CUERVO RESOURCES INC.
(An Exploration Stage Enterprise)

CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

THREE MONTHS ENDED JUNE 30, 2008

CUERVO RESOURCES INC.
(An Exploration Stage Enterprise)

CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

THREE MONTHS ENDED JUNE 30, 2008

I N D E X

CUERVO RESOURCES INC.
(An Exploration Stage Enterprise)

CONSOLIDATED BALANCE SHEETS
(Unaudited)

	June 30, 2008	March 31, 2008 (Audited)
ASSETS		
CURRENT		
Cash and cash equivalents	$ 4,657,661	$ 2,844,154
Accounts receivable	509,024	719,745
Prepaid expenses	157,237	67,158
	5,323,922	3,631,057
MINING INTERESTS (notes 2 and 4)	465,571	465,571
CAPITAL ASSETS (note 3)	144,175	143,641
	$ 5,933,668	$ 4,240,269
LIABILITIES		
CURRENT		
Accounts payable and accured liabilities	$ 80,937	$ 54,346
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (note 5(a))	11,968,724	8,882,260
CONTRIBUTED SURPLUS (note 5(c))	1,994,857	1,071,036
DEFICIT	(8,110,850)	(5,767,373)
	5,852,731	4,185,923
COMMITMENTS (note 4)		
SUBSEQUENT EVENTS (note 10)		
	$ 5,933,668	$ 4,240,269

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

CUERVO RESOURCES INC.
(An Exploration Stage Enterprise)

CONSOLIDATED STATEMENTS OF LOSS, COMPREHENSIVE LOSS AND DEFICIT
(Unaudited)
FOR THE THREE MONTHS ENDED JUNE 30

	2008	2007
EXPENSES		
Consulting fees	$ 49,884	$ 73,250
Depreciation	5,645	426
Exploration	1,106,241	321,919
Foreign exchange loss (gain)	93,720	19,004
General, office and investors relations	105,741	115,120
Interest and bank charges	3,450	828
Professional fees	132,086	109,738
Rent	15,335	21,776
Telecommunications	12,507	4,729
Stock-option compensation cost	654,780	934,836
Vehicle	33,520	8,674
Wages and benefits	152,778	37,954
	2,365,687	1,648,254
Interest and other income	(22,210)	-
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	2,343,477	1,648,254
DEFICIT, BEGINNING OF PERIOD	5,767,373	1,220,590
DEFICIT, END OF PERIOD	$ 8,110,850	$ 2,868,844
Loss per common share		
Basic and diluted	$ 0.084	$ 0.093
Weighted-average number of common shares outstanding		
Basic and diluted	27,829,201	17,806,297

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

CUERVO RESOURCES INC.
(An Exploration Stage Enterprise)

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
FOR THE THREE MONTHS ENDED JUNE 30

	2008	2007
CASH PROVIDED BY(USED IN) OPERATING ACTIVITIES:		
Net loss for the period	($ 2,343,477)	($ 1,648,254)
Add items not affecting cash:		
Depreciation	5,645	426
Stock-option compensation cost	654,780	934,836
Net changes in working capital balances:		
Decrease (increase) in accounts receivable	210,721	(59,737)
(Increase) decrease in prepaid expenses	(90,079)	223
Decrease (increase) in deferred financing costs	-	136,053
Decrease (increase) in property pre-acquisition costs	-	(111,867)
Increase (decrease) in accounts payable and accured liabilities	26,591	(121,698)
Cash used in operations	(1,535,819)	(870,018)
CASH USED IN INVESTING ACTIVITIES:		
Purchase of capital assets	(6,179)	(87,910)
Mineral property expenditures	-	(5,916)
Cash used in investing	(6,179)	(93,826)
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES:		
Issue of common shares	3,582,500	2,500,000
Share issue cost	(226,995)	(356,178)
Cash provided by financing	3,355,505	2,143,822
INCREASE IN CASH POSITION	1,813,507	1,179,978
CASH POSITION AT BEGINNING OF THE PERIOD	2,844,154	1,449,933
CASH POSITION AT END OF THE PERIOD	$ 4,657,661	$ 2,629,911

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

CUERVO RESOURCES INC.
(An Exploration Stage Enterprise)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
FOR THE THREE MONTHS ENDED JUNE 30, 2008

1 - NATURE OF OPERATIONS AND GOING CONCERN CONSIDERATIONS:

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 exploration stage. The ability of the Company to carry out its business plan rests with its ability to secure equity and other financing.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a "going concern", which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The business of mining and exploring for minerals involves a high degree of risk and there is no guarantee that the Company's exploration programs will yield positive results or that the Company will be able to obtain the necessary financing to carry out the exploration and development of its mineral property interests.

