1 - NATURE OF OPERATIONS:

Cuervo Resources Inc. (the “Company”) was incorporated on February 11, 2005 under the Business Corporations Act (Ontario). The Company is in the business of acquiring, exploring for and developing mineral properties in Perú. Substantially all of the efforts of the Company are devoted to these business activities. To date the Company has not earned significant revenue and is considered to be in the development stage. The ability of the Company to carry out its business plan rests with its ability to secure equity and other financing.

2 - SIGNIFICANT ACCOUNTING POLICIES:

PRINCIPLES OF CONSOLIDATION

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Minera Cuervo S.A.C. (“Minera”), which is incorporated in Perú (see note 5). All intercompany transactions have been eliminated.

ESTIMATES

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in Canada. Precise determination of amounts of some assets and liabilities is dependent on future events. This requires that management make estimates in the preparation of financial statements. Significant estimates and assumptions include those related to the recoverability of mining interests, benefits of future income tax assets, and estimated useful lives of capital assets. While management believes that these estimates and assumptions are reasonable, actual results could vary significantly.

MINING INTERESTS AND EXPLORATION

The Company has adopted the recommendation issued by the CICA EIC 126 and expenses exploration expenditures as incurred. Costs attributable to property acquisitions are capitalized while exploration expenditures on the property can only be capitalized once mineral reserves have been established. Once a mineral reserve has been established, all development costs will be capitalized. These costs together with the costs of mining interests will be charged to operations on a unit-of-production method based on estimated recoverable reserves. If the mining interests are abandoned, or when impairment in value has been determined, the capitalized costs will be charged to operations. Exploration expenditures that have been charged to operations: nine months ended December 31, 2007- \$1,266,632; nine months ended December 31, 2006 - \$191,772; three months ended December 31, 2007- \$779,107; three months ended December 31, 2006 - \$48,716.

CASH AND CASH EQUIVALENTS

Cash and short-term investments with a remaining maturity of three months or less at the date of acquisition are classified as cash and cash equivalents.

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2 - SIGNIFICANT ACCOUNTING POLICIES (continued):

CAPITAL ASSETS

Capital assets are stated at cost. Depreciation is provided on the diminishing balance basis at the following annual rates:

Computer equipment.....	45%
Machinery and equipment	20%

INCOME TAXES

Future income tax assets and liabilities are determined based on differences between the financial statements carrying values and their respective income tax basis generally using the enacted income tax rates at each balance sheet date. Future income tax assets also arise from unused loss carry forwards and other deductions. The amount of the future income tax asset recognized is limited to the amount that is more likely than not to be realized. The estimated realizable amount is reviewed annually and adjusted, if necessary, by use of a valuation allowance.

IMPAIRMENT OF LONG-LIVED ASSETS

Long-lived assets including mining interests, property and equipment, and other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Management believes there has been no impairment of the Company's long-lived assets as at December 31, 2007.

FINANCING COSTS

Costs directly identifiable with the raising of capital are charged against the related capital stock. Costs related to shares not yet issued are recorded as deferred financing costs. Deferred financing costs are charged against the related capital stock or charged to operations if the shares are not issued.

LOSS PER SHARE

Basic loss per share is computed by dividing the loss available to common shareholders by the weighted average number of common shares outstanding during the period. The treasury stock method is used to calculate diluted loss per share. Diluted loss per share is similar to basic loss per share, except that the denominator is increased to include the number of additional common shares that would have been outstanding assuming that options and warrants with an average market price for the year greater than their exercise price are exercised and the proceeds used to repurchase common shares.

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FOR THE NINE MONTHS ENDED DECEMBER 31, 2007

2 - SIGNIFICANT ACCOUNTING POLICIES (continued):

STOCK-BASED COMPENSATION

The Company has a stock option plan, which is described in note 6(c). The Company accounts for stock-based compensation using the fair-value method. Under the fair value method, stock-based payments are measured at the fair value of equity instruments and are amortized over the vesting period. The offset to the recorded cost is contributed surplus in shareholder's equity.

SHARE CAPITAL

Common shares issued for non-monetary consideration are recorded at their fair market value based upon the price per share paid in the most recent prior sale of shares for cash.

Costs incurred to issue common shares are deducted from share capital.

REVENUE RECOGNITION

Interest income is recognized on an accrual basis as it is earned.

ASSET RETIREMENT OBLIGATION

The fair value of the liability for an asset retirement obligation is recorded when it is incurred or can be reasonably estimated. The asset retirement costs are capitalized to the assets carrying value and amortized over the life of the asset. The liability is increased over time to reflect an accretion element considered in the initial measurement at fair value. As at December 31, 2007, the Company has not incurred or committed any asset retirement obligations related to the development of its exploration properties.

