



OROANDES RESOURCE CORP.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 31, 2010 AND 2009

OROANDES RESOURCE CORP.

INTERIM CONSOLIDATED 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 unaudited interim consolidated financial statements for the period ended January 31, 2010.

NOTICE TO READER

The interim consolidated balance sheet as at January 31, 2010 and the interim consolidated statements of loss and deficit, and the interim consolidated statements of cash flows for the nine month period then ended are the responsibility of the Company's management.

These financial statements have not been reviewed on behalf of the shareholders by the independent external auditors of the Company, Lancaster & David, Chartered Accountants.

The interim consolidated financial statements have been prepared by management and include the selection of appropriate accounting principles, judgments and estimates necessary to prepare these consolidated financial statements in accordance with Canadian generally accepted accounting principles.

/s/ Sandy MacDougall

Sandy MacDougall , Director & CEO
Vancouver, BC Canada
March 26, 2010

/s/ Murray L. Swales

Murray L Swales, CA , CFO
Vancouver, BC Canada
March 26, 2010

OROANDES RESOURCE CORP.

INTERIM CONSOLIDATED BALANCE SHEETS

	January 31, 2010	April 30, 2009
ASSETS		
Current		
Cash and cash equivalents	\$ 11,166	\$ 200,405
Goods and services tax recoverable	10,699	26,283
Prepaid expenses and deposit	19,665	19,962
	<u>41,530</u>	<u>246,650</u>
Mineral Properties and Deferred Exploration (Notes 3 and 7)	77,092	4,081,902
Property and Equipment (Note 4)	25,643	344,708
Web Site Development (Net of amortization - \$9,700 / \$3,600)	-	6,100
	<u>\$ 144,265</u>	<u>\$ 4,679,360</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 7)	\$ 317,362	\$ 306,596
Due to directors (Note 7)	20,151	14,602
Loan payable to related party (Notes 5 and 7)	100,000	-
	<u>437,513</u>	<u>321,196</u>
SHAREHOLDERS' EQUITY		
Share Capital (Note 6)	11,555,419	11,437,852
Share Subscriptions Received	25,000	-
Contributed Surplus	1,773,468	1,773,468
Warrants	11,400	-
Deficit	(13,658,535)	(8,853,156)
	<u>(293,248)</u>	<u>4,358,164</u>
	<u>\$ 144,265</u>	<u>\$ 4,679,360</u>

Approved by the Board of Directors:

"Sandy MacDougall"
Sandy MacDougall, Director

"Scott Lesage"
Scott Lesage, Director

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

OROANDES RESOURCE CORP.

INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

For the periods ended January 31

	Three Months Ended January 31		Nine Months Ended January 31	
	2010	2009	2010	2009
Expenses				
Amortization	\$ 1,575	\$ 3,473	\$ 11,552	\$ 7,680
Consulting fees	-	-	-	7,436
General administration	56,586	25,730	98,927	195,073
Management fees (Note 7)	30,882	34,857	102,528	104,856
Professional fees (Note 7)	58,084	60,874	193,866	228,074
Salaries and benefits	27,000	33,763	86,955	424,394
Transfer agent and filing fees	6,888	9,174	12,146	26,277
Travel and meetings	35,889	32,180	67,509	218,314
Write-off of mineral property interests	52,640	2,043	4,237,319	132,622
	269,545	202,094	4,810,802	1,344,726
Loss before Other	(269,545)	(202,094)	(4,810,802)	(1,344,726)
Other				
Foreign exchange gain (loss)	5,964	10,540	5,173	14,854
Interest income	-	1,021	250	12,527
Net Loss and Comprehensive Loss for the Period	(263,580)	(190,533)	(4,805,379)	(1,317,345)
Deficit, Beginning Of Period	(13,394,955)	(8,419,080)	(8,853,156)	(7,292,268)
Deficit, End Of Period	\$ (13,658,535)	\$ (8,609,613)	\$ (13,658,535)	\$ (8,609,613)
Basic and Diluted Loss Per Share	\$ (0.01)	\$ (0.01)	\$ (0.20)	\$ (0.06)
Weighted Average Number of Common Shares Outstanding	23,381,775	23,306,133	23,457,449	21,404,737