The recoverability of the carrying value of exploration properties and the Company's continued existence is dependent upon the preservation of its interests in the underlying properties, the development of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

Although the Company has taken steps to verify title to the 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 government licensing requirements or regulations, unregistered prior agreements, undetected defects, unregistered claims, native land claims, and non-compliance with regulatory and environmental requirements.

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 4). 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, valuation of stock-based compensation cost, 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.

CUERVO RESOURCES INC.
(An Exploration Stage Enterprise)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
FOR THE THREE MONTHS ENDED JUNE 30, 2008

2 - SIGNIFICANT ACCOUNTING POLICIES (continued):

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.

The Company reviews its exploration properties to determine if events or changes in circumstances have transpired which indicate that the carrying value of its assets may not be recoverable. The recoverability of costs incurred on the exploration properties is dependent upon numerous factors including exploration results, environmental risks, commodity risks, political risks, and the Company's ability to attain profitable production. It is reasonably possible, based on existing knowledge, that changes in future conditions in the near-term could require a change in the determination of the need for, and amount of, any write down.

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. The Company places its cash and cash investments with institutions of high credit worthiness.

CAPITAL ASSETS

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

Buildings	3%
Furniture and Fixtures	10%
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 June 30, 2008.

CUERVO RESOURCES INC.
(An Exploration Stage Enterprise)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
FOR THE THREE MONTHS ENDED JUNE 30, 2008

2 - SIGNIFICANT ACCOUNTING POLICIES (continued):

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 year. 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.

STOCK-BASED COMPENSATION

The Company has a stock option plan, which is described in note 5(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 shareholders' 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 June 30, 2008, the Company has not incurred or committed any asset retirement obligations related to 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.

2 - SIGNIFICANT ACCOUNTING POLICIES (continued):

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 year. The resulting gains and losses are included in loss for the year.

CHANGES IN ACCOUNTING POLICIES

Effective April 1, 2008, the Company adopted the following accounting policies as recommended by the CICA handbook:

a) *General Standards of Financial Statement Presentation*
CICA Section 1400, "General Standards of Financial Statements Presentation", was amended June 2007 to include guidance on an entity's ability to continue as a going concern. The revised standard explicitly requires management to assess and disclose the entity's ability to continue as a going concern.

b) *Inventories*
CICA Handbook Section 3031, "Inventories", based on International Accounting Standard 2, replaced Section 3030, Inventories. Under the new section, inventories are required to be measured at the "lower cost of and net realizable value", which is different from the previous guidance of the "lower of cost and market". The section also allows the reversal of any write-downs previously recognized. The adoption of this standard has not had an impact on the financial statements, as the Company does not hold inventories at this time.

FUTURE ACCOUNTING PRONOUNCEMENTS

In February 2008, the CICA published Section 3064, "Goodwill and Intangible Assets". This new standard establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The requirements will be effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008. The Company is currently assessing the impact that this accounting pronouncement will have on its financial statements.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

On February 13, 2008, the Canadian Accounting Standards Board (AcSB) of the CICA confirmed the mandatory International Financial Reporting Standards (IFRS) changeover date for Canadian profit-oriented publicly accountable entities (PAEs). This means that PAEs will be required to prepare financial statements in accordance with IFRS for interim and annual financial statements for fiscal years beginning on or after January 1, 2011.