PROPERTY PRE-ACQUISITION COSTS

The Company capitalizes pre-acquisition costs relating to the evaluation of potential mineral property acquisitions. However, if the Company determines that a specific property acquisition should not be concluded, the costs associated with the specific property are charged to operations in the current period (see note 9).

TRANSLATION OF FOREIGN CURRENCIES

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the balance sheet date. Non-monetary assets and liabilities are translated into Canadian dollars at approximate exchange rates prevailing at the transaction date. Revenue and expenses are translated at average exchange rates prevailing during the period. The resulting gains and losses are included in loss for the period.

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FOR THE NINE MONTHS ENDED DECEMBER 31, 2007

3 - CAPITAL ASSETS:

	December 31, 2007			March 31, 2007
	COST	ACCUMULATED DEPRECIATION	NET BOOK VALUE	NET BOOK VALUE
Computer equipment	\$ 3,399	\$ 1,654	\$ 1,745	\$ 2,635
Machinery and equipment	<u>161,766</u>	<u>14,032</u>	<u>147,734</u>	<u>10,814</u>
	<u>\$ 165,165</u>	<u>\$ 15,686</u>	<u>\$ 149,479</u>	<u>\$ 13,449</u>

4 - ACQUISITION OF MINERA CUERVO S.A.C.:

Minera Cuervo S.A.C. (“Minera”) is focused on exploration and development of mineral properties in Perú. On March 9, 2006, the Company acquired 100% of the outstanding common shares of Minera for cash consideration of \$11,988. The Company’s consolidated balance sheet includes the accounts of Minera at their fair value. The consolidated statements of loss and deficit and statements of cash flow include the results of operations and changes in cash flow of Minera for the period from March 9, 2006. The purchase price of \$11,988 plus liabilities assumed, in the amount of \$59,776, resulted in a cost of \$71,764 being allocated to mining interests.

5 - MINING INTERESTS AND COMMITMENTS:

The Company, through its wholly-owned Peruvian subsidiary, Minera, has a 100% interest in 29 mining concessions covering over 12,600 hectares in Perú.

Accumulated mineral property costs have been incurred as follows:

	Nine months ended December 31, 2007	Year ended March 31, 2007
Balance, beginning of the period	\$ 155,946	\$ 145,917
Costs	<u>332,825</u>	<u>10,029</u>
Balance, end of the period	<u>\$ 488,771</u>	<u>\$ 155,946</u>

Tax and concession payments amount to approximately US\$40,000 per annum.

On October 25, 2007 Minera acquired a 100% interest in 14 mineral concessions covering a total of 5,600 ha in Perú. Consideration for the concessions was an all cash transaction totalling \$326,909, of which certain pre-acquisition payments were made by the Company in the course of evaluating and identifying the concessions of interest in advance of the purchase agreement.

On March 2, 2007 (effective date), the Company entered into an agreement with the rural community of Huillque, Perú which holds the surface rights on certain concessions held by the Company. The agreement allows the Company to build access roads, a camp, and conduct exploration on the property. Pursuant to this agreement, the Company must make a payment on signing of US\$2,000, which was paid, and three equal quarterly instalments from the effective date totalling US\$6,000.

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FOR THE NINE MONTHS ENDED DECEMBER 31, 2007

5 - MINING INTERESTS AND COMMITMENTS (continued):

During the year ended March 31, 2007, the Company entered into an office lease and office management contract with a company controlled by an individual related to a director of the Company. Lease payments total \$5,000 per month for a period of one year ending December 31, 2007.

6 - SHARE CAPITAL:

a) Common shares:

Authorized:

Unlimited number of common shares

Issued and outstanding:

	Nine months ended December 31, 2007		Year ended March 31, 2007	
	Shares	Amount	Shares	Amount
Balance, beginning of the period	16,103,000	\$ 3,088,480	10,400,000	\$ 603,500
Issued for cash	5,000,000	2,500,000	5,703,000	2,551,500
Issued for cash on exercise of warrants	5,311,475	3,683,606	-	-
Issued for cash on exercise of agent's option warrants	74,575	37,288	-	-
Issue costs	-	(356,178)	-	(66,520)
Balance, end of the period	<u>26,489,050</u>	<u>\$ 8,953,196</u>	<u>16,103,000</u>	<u>\$ 3,088,480</u>

i) On June 9, 2006, the Company completed a non-brokered private placement and issued 1,500,000 common shares for aggregate proceeds of \$450,000.