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

OROANDES RESOURCES CORP.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

For the Years Ended April 30 and the Period Ended January 31, 2010

	SHARE CAPITAL		SHARE SUBSCRIPTIONS	CONTRIBUTED SURPLUS	WARRANTS	DEFICIT	TOTAL
	Number	Amount					
Balance, April 30, 2007	47,936,839	\$ 5,651,620	\$ -	\$ 510,043	\$ 246,000	\$ (3,618,394)	\$ 2,789,269
Shares Issued for cash during the year							
Exercise of warrants	9,800,000	980,000	-	-	-	-	980,000
Shares issued for mineral properties	2,283,334	434,000	-	-	-	-	434,000
Share subscriptions received	-	-	1,096,461	--	-	-	1,096,461
Expiry of warrants	-	-	-	246,000	(246,000)	-	-
Stock based compensation	-	-	-	715,425	-	-	715,425
Net loss and comprehensive loss for the year	-	-	-	-	-	(3,673,874)	(3,673,874)
Balance, April 30, 2008	60,020,173	7,065,620	1,096,461	1,471,468	-	(7,292,268)	2,341,281
One-for-four consolidation of shares	(45,015,149)	-	-	-	-	-	-
Shares issued for cash during the year							
Private Placements	8,051,077	4,257,659	(1,096,461)	-	-	-	3,161,198
Share issue costs	-	(50,427)	-	-	-	-	(50,427)
Shares issued for property finders' fees	125,000	55,000	-	-	-	-	55,000
Shares issued for mineral property	125,000	110,000	-	-	-	-	110,000
Stock-based compensation (Note 6c)	-	-	-	302,000	-	-	302,000
Net loss and comprehensive loss for the year	-	-	-	-	-	(1,560,888)	(1,560,888)
Balance, April 30, 2009	23,306,101	11,437,852	-	1,773,468	-	(8,853,156)	4,358,164
Share subscriptions received	-	-	114,800	-	-	-	114,800
Shares issued for cash	449,000	78,400	(89,800)	-	11,400	-	-
Share issue costs	-	(6,333)	-	-	-	-	(6,333)
Shares issued for mineral properties	25,000	1,500	-	-	-	-	1,500
Shares issued as bonus for debt	400,000	44,000	-	-	-	-	44,000
Net loss and comprehensive loss for the period	-	-	-	-	-	(4,805,379)	(4,805,379)
Balance, January 31, 2010	24,180,101	\$ 11,555,419	\$ 25,000	\$ 1,773,468	\$ 11,400	\$ (13,658,535)	\$ (293,248)

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

OROANDES RESOURCE CORP.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the periods ended October 31

	Three Months Ended		Nine Months Ended	
	January 31		January 31	
	2010	2009	2010	2009
Operating Activities				
Loss from continuing operations	\$ (263,580)	\$ (190,533)	\$ (4,805,379)	\$ (1,317,345)
Adjustments for items not affecting cash:				
Amortization	1,575	3,473	11,552	7,680
Change in foreign exchange rate	(183)	(612)	251	(4,558)
Stock-based compensation	-	-	-	316,000
Non-cash financing costs	44,000	-	44,000	-
Write-off of mineral property interests	69,428	2,043	4,254,107	2,043
	<u>(148,760)</u>	<u>(185,629)</u>	<u>(495,489)</u>	<u>(998,180)</u>
Changes in non-cash working capital items:				
Goods and services tax recoverable	(4,101)	(5,759)	15,584	20,617
Prepaid expenses and advances recoverable	(3,421)	(1,098)	297	(36,800)
Accounts payable and accrued liabilities	63,361	(54,828)	(33,134)	(223,876)
	<u>(92,921)</u>	<u>(247,314)</u>	<u>(512,722)</u>	<u>(1,236,239)</u>
Investing Activities				
Mineral property acquisition and expenditures	(18,284)	(1,428,029)	(77,092)	(3,217,718)
Recovery of mineral property expenses	-	-	192,108	-
Web site development	-	-	-	(9,700)
Acquisition of capital assets	-	(92,071)	-	(383,853)
	<u>(18,284)</u>	<u>(1,520,100)</u>	<u>115,016</u>	<u>(3,611,271)</u>
Financing Activities				
Share subscriptions	24,815	-	25,000	-
Issuance of shares	-	-	89,800	3,161,198
Share issue costs	(6,333)	-	(6,333)	(50,427)
Loan advances	100,000	-	100,000	-
	<u>118,482</u>	<u>-</u>	<u>208,467</u>	<u>3,110,711</u>
Increase (Decrease) In Cash During The Period	7,277	(1,767,414)	(189,239)	1,736,739
Cash, Beginning Of Period	3,889	2,254,211	200,405	2,223,536
Cash, End Of Period	\$ 11,166	\$ 486,797	\$ 11,166	\$ 486,797
Mineral property payments made by issuance of shares (Note 7)	\$ 1,500	\$ -	\$ 1,500	\$ 110,000
Finders' fees paid by issuance of shares	\$ -	\$ -	\$ -	\$ 55,000
Financing fees paid by issuance of shares (Note 7)	44,000	-	44,000	-
Interest Paid	\$ -	\$ -	\$ -	\$ -
Income Taxes Paid	\$ -	\$ -	\$ -	\$ -