Canadian GAAP will be converged with IFRS through a combination of two methods: as current joint-convergence projects of the United States Financial Accounting Standards Board and the International Accounting Standards Board are agreed upon, they will be adopted by the AcSB and may be introduced in Canada before the complete changeover to IFRS; and standards not subject to a joint-convergence project will be exposed in an omnibus manner for introduction at the time of the complete changeover to IFRS. The International Accounting Standards Board has and will likely have projects underway that should result in new pronouncements affecting IFRS. This Canadian convergence initiative is very much in its infancy as of the date of these financial statements. Therefore, it is premature to assess the impact of the Canadian initiative, if any, on the Company.

CUERVO RESOURCES INC.
(An Exploration Stage Enterprise)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
FOR THE THREE MONTHS ENDED JUNE 30, 2008

3 – CAPITAL ASSETS:

	June 30, 2008			March 31, 2008
	COST	ACCUMULATED DEPRECIATION	NET BOOK VALUE	NET BOOK VALUE
Machinery and equipment	$ 86,616	$ 18,221	$ 68,395	$ 74,136
Furniture	15,261	2,583	12,678	5,267
Buildings	64,521	2,216	62,305	62,788
Computer equipment	3,400	2,603	797	1,450
	$ 169,798	$ 25,623	$ 144,175	$ 143,641

4 - MINING INTERESTS AND COMMITMENTS:

The Company, through its wholly-owned Peruvian subsidiary, Minera, has a 100% interest in 55 mining concessions covering over 26,061 hectares in Perú.

Accumulated mineral property costs have been incurred as follows:

	June 30, 2008	March 31, 2008
Balance, beginning of the period	$ 465,571	$ 155,946
Costs	-	309,625
Balance, end of the period	$ 465,571	$ 465,571

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.

As at June 30, 2008 the Company had the following commitments:

i) The Company entered into an office lease and office management contract with a company controlled by a director of the Company. Lease payments total $3,750 per month for a period of one year ending August 31, 2009.

ii) The Company entered into contracts to build access roads near certain mineral concessions held by the Company. The total price payable is US $107,840, of which US $70,000 had been paid as at June 30, 2008. The remaining balance is due during fiscal 2009.

CUERVO RESOURCES INC.
(An Exploration Stage Enterprise)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
FOR THE THREE MONTHS ENDED JUNE 30, 2008

4 - MINING INTERESTS AND COMMITMENTS (continued):

iii) The Company entered into rental agreements for a tractor and driver used for property maintenance and moving drills around its properties. Pursuant to the agreements, the Company is committed to minimum monthly cash payments totalling US $15,650 until construction of the access roads are complete.

iv) The Company entered into annual leases that are renewable in annual terms for office space in Perú. Cash payments total US $1,308 per month.

5 - SHARE CAPITAL:

a) Common shares:

Authorized:

Unlimited number of common shares

Issued and outstanding:

	June 30, 2008		March 31, 2008	
	Shares	Amount	Shares	Amount
Balance, beginning of the period	26,569,750	$ 8,882,260	16,103,000	$ 3,088,480
Issued for cash	3,500,000	3,212,300	5,000,000	2,500,000
Issued for cash on exercise of warrants	110,000	82,500	5,382,475	3,736,857
Issued for cash on exercise of agent's options	-	-	84,275	42,138
Issue costs	-	(208,336)	-	(485,215)
Balance, end of the period	30,179,750	$ 11,968,724	26,569,750	$ 8,882,260

i) On May 30, 2008, the Company closed a $3.5 million non-brokered private placement equity financing. The Company issued 3.5 million units, at a price of $1.00 per unit, for gross proceeds of $3.5 million (the “Financing”). Each unit consists of one common share and one common share purchase warrant entitling the holder to purchase one common share at a price of $1.50 for a period of 24 months from the closing of the financing. If the closing price of the Company’s common shares is equal to or greater than $2.25 for a period of 10 consecutive days any time after six months after the closing of the financing, the issuer may accelerate the expiry date of the warrants. The Company paid a finder’s fee equal to 6% cash ($210,000) and 6% unit purchase options (210,000 unit purchase options) in regard to the financing.