ii) On November 22, 2006, the Company completed a private placement of 4,203,000 units at \$0.50 per unit for gross proceeds of \$2,101,500; each unit is comprised of one common share and one two-year common share purchase warrant exercisable at \$0.75. On November 8, 2007, the Company exercised its right to accelerate the expiry date of these warrants to December 10, 2007. The Company was entitled to accelerate the expiry date of the warrants as the common shares of the Company traded on a recognized stock exchange at a closing price of \$1.10 or higher for twenty consecutive trading days.

iii) On May 30, 2007, the Company completed an initial public offering comprised of 5,000,000 units at \$0.50 per unit for gross proceeds of \$2,500,000; each unit is comprised of one common share and one two-year common share purchase warrant exercisable at \$0.75. As the common shares of the Company traded on a recognized stock exchange at a closing price of \$1.10 or higher for twenty consecutive trading days (December 3, 2007 to January 4, 2008) the Company may accelerate the expiry date of these warrants to a period that is 30 days after written notice is given by the Company. As at December 31, 2007 the Company has no current plans to accelerate the expiry date on the remaining warrants.

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NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2007

6 - SHARE CAPITAL (continued):

b) Warrants:

A summary of the status of the warrants as of December 31, 2007 and March 31, 2007, and changes during the periods are presented below:

	<u>Number of Warrants</u>	
	Nine months ended December 31, 2007	Year ended March 31, 2007
Balance, beginning of period	4,703,000	500,000
Warrants issued on issuance of shares for cash	5,000,000	4,203,000
Warrants issued on exercise of agent's options	74,575	-
Warrants exercised during the period	(5,311,475)	-
Warrants expired during the period	<u>(250,000)</u>	<u>-</u>
Balance, end of period	<u>4,216,100</u>	<u>4,703,000</u>

At December 30, 2007, the warrants outstanding entitle the holders to purchase the stated number of common shares at an exercise price of \$0.75 per common share on or before the expiry date May 30, 2009.

See notes 12, 6a)ii) and 6a)iii) for additional warrant information.

c) Stock-option plan:

The Company maintains a Stock Option Plan (the "Plan") for the benefit of directors, officers, employees, consultants and other service providers of the Company and its subsidiaries in order to assist the Company in attracting, retaining, and motivating such persons by providing them with the opportunity, through stock options to acquire an increased proprietary interest in the Company. Under the Plan, options are non-assignable and may be granted for a term not exceeding five years. The number of common shares that may be reserved for issuance to any one person must not exceed 5% of the outstanding common shares. The options are non-transferable.

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NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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FOR THE NINE MONTHS ENDED DECEMBER 31, 2007

6 - SHARE CAPITAL (continued):

c) Stock-option plan (continued):

The fair value of each option was estimated on the date of grant with the following assumptions at the measurement date:

	Nine months ended December 31, 2007	Year ended March 31, 2007
Risk-free interest rate	3.19% - 3.94%	nil
Expected life	5 years	nil
Price volatility	55% - 60.0%	nil
Dividend yield	nil	nil

Under Black-Scholes the options issued during the period ended December 30, 2007 have been valued at \$1,071,036 and have been expensed as stock-option compensation cost. This has resulted in an allocation of \$1,071,036 to contributed surplus.

A summary of the status of the Company's stock option plan as of December 31, 2007 and March 31, 2007, and changes during the periods are presented below:

	Nine months ended December 31, 2007		Year ended March 31, 2007	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Outstanding at beginning of the period	-	\$ -	-	\$ -
Exercised	-	-	-	-
Expired	-	-	-	-
Granted	<u>2,110,000</u>	1.21	<u>-</u>	-
Outstanding at end of the period	<u>2,110,000</u>	\$ 1.21	<u>-</u>	\$ -

d) Agent's option warrants:

Pursuant to the terms of an agency agreement dated May 3, 2007, agent's option warrants to purchase 450,000 units, exercisable over a two-year period at an exercise price of \$0.50 per unit, were issued as part of the commission related to the initial public offering. Each unit consists of one common share and one common share purchase warrant. Each common share purchase warrant is exercisable into one common share at a price of \$0.75 per common share for a two-year period. As the common shares of the Company traded on a recognized stock exchange at a closing price of \$1.10 or higher for twenty consecutive trading days (December 3, 2007 to January 4, 2008) the Company may accelerate the expiry date of the agent's option warrants to a period that is 30 days after written notice is given by the Company. As at December 31, 2007, the Company has no current plans to accelerate the expiry date on the remaining agent's option warrants.