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

OROANDES RESOURCE CORP.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 31, 2010 AND 2009

1. BASIS OF PRESENTATION AND ABILITY TO CONTINUE AS A GOING CONCERN

The interim consolidated financial statements included herein, presented in accordance with Canadian generally accepted accounting principles, have been prepared by the Company, without audit, pursuant to the rules and regulations of the British Columbia Securities Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make information present not misleading.

These consolidated statements reflect all adjustments, consisting of normal recurring adjustments, which in the opinion of management are necessary for fair presentation of the information contained therein. It is suggested that these interim financial statements be read in conjunction with the financial statements of the company for the year ended April 30, 2009 and notes thereto included in the Company's year-end filing. The Company follows the same accounting policies in the preparation of interim reports.

Results of operations for the interim period are not necessarily indicative of annual results.

These interim consolidated financial statements have been prepared on the basis of a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company has experienced recurring losses, has not generated profitable operations since inception and as at January 31, 2010 has accumulated losses of \$13,631,484 since inception. Should the Company be unable to continue as a going concern, the realization of assets may be at amounts significantly less than carrying values. The continuation of the Company as a going concern is dependent on its ability to obtain additional equity capital to finance existing operations, attaining commercial production from its mineral properties, and attaining future profitable operations. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

The Company's significant accounting policies are consistent with those reported in the annual financial statements as at April 30, 2009. Subsequent to April 30, 2009, the Company has adopted the following generally accounting policies as defined by the Canadian Institute of Chartered Accountants' (CICA) Handbook:

- a) **Goodwill and Intangible Assets:** The AcSB issued CICA Handbook Section 3064 which replaces Section 3062, Goodwill and Other Intangible Assets, and Section 3450, Research and Development Costs. This new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. Standards concerning goodwill remain unchanged from the standards included in the previous Section 3062. The section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008. Accordingly, the Company has adopted the new standards for its fiscal year beginning May 1, 2009. It establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning the initial recognition of goodwill are unchanged from the standards included in the previous Section 3062. There has been no impact on the Company's consolidated financial statements on the adoption of this new standard.

OROANDES RESOURCE CORP.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 31, 2010 AND 2009

2. SIGNIFICANT ACCOUNTING POLICIES - Continued

Recently Issued Accounting Pronouncements

- b) **Consolidated Financial Statements:** Section 1601, Consolidated Financial Statements and Section 1602, Non-controlling Interests replaces Section 1600. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting, for a non-controlling interest in a subsidiary in consolidated financial statements, subsequent to a business combination. Section 1602 is equivalent to the corresponding provisions of International Financial Reporting Standard IAS 27, Consolidated and Separate Financial Statements. These standards are effective for the Company for interim and annual financial statements beginning on January 1, 2011. Early adoption is permitted. The Company has not adopted the new standard and has determined there will be no impact on its consolidated financial statements on the adoption of these new standards.
- c) **Business Combination:** Section 1582, Business Combinations, which replaces Section 1581, Business Combinations, establishes standards for the accounting for a business combination. It is the Canadian GAAP equivalent to International Financial Reporting Standard IFRS 3, Business Combinations. This standard is effective for the Company for interim and annual financial statements beginning on January 1, 2011. Early adoption is permitted. The Company has not adopted the new standard and has determined there will be no impact on its consolidated financial statements on the adoption of these new standards.
- d) **International financial reporting standards ("IFRS"):** In 2006, AcSB published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended April 30, 2011. The Company has begun assessing the adoption of IFRS for 2011 and has determined the only significant impacts on its financial statements will be in the shareholders' equity section of the balance sheet (where at the time of conversion contributed surplus will be netted with the deficit) and there will be significant additional note disclosure. The Company continues to assess if there will be any further financial reporting impact of the transition to IFRS.