CUERVO RESOURCES INC.
(An Exploration Stage Enterprise)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
FOR THE THREE MONTHS ENDED JUNE 30, 2008

5 - SHARE CAPITAL (continued):

a) Common shares (continued)

ii) 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 June 30, 2008, the Company has no current plans to accelerate the expiry date on the remaining warrants.

iii) 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.

b) Warrants

A summary of the status of the warrants as of June 30, 2008 and March 31, 2008, and changes during the periods are presented below:

	Number of Warrants	
	Three Months Ended June 30, 2008	Year Ended March 31, 2008
Balance, beginning of period	4,154,800	4,703,000
Warrants issued on issuance of shares for cash	3,500,000	5,000,000
Warrants issued on exercise of agent's options	-	84,275
Warrants exercised during the period	(110,000)	(5,382,475)
Warrants expired during the period	-	(250,000)
Balance, end of period	7,544,800	4,154,800

As at June 30, 2008 common share purchase warrants were outstanding enabling the holder to acquire common shares as follows:

Exercise Price	Number of warrants	Weighted average exercise price	Weighted average remaining contractual life (years)
$0.75	4,044,800	$ 0.75	0.92
$1.50	3,500,000	$ 1.50	1.92
	7,544,800	$ 1.10	

See notes 5a) ii), 5a) iii) and 5 d) for additional warrant information.

CUERVO RESOURCES INC.
(An Exploration Stage Enterprise)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
FOR THE THREE MONTHS ENDED JUNE 30, 2008

5 - SHARE CAPITAL (continued):

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.

The Company determines the fair value of the employee stock options using the Black-Scholes option price model. The fair value of each option was estimated on the date of grant with the following assumptions at the measurement date:

	Three Months Ended June 30, 2008	Year Ended March 31, 2008
Risk-free interest rate	3.56%	3.19% - 3.94%
Expected life	5 years	5 years
Price volatility	100%	55% - 60%
Dividend yield	nil	nil

The fair value compensation recorded for options granted during the three months ended June 30, 2008 was $645,780 (year-end March 31, 2008-$1,071,036) and has been expensed as stock-option compensation cost. This has resulted in an allocation of $654,780 to contributed surplus (year-end March 31, 2008-$1,071,036).

A summary of the status of the Company’s stock option plan as of June 30, 2008 and March 31, 2008, and changes during the periods are presented below:

	Three Months Ended June 30, 2008		Year Ended March 31, 2008	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Balance - beginning of the period	2,090,000	$ -	-	$ -
Exercised during the period	-	-	-	-
Expired or forfeited during the period	(20,000)	1.15	(20,000)	1.15
Granted during the period	700,000	1.35	2,110,000	1.21
Balance, end of the period	2,770,000	$ 1.25	2,090,000	$ 1.21

CUERVO RESOURCES INC.
(An Exploration Stage Enterprise)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
FOR THE THREE MONTHS ENDED JUNE 30, 2008

5 - SHARE CAPITAL (continued):

c) Stock-option plan:

As at June 30, 2008 stock options were outstanding enabling the holders to acquire common shares as follows:

Exercise price	Number of options	Weighted average remaining contractual life (years)	Weighted average exercise price
$1.15	1,970,000	3.92	$1.15
$1.35	700,000	4.92	1.35
$2.50	100,000	4.50	2.50
	2,770,000		

All options granted are fully vested

See note 10 for additional stock option information.

d) Agent's options:

A summary of the status of the agent's options as of June 30, 2008 and March 31, 2008 and changes during the periods are presented below:

	Three Months Ended June 30, 2008	Year ended March 30, 2008
Balance, beginning of period	365,725	-
Agent's options issued during the period	210,000	450,000
Agent's options exercised during the period	-	(84,275)
Balance, end of period	575,725	365,725

As at June 30, 2008 agent's options were outstanding enabling the holders to acquire the stated number of units as follows:

Exercise price	Number of agent's options		Expiry Date
$0.50	365,725	(1)	May 3, 2009
$1.00	210,000	(2)	May 30, 2010
	575,725		

CUERVO RESOURCES INC.
(An Exploration Stage Enterprise)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
FOR THE THREE MONTHS ENDED JUNE 30, 2008

5 - SHARE CAPITAL (continued):

d) Agent's options (continued):

1) Pursuant to the terms of an agency agreement dated May 3, 2007, agent's options 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 warrants to a period that is 30 days after written notice is given by the Company. As at June 30, 2008, the Company has no current plans to accelerate the expiry date on the remaining warrants.