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NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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6 - SHARE CAPITAL (continued):

d) Agent's option warrants (continued):

A summary of the status of the agent's option warrants as of December 31, 2007 and March 31, 2007, and changes during the periods are presented below:

	<u>Number of Agent's Option Warrants</u>	
	Nine months ended December 31, 2007	Year ended March 31, 2007
Balance, beginning of period	-	-
Agent's option warrants issued during the period	450,000	-
Agent's option warrants exercised during the period	(<u>74,575</u>)	<u>-</u>
Balance, end of period	<u>375,425</u>	<u>-</u>

7 - RELATED PARTY TRANSACTIONS:

The following related party transactions occurred and were expensed in the consolidated financial statements during the periods ended December 31, 2007 and 2006 as follows:

	Nine Months 2007	Three Months 2007	Nine Months 2006	Three Months 2006
	Consulting fees expense:			
Consulting fees were charged by an officer for financial management services	\$ 22,500	\$ 7,500	\$ 20,000	\$ 5,000
Corporate administrative fees were charged by an officer and director	\$ 46,250	\$ 16,250	\$ 23,250	\$ 8,250
Corporate administrative fees were charged by a company controlled by an individual related to a director of the Company	\$ 13,500	\$ 4,500	\$ 12,000	\$ 3,000
Consulting fees were charged by a company controlled by an individual related to a director of the Company for investor relations services	\$ 20,500	\$ 7,500	\$ 18,000	\$ 6,000

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7 - RELATED PARTY TRANSACTIONS (continued):

	Nine Months 2007	Three Months 2007	Nine Months 2006	Three Months 2006
Exploration expense:				
Geologist services were charged by an officer and director	\$ 46,250	\$ 16,250	\$ 23,250	\$ 8,250
General, office, and investor relations expense:				
Travel costs were reimbursed by the Company at cost to a director and officer	\$ 32,001	\$ 9,003	\$ 9,000	\$ 11,167
Promotion costs were reimbursed by the Company at cost to an officer	\$ 7,348	\$ 2,241	\$ 2,603	\$ nil
Travel and promotion costs were reimbursed by the Company at cost to a company controlled by a director of the Company	\$ 18,501	\$ 12,611	\$ 37,217	\$ nil
Rent:				
Office lease and office management fees were charged by a company controlled by an individual related to a director of the Company	\$ 45,000	\$ 15,000	\$ nil	\$ nil

See note 5 for additional related party information.

Management believes these transactions are in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

8 – INCOME TAXES:

At December 31, 2007, the Company has non-capital losses in Canada of approximately \$980,000 available for carry-forward for which no benefit has been recognized in the accounts. If these losses are not utilized, they will expire through 2028.

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(Unaudited – Prepared by Management)

FOR THE NINE MONTHS ENDED DECEMBER 31, 2007

9 – PROPERTY PRE-ACQUISITION COSTS:

During the period, the Company incurred property pre-acquisition costs amounting to \$326,909 (year ended March 31 2007- \$215,042) relating to the evaluation of Peruvian exploration properties for the purposes of possible acquisitions. In October 2007, the Company acquired a 100% interest in 14 mineral concessions covering a total of 5,600 ha in Perú. Consideration for the concessions was an all cash transaction totalling \$326,909 which had previously been paid by the Company in the course of evaluating and identifying the concessions of interest in advance of the purchase agreement.

10 - FINANCIAL INSTRUMENTS:

a) Fair value

The Company has determined the estimated fair value of its financial instruments based on estimates and assumptions. The actual results may differ from those estimates and the use of different assumptions or methodologies may have a material effect on the estimated fair value amounts.

The fair value of cash and equivalents, accounts receivable and accounts payable and accrued liabilities are comparable to their carrying value due to the relatively short period to maturity of these instruments.

b) Credit risk

The Company does not have any material risk exposure to any single debtor or group of debtors.

c) Commodity price risk

The ability of the Company to develop its properties and the future profitability of the Company is directly related to the market price of certain minerals.

d) Foreign exchange risk

Certain of the Company's expenses are incurred in foreign currencies and are therefore subject to gains or losses due to fluctuations in these currencies.

11 - COMPARATIVE FIGURES:

Certain comparative figures have been reclassified to conform to the current period's presentation. These reclassifications did not affect prior period's net losses.

12 - SUBSEQUENT EVENTS:

- a) Subsequent to period end, the Company's wholly-owned subsidiary, Minera, acquired a 100% interest in four (4) separate mineral concessions covering a total of 2,300 ha of prospective iron ore properties in southern Perú in the general area of the Company's Cerro Ccopane Property.
- b) Subsequent to December 31, 2007, the Company issued 54,700 common shares upon exercise of common share purchase warrants and agent's option warrants for cash totalling \$38,600.