3. MINERAL PROPERTIES AND DEFERRED EXPLORATION

a) CANADA

On September 28, 2009 the Company entered into an Option Agreement to acquire a 60% interest in 4 mineral claims covering 1,841 hectares in the Omineca Mining Division, British Columbia (the Kilometer 26 Claims). Consideration includes \$107,500, payable over three years (\$7,500 paid on execution of the Agreement); issue 275,000 shares of the Company over three years and fund \$1,575,000 on exploration on the property over 4 years. The vendor of the property has a director in common with the Company. The Company received regulatory approval for this acquisition on December 17, 2009.

OROANDES RESOURCE CORP.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 31, 2010 AND 2009

3. MINERAL PROPERTIES AND DEFERRED EXPLORATION - Continued

b) COLOMBA

Alto El Toro Property - On March 28, 2008 the Company entered into an Option Purchase Agreement to acquire certain mining concession contracts and mining licenses (the "Properties") in the Libano Province, Colombia. Consideration payable to acquire a 100% interest in the Properties was \$10,250,000 plus certain annual bonus payments until the final payment was completed. The \$10,250,000 was payable 10% on completion of due diligence by the Company on or before May 27, 2008 (paid) and 15% each six months thereafter until paid in full. Further, an annual \$100,000 bonus payment was due at the end of each year until the final 15% payment was completed. The Vendors retained the right to continue mining operations on the Property, with specific limitations of mining activity, until the final payment was completed. The Company was to receive 5% of the net proceeds from the mining operations conducted by the Vendors.

In November 2008 the Company renegotiated the payment terms of the Alto El Toro option agreement whereby the \$1,537,500 payment due on November 28, 2008 was reduced to \$1,000,000, the unpaid balance of the payment, in the amount of \$537,500 was deferred and the \$1,537,500 payment due on May 28, 2009 was deferred in its entirety. The total deferred amount of \$2,075,000 was to be added in four equal amounts to each of the four remaining payments commencing November 28, 2009. Consideration given by the Company to obtain the deferrals was to forgo its 5% profit from the mine production during the option period.

In November 2009 the Company made an offer to immediately acquire the 100% interest in the Alto El Toro property. The vendors did not accept the offer and the Company determined it would not raise the funds required to make the payment of \$2,056,250 due on November 28, 2009. The Company's representatives in Colombia have sent a letter to the vendors of the property outlining certain instances of non-compliance by the vendors with the terms of the agreement and requesting a resolution to the various issues. The Company has also indicated to the vendors of the project that it will commence legal action if they attempt to sell the property to a third party without these various issues being resolved. In light of the foregoing the Company may be in default of the agreement and as a result the carrying value of the property has been written-down to \$Nil.

c) ECUADOR

Due to the uncertainty of the mining law in Ecuador, in April 2008, the Company wrote-down the carrying value of its Ecuador properties to a nominal value. During the year ended April 30, 2009 management continued to evaluate its investment in Ecuador and in March 2009 concluded the Company would abandon its remaining concessions in Ecuador and wrote-off the balance of the carrying value of those properties.

OROANDES RESOURCE CORP.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 31, 2010 AND 2009

3. MINERAL PROPERTIES AND DEFERRED EXPLORATION - Continued

Schedule of Mineral Property and Deferred Exploration Costs	Period Ended January 31, 2010						
	E Group	ECUADOR		Total	COLOMBIA Alto El Toro	CANADA Kilometer 26	TOTAL
		Gigantones	Morona				
Mineral Property Acquisition							
Balance, April 30, 2009	\$ -	\$ -	\$ -	\$ -	\$ 1,971,808	\$ -	\$ 1,971,808
Acquisition costs – Cash	-	-	-	-	-	7,500	7,500
Acquisition costs - Shares	-	-	-	-	-	1,500	1,500
Option payments received	-	-	-	-	-	-	-
Write-off of carrying value	-	-	-	-	(1,971,808)	-	(1,971,808)
Balance, January 31, 2010	\$ -	\$ -	\$ -	\$ -	\$ -	9,000	\$ 9,000
Exploration							
Balance, April 30, 2009	\$ -	\$ -	\$ -	\$ -	\$ 2,110,094	\$ -	\$ 2,110,094
Administration	-	-	-	-	13,061	-	13,061
Assays	-	-	-	-	-	-	-
Automotive	-	-	-	-	12,139	-	12,139
Camp	-	-	-	-	255,215	-	255,215
Consulting	-	-	-	-	-	-	-
Drilling	-	-	-	-	-	-	-
Environmental	-	-	-	-	-	-	-
Equipment and supplies	-	-	-	-	710	3,638	4,348
Geological and geophysical	-	-	-	-	-	63,506	63,506
Legal	-	-	-	-	-	-	-
Security	-	-	-	-	14,545	-	14,545
Staking	-	-	-	-	-	373	373
Taxes and patents	-	-	-	-	910	-	910
Travel	-	-	-	-	420	575	995
Write-off of carrying value	-	-	-	-	(2,407,094)	-	(2,407,094)
Balance, January 31, 2010	\$ -	\$ -	\$ -	\$ -	\$ -	68,092	\$ 68,092
Total Balance, January 31, 2010	\$ -	\$ -	\$ -	\$ -	\$ -	77,092	\$ 77,092

OROANDES RESOURCE CORP.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 31, 2010 AND 2009

3. MINERAL PROPERTIES AND DEFERRED EXPLORATION - Continued

	Schedule of Mineral Property and Deferred Exploration Costs				Year Ended April 30, 2009		
	E Group	ECUADOR		Total	COLOMBIA Alto El Toro	CANADA Kilometer 26	TOTAL
Mineral Property Acquisition							
Balance, April 30, 2008	\$ 2,044	\$ 1,021	\$ 1,021	\$ 4,086	\$ 206,016	-	\$ 210,102
Acquisition costs – Cash	20,579	-	-	20,579	1,810,792	-	1,831,371
Acquisition costs - Shares	110,000	-	-	110,000	55,000	-	165,000
Option payments received	-	-	-	-	(100,000)	-	(100,000)
Write-off on abandonment	(132,623)	(1,021)	(1,021)	(134,665)	-	-	(134,665)
Balance, April, 30, 2009	\$ -	\$ -	\$ -	\$ -	\$ 1,971,808	-	\$ 1,971,808
Exploration							
Balance, April 30, 2008	\$ -	\$ -	\$ -	\$ -	\$ 74,003	-	\$ 74,003
Administration	-	-	-	-	61,788	-	61,788
Assays	-	-	-	-	125,413	-	125,413
Automotive	-	-	-	-	63,186	-	63,186
Camp	-	-	-	-	33,150	-	33,150
Consulting	-	-	-	-	203,183	-	203,183
Drilling	-	-	-	-	945,239	-	945,239
Environmental	-	-	-	-	3,510	-	3,510
Equipment and supplies	-	-	-	-	138,914	-	138,914
Geological and geophysical	-	-	-	-	136,848	-	136,848
Legal	-	-	-	-	9,949	-	9,949
Maps and reports	-	-	-	-	5,558	-	5,558
Security	-	-	-	-	124,304	-	124,304
Taxes and patents	-	-	-	-	56,889	-	56,889
Travel	-	-	-	-	128,161	-	128,161
Balance, April 30, 2009	\$ -	\$ -	\$ -	\$ -	\$ 2,110,094	-	\$ 2,110,094
Total Balance, April 30, 2009	\$ -	\$ -	\$ -	\$ -	\$ 4,081,902	-	\$ 4,081,902

OROANDES RESOURCE CORP.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 31, 2010 AND 2009

4. PROPERTY AND EQUIPMENT

	January 31, 2010		April 30, 2008	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computers	\$ 12,376	\$ 11,884	\$ 12,376	\$ 7,943
Office furniture and equipment	29,213	26,384	29,086	11,663
Automotive equipment	87,766	63,444	87,776	20,778
Shop and exploration equipment	11,471	11,471	11,471	3,248
Building	247,528	247,528	247,641	-
	\$ 388,354	\$ 360,711	\$ 388,340	\$ 43,632
Net Book Value		\$ 27,643		\$ 344,708

Consistent with the write-down of the Alto El Toro mineral property, during the period ended October 31, 2009 the Company wrote-down the building constructed on the Alto El Toro property to the estimated realizable value of \$Nil and certain office furniture and equipment and shop and exploration equipment was written-down to its estimated realizable value. In the quarter ended January 31, 2010, the Company wrote-off all remaining assets in Colombia, except for those disposed of subsequent to January 31, 2010.

5. LOAN PAYABLE TO RELATED PARTY

Promissory Note Payable in the amount of \$100,000, payable to a company controlled by two directors of the Company, due on or before January 8, 2011 together with interest at 10%. In addition, as approved by the TSX Venture Exchange, the Company issued 400,000 common shares to the lender as a bonus for lending the funds..

6. SHARE CAPITAL

a) Authorized

Unlimited common shares without par value

b) Issued

On July 2, 2008, pursuant to a shareholders' vote on June 23, 2008, the issued shares of the Company were consolidated on a 1 for 4 basis.

During the period ended January 31, 2010 the Company issued the following shares:

- i. On January 5, 2010 the Company completed a non-brokered private placement of 449,000 Units at a price of \$0.20 per Unit for gross proceeds of \$89,800. Each Unit consisted of one common share and one share purchase warrant entitling the holder to purchase one additional common share at an exercise price of \$0.20 until January 5, 2012;
- ii. On January 5, 2010 the Company issued 25,000 pursuant to the mineral property Option Agreement for the Kilometer 26 Claims. The shares were valued and recorded at the closing price of \$0.06 per share.
- iii. On January 27, 2010 the Company issued 400,000 shares as a bonus to Validus Capital Inc. for lending the Company \$100,000. The shares were valued and recorded at the closing price of \$0.11 per share and the cost was charged to financing costs.

OROANDES RESOURCE CORP.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 31, 2010 AND 2009

6. SHARE CAPITAL - Continued

b) Issued – continued

Subsequent to January 31, 2010 the Company closed a non-brokered private placement of 2,750,000 Units at a price of \$0.08 per Unit for gross proceeds of \$220,000. Each Unit consisted of one common share and one share purchase warrant entitling the holder to purchase one additional common share at an exercise price of \$0.105 until March 23, 2015. No finder's fees were paid in respect of this financing.

During the year ended April 30, 2009 the Company issued the following shares:

- i. a non-brokered private placement of 18,374,612 Units (4,593,652 post-consolidation shares) at a price of \$0.10 per Unit (\$0.40 post-consolidation) for gross proceeds of \$1,837,461. Each Unit consisted of one common share and one share purchase warrant entitling the holder to purchase one additional common share at an exercise price of \$0.18 (\$0.72 post-consolidation) until May 12, 2010;
- ii. issued 500,000 (125,000 post consolidation) common shares for final payment for the acquisition of the E Group of properties in Ecuador.
- iii. issued 300,000 (75,000 post-consolidation) common shares in payment of the first installment of finders' fees related to the acquisition of the Alto El Toro property in Colombia. A further 300,000 (75,000 post-consolidation) common shares are to be issued on May 28, 2009 (not issued; to be issued);
- iv. pursuant to a shareholders' vote the 79,194,788 then issued shares of the Company were consolidated on a 1 for 4 basis into 19,798,677 common shares;
- v. issued 50,000 post-consolidation common shares in payment of the first installment of finders' fees related to the acquisition of the Alto El Toro property in Colombia. A further 50,000 post-consolidation common shares are to be issued on May 28, 2009 (not issued; to be issued);
- vi. a non-brokered private placement of 3,457,425 Units at a price of \$0.70 per Unit for gross proceeds of \$2,420,198. Each Unit consisted of one common share and one share purchase warrant entitling the holder to purchase one additional common share at an exercise price of \$1.00 until September 22, 2010.

c) Stock Options

The following table summarizes information about stock option transactions:

	Number ⁽¹⁾	Weighted Average Exercise Price
Balance, April 30, 2008	1,400,000	\$0.64
Options granted	555,000	\$1.10
Options expired	(50,000)	\$0.80
Options cancelled	(505,000)	\$0.98
Balance, April 30, 2009	1,400,000	\$0.70
Options expired	(50,000)	\$0.80
Options cancelled	(200,000)	\$0.79
Balance, January 31, 2010	1,150,000 ⁽²⁾	\$0.68

(1) After applying the 1 for 4 share consolidation approved by shareholder vote on June 23, 2008.

(2) As at January 31, 2010 all stock options are fully vested

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6. SHARE CAPITAL - Continued

c) Stock Options - continued

Subsequent to January 31, 2010, the Company granted 1,200,000 incentive stock options to directors, officers and employees of the Company. The options are exercisable at \$0.08 per share until March 1, 2015.

During the year ended April 30, 2009, the Company granted 555,000 incentive stock options and based on their estimated fair value at their grant dates recorded stock-based compensation expense of \$356,000 in the statement of operations. The fair value of options granted during 2009 were estimated using the Black-Scholes option pricing model. Weighted average assumptions used in the model are as follows: Average risk-free interest rate – 3.33%; Expected life – 4.37 years; Expected volatility – 179%; and Expected dividends - \$NIL.

Stock options outstanding at January 31, 2010 are as follows:

Number of Options Outstanding and Exercisable ⁽¹⁾	Expiry Date	Exercise Price ⁽²⁾
10,000	July 9, 2010	\$ 1.10
125,000	September 8, 2011	\$ 0.60
575,000	February 1, 2013	\$ 0.80
400,000	April 3, 2013	\$ 0.48
40,000	July 9, 2013	\$ 1.10
<u>1,150,000</u>		

(1) At January 31, 2010 all stock options are fully vested

d) Warrants

A summary of the Company's outstanding share purchase warrants at January 31, 2010 and the changes during the periods then ended is presented below:

	Number of warrants	Weighted Average Exercise price
Warrants outstanding, April 30, 2009	8,051,077	\$0.84
Warrants issued	449,000	\$0.20
Warrants outstanding, January 31, 2010	<u>8,500,077</u>	<u>\$ 0.81</u>

Warrants outstanding at January 31, 2010 are as follows:

Number of Warrants Outstanding and Exercisable	Expiry Date	Exercise Price
4,593,653	May 12, 2010	\$ 0.72
3,457,425	September 22, 2010	\$ 1.00
449,000	January 5, 2012	\$ 0.20
<u>8,500,077</u>		

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7. RELATED PARTY TRANSACTIONS AND BALANCES

Transactions and balances with related parties conducted in the normal course of operations are recorded at the exchange value as summarized below:

	January 31, 2010	January 31, 2009
Goods or services rendered:		
Management fees paid to a company controlled by a director	\$ 63,000	\$ 63,000
Professional fees paid or accrued to a company controlled by the family of an officer	\$ 29,093	\$ 42,762
Legal fees paid or accrued to a director	\$ 49,887	\$ 63,234
Geological consulting fees paid to a director, capitalized to Mineral Properties and Deferred Exploration	\$ -	\$ 147,273
Payments regarding mineral property interest, pursuant to a property option agreement, to a company having a common director, including the issuance of 25,000 common shares valued at \$1,500	\$ 9,000	\$ -
Paid mineral exploration costs to a company having a shareholder who is a director of the Company	\$ 68,092	\$ -
Issued 400,000 shares to a company controlled by two Company directors as bonus payment for a loan advance	\$ 44,000	\$ -

Amounts due to related parties as at January 31, 2010 are summarized as follows:

	January 31, 2010	April 30, 2009
Due to directors	\$ 94,725	\$ 33,221
Accounts payable include amounts due to a company controlled by a family member of an officer	\$ 13,317	\$ 5,000
Note payable to Company controlled by two directors	\$ 100,000	\$ -
Due to a company having a shareholder who is a director of the Company	\$ 51,947	\$ -

8. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments, based on the funds available to the Company, in order to support the acquisition, exploration and development of resource properties and to safeguard the Company's ability to continue as a going concern. 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 the 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 programs and pay for administrative costs, the Company will spend 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 period ended January 31, 2010. The Company is not subject to externally imposed capital requirements.

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8. CAPITAL MANAGEMENT - Continued

The Company's investment policy is to invest its cash in low risk highly liquid short- term interest bearing investments, selected with regards to the expected timing of upcoming expenditures. The Company expects its current capital resources will be sufficient to carry its exploration and development plans and operations through its current operating period.

9. MANAGEMENT OF FINANCIAL RISK

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

Foreign Currency Risk

The Company's functional currency is the Canadian dollar. However, the Company is exposed to the currency risk related to the fluctuation of foreign exchange rates as some of the Company's operations are located in Colombia and Ecuador. The Company also has liabilities denoted in US dollars. A significant change in the currency exchange rates between the Canadian dollar relative to the Colombian Peso and the US dollar could have an effect on the Company's results of operation, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations.

Liquidity Risk

The Company manages liquidity risk by maintaining sufficient cash and cash equivalent balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short term obligations. As at January 31, 2010 the Company had a cash balance of \$11,166 (April 30, 2009 - \$200,405) to settle current liabilities of \$442,454 (April 30, 2009 - \$321,196).

Interest rate and credit risk

The Company has significant cash balances and no interest-bearing debt. The Company has no significant concentrations of credit risk arising from operations. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by reputable financial institutions with which it keeps its bank accounts. Management believes the risk of loss to be remote. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. Accounts and other receivable consist of goods and services tax due from the Federal Government of Canada and interest receivable. Management believes that the credit risk concentration with respect to receivables is remote.

Commodity Price risk

The Company's ability to raise capital to fund exploration or development activities may be subject to risks associated with fluctuations in the market prices of gold and silver. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

Insurance

The Company purchases limited discretionary insurance to cover catastrophic property damage, business interruption and liability risk.

Sensitivity analysis

The Company has designated its cash and cash equivalents and term deposits as held-for-trading, which are measured at fair value with all gains and losses included in net loss (earnings) in the period in which they arise. Accounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

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9. MANAGEMENT OF FINANCIAL RISK - Continued

Sensitivity analysis - continued

As of January 31, 2010, the carrying amount of accounts receivable and payable equals fair market value. Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a three month period:

- Cash and cash equivalents include deposits which are at variable interest rates. Sensitivity to a plus or minus 1% change in rates would affect net loss by \$Nil.
- The Company holds balances in foreign currencies to give rise to exposure to foreign exchange risk. However, the balances are minimal and therefore the exposure to foreign exchange risk is very low.
- Price risk is remote since the Company is currently not a producing entity.

10. SEGMENTED INFORMATION

The Company's one reportable operating segment is the exploration and development of mineral properties. Geographic information is as follows:

As at January 31, 2010				
	Canada	Colombia	Ecuador	Total
Current Assets	\$ 41,249	\$ 145	\$ 136	\$ 41,530
Mineral Property & Deferred Exploration	\$ 77,092	\$ -	\$ -	\$ 77,092
Property & Equipment	\$ 3,321	\$ 24,322	\$ -	\$ 27,643
Current Liabilities	\$ 388,788	\$ 29,646	\$ 19,079	\$ 437,512
Income (Loss) from Continuing Operations	\$ (516,069)	\$ (4,279,496)	\$ (9,814)	\$ (4,805,379)

As at April 30, 2009				
	Canada	Colombia	Ecuador	Total
Current Assets	\$ 229,610	\$ 16,726	\$ 314	\$ 246,650
Mineral Property & Deferred Exploration	\$ -	\$ 4,081,902	\$ -	\$ 4,081,902
Property & Equipment	\$ 14,873	\$ 335,935	\$ -	\$ 350,808
Current Liabilities	\$ 292,955	\$ 14,631	\$ -	\$ 321,196
Nine months ended January 31, 2009				
Loss from Continuing Operations	\$ (1,055,361)	\$ (94,457)	\$ (167,527)	\$ (1,317,345)

11. CONTINGENT LIABILITY

The Company is the defendant in a legal action wherein the plaintiff is suing for return of a \$100,000 deposit and has alleged the Company is in breach of contract. Management does not believe the Company is in breach of contract. The Company is taking vigorous steps to defend its self. The potential of loss to the Company, or the amount of such loss, is not determinable at this time.

12. SUBSEQUENT EVENTS

Subsequent to January 31, 2010 the Company:

- a) On March 1, 2010 issued 1,200,000 share purchase options, to directors, officers and employees, exercisable at \$0.08 for five years
- b) On March 23, 2010 closed a non-brokered private placement of 2,750,000 Units at a price of \$0.08 per Unit for gross proceeds of \$220,000. Each Unit consisted of one common share and one share purchase warrant entitling the holder to purchase one additional common share at an exercise price of \$0.105 until March 23, 2015. No finder's fees were paid in respect of this financing.