2) Each unit consists of one common share and one common share purchase warrant exercisable at $1.50.

6 - SEGMENTED INFORMATION:

The Company operates in a single reportable operating segment, the exploration and development of mineral properties. Segmented geographic information is as follows:

The following table allocates total assets by segment:

	June 30, 2008	March 31, 2008
Canada	$4,707,355	$2,833,098
Peru	1,226,313	1,407,171
Total assets	$5,933,668	$4,240,269

The following table allocates net loss by segment:

	Three Months Ended June 30, 2008	Year Ended March 31, 2008
Canada	$910,929	$1,816,398
Peru	1,432,548	2,730,385
Net Loss	$2,343,477	$4,546,783

CUERVO RESOURCES INC.
(An Exploration Stage Enterprise)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
FOR THE THREE MONTHS ENDED JUNE 30, 2008

7- RELATED PARTY TRANSACTIONS:

The following related party transactions occurred and were reflected in the unaudited consolidated financial statements:

	Three Months Ended June 30, 2008	Three Months Ended June 30, 2007
Consulting fees expense:		
Consulting fees were charged by officers for financial management services	$ 8,334	$ 7,500
Corporate administrative fees were charged by an officer and director	$ 18,750	$ 15,000
Corporate administrative fees were charged by a company controlled by an individual related to a director of the Company	$ 4,500	$ 4,500
Consulting fees were charged by a company controlled by an individual related to a director of the Company for investor relations services	$ 7,500	$ 6,000
Exploration expense:		
Geologist services were charged by an officer and director	$ 18,750	$ 15,000
General, office, and investor relations expense:		
Travel costs were reimbursed by the Company at cost to a director and officer	$ -	$ 10,000
Travel and promotion costs were reimbursed by the Company at cost to an officer	$ 3,286	$ 2,472
Travel and promotion costs were reimbursed by the Company at cost to a company controlled by a director of the Company	$ 16,385	$ 5,890
Rent:		
Office lease and office management fees were charged by a company controlled by an individual related to a director of the Company	$ 11,250	$ 15,000

7 - RELATED PARTY TRANSACTIONS (continued):

Accounts payable and accrued liabilities includes $nil (March 31, 2008 - $9,434) owing to a company controlled by a director of the Company as at June 30, 2008.

See note 4 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 – CAPITAL MANAGEMENT:

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will continue to assess its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the three months ended June 30, 2008. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

9 - FINANCIAL INTRUMENTS AND FINANCIAL RISK FACTORS:

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 cash 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.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

CUERVO RESOURCES INC.
(An Exploration Stage Enterprise)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
FOR THE THREE MONTHS ENDED JUNE 30, 2008

9 - FINANCIAL INTRUMENTS AND FINANCIAL RISK FACTORS (continued):

Credit risk

The Company's credit risk is primarily attributable to cash and cash equivalents and sundry receivables. The Company has no material concentration of credit risk arising from operations. Management believes that the credit risk concentration with respect to sundry receivables is remote. Management does not believe the receivables are impaired. Cash and cash equivalents consists of bank deposits and short-term investments which are with a Canadian Chartered Bank, from which management believes the risk of loss is remote.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2008, the Company had cash and cash equivalents of $2,844,154 (March 31, 2008- $2,844,154) to settle accounts payable and accrued liabilities of $54,346 (March 31, 2008- $54,346). The ability of the Company to continue to purse its exploration activities is dependant on its ability to secure additional equity or other financing.

Foreign currency risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars, Peruvian New Soles, and US dollars. The Company funds major exploration in Peru. The Company maintains US and New Soles bank accounts in Peru. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk.

Commodity price risk

The Company is exposed to price risk with respect to commodity prices. Changes in commodity prices will impact the economics of development of the Company. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

Sensitivity analysis

As at June 30, 2008, the carrying value amounts of the Company's financial instruments approximates their fair value.

10 - SUBSEQUENT EVENTS:

Subsequent to June 30, 2008 the Company granted 210,000 stock options at an exercise price of $1.35 per common share expiring on August 6, 2013 to certain employees and consultants of the Company's wholly owned subsidiary, Minera Cuervo S.A.